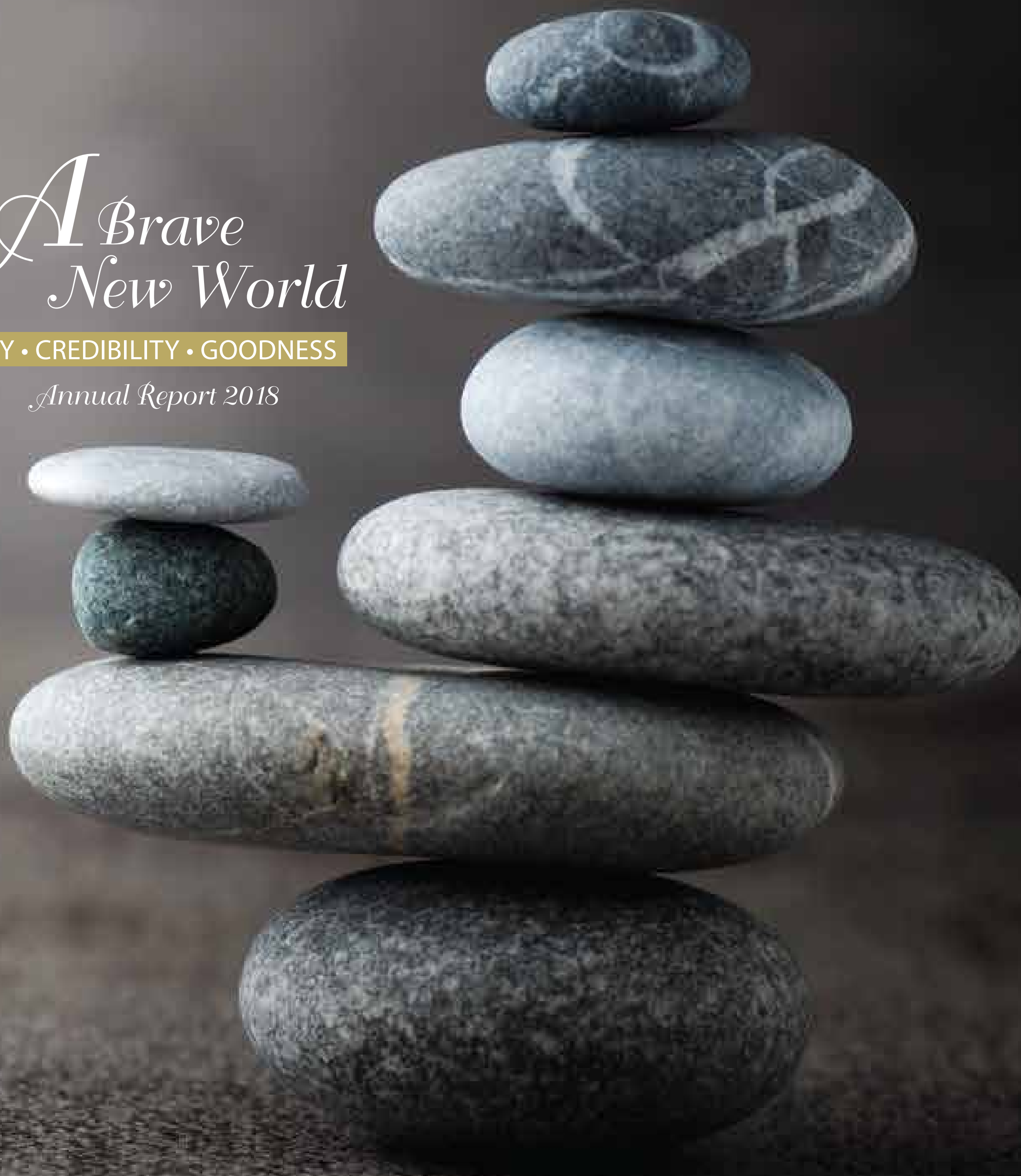
JCG INVESTMENT HOLDINGS LTD

A Brave New World

JOY • CREDIBILITY • GOODNESS

Annual Report 2018



Contents

Chairman's Statement

Dear Shareholders,

Embracing a Brave New World

On behalf of the Board of Directors, it is my pleasure to present to you the first annual report of JCG Investment Holdings Ltd. ("JCG Investment" or the "Company" and, together with its subsidiaries, the "Group") for the financial year ended 31 December 2018 ("FY2018").

The Company has just completed a series of corporate exercises in January 2019. As part of the corporate exercise, we have changed the Company's name to JCG Investment Holdings Ltd. - this in espousing our personal and corporate pursuit of **J**OY, **C**REDIBILITY and **G**OODNESS. With a new name, a new sense of purpose and commitment, and coupled with a restructured Board and new Management, these shall mark a fresh beginning for us and hence the tagline for this year's annual report – A Brave New World.

Past. Present, Future

Fulfilling our obligations to all stakeholders and enhancing shareholder value are the Company's utmost commitments. We know the Company had been through some difficult years but the past is past. My role as the new CEO would be to deeply appreciate the present situations faced by the Company and bring forth the most appropriate and timely solutions to propel the Company to a future of sustained profitability. Since my appointment on 31 December 2018, I have embarked on a strategic review of the Group's existing businesses to determine the feasibility of growing and expanding these businesses, as well as to consider the feasibility of adding business consultancy, real estate related services, investment management and advisory services, subject to compliance with licensing and other regulatory requirements. To this end, I have been in close engagement with key stakeholders, Management and business associates over this period. These interactions have been fruitful and I firmly believe the future for us is bright. With the concerted efforts of the Board and the Management, JCG Investment will build a firm footing and in time to come, establish ourselves in the marketplace.

As part of the strategic review upon the recent corporate exercise, the Company has entered into a sale and purchase agreement with Brand X Lab Pte. Ltd. on 11 March 2019. Brand X Lab is a private limited company incorporated in Singapore and it provides event organisation and promotion services as well as business and management consultancy services. This acquisition is synergistic with and complementary to the Company's existing medical aesthetics and healthcare business and will similarly augment other businesses that the Company would be expanding into in future. This maiden acquisition is immediately earnings accretive and is in line with our commitment to rebuild and nurse the Company back to sustained profitability.

Ang Kok Huan
Interim Executive Chairman and Chief Executive Officer

Future Plans – Rebrand, Rebuild, Rejuvenate

We see strong growth potential in the medical aesthetics and health care businesses and we believe that there continues to be huge business opportunities in these areas. As such, building from our current knowledge and footprint, we intend to rejuvenate our medical aesthetics business. Besides our current representation in Taiwan, we intend to widen our involvement into Singapore, Malaysia as well as China. In addition, providing fee-based aesthetics concierge and referral services is also one of the areas which we are exploring to venture into. Such aesthetics concierge and referral services would provide the Group with additional revenue stream without incurring additional capital expenditure.

Besides the focus on rebuilding and rejuvenating our medical aesthetics and health care business, the Company is actively exploring to build up a wealth business segment encompassing business consultancy and real estate related services and investments. Over time, JCG Investment aspires to build 2 equally strong business pillars in the areas of Health and Wealth. As depicted in the cover of this annual report, delivering on the state of balance between one's health and wealth will be the corporate motivation for JCG Investment as we rebrand ourselves. With regards to the existing steel trading business, the Company is currently inclined to retain it and will continue to explore options with other principals, subject to the final findings and outcome of the on-going strategic review.

"We are optimistic that the Group will turnaround in 2019 and seek your continued partnership to stay onboard as we journey ahead."

Looking ahead, JCG Investment endeavours to build a portfolio of businesses that is well-positioned to create and enhance shareholder value over the long term in a prudent manner. Therefore, we will continue to be on the active lookout for more revenue streams that will complement the Group's existing businesses. Whilst we are aware of the ever-challenging market conditions, we are confident that we are well-prepared for sustainable growth in earnings for the years to come by leveraging on our Management's experience, expertise and network.

Forging Ahead! Health & Wealth – A Beautiful Journey

With the new Team, we are committed to execute our new business strategies diligently and prudently - striving to unleash the full potential of the Group and deliver sustained value creation to you, our loyal shareholders. We are optimistic that the Group will turnaround in 2019 and seek your continued partnership to stay onboard as we journey ahead.

On behalf of the Board, I would like to take this opportunity to express my gratitude to you, our shareholders, for your faith, patience and support in us. I would also like to extend our appreciation to our customers and business partners for their unwavering support as well as our staff for their dedicated service during this period.

Together, we will chart a new era of Health and Wealth and it will be a beautiful journey for all.

朝着 健康 美丽 与财富 前进!

Ang Kok Huan
Interim Executive Chairman and Chief Executive Officer

Operating and Financial Review

Revenue

The Group's revenue from its trading and distribution business in FY2018 was S$1.33 million, a decrease of 18.9% or S$0.31 million as compared to the revenue of S$1.64 million in FY2017.

Trading & distribution segment recorded revenue of S$1.33 million in FY2018 as compared to S$1.64 million in FY2017. This was due to weakening market demand, reduction in steel production in Asia region and increasing competition.

Medical aesthetic segment recorded revenue of S$0.32 million in FY2018 as compared to S$0.52 million in FY2017. This was partially due to medical aesthetics business being badly affected by poor market demand from China and weak market condition in Taiwan, resulting in a lower number of treatments performed in FY2018.

Operating Result

Gross profit of the Group in FY2018 decreased by S$0.09 million or 10.1% reduction from S$0.94 million in FY2017 to S$0.85 million in FY2018.

Other income decreased by approximately S$0.13 million or 75.9% reduction from S$0.17 million in FY2017 to S$0.04 million in FY2018 mainly due to decrease in rental income on operating lease.

Other gains/(losses) increased by approximately S$1.42 million or 100.6% increase from (S$1.41 million) in FY2017 to S$0.009 million in FY2018 mainly due to loss on deconsolidation of two dormant subsidiary corporations incorporated in People's Republic of China ("PRC") for which the company has taken steps to deregister in FY2017 of S$0.25 million and impairment of other receivables of S$1.58 million that were made in FY2017.

Administrative expenses decreased by S$8.19 million or 80.0% reduction from S$10.23 million in FY2017 to S$2.04 million in FY2018. The decrease was mainly due to the absence of allowance for impairment of goodwill of S$7.19 million.

During the financial year under review, finance expenses decreased by S$0.02 million or 3.1% reduction due to decrease in loan interest for loan from a director. The loan has been fully settled in FY2017. The decrease is partially offset by increase in interest payment for a subsidiary's HK$20.0 million loan denominated in Hong Kong dollar resulting from the weakening of Singapore dollar against Hong Kong dollar.

As a result of the above, the Group narrowed its net loss from S$11.37 million in FY2017 to S$1.99 million in FY2018.

Assets and Liabilities

Total assets of the Group decreased by S$2.25 million from S$4.51 million as at 31 December 2017 to S$2.26 million as at 31 December 2018. This was mainly attributable to a decrease in cash and cash equivalents of approximately S$2.23 million due to cash used in operating activities. The decrease in total assets was also affected by decrease in inventories and property, plant and equipment of approximately S$0.044 million and S$0.045 million respectively. The decrease in property, plant and equipment was mainly due to depreciation of property, plant and equipment of S$0.04 million. The decrease in total assets was slightly offset by an increase in trade and other receivables of S$0.07 million.

Current liabilities increased by S$3.02 million from S$4.56 million as at 31 December 2017 to S$7.58 million as at 31 December 2018 due to reclassification of the deferred payment liability amounting to S$3.17 million due on 6 November 2019, being the balance of consideration owing by the Company for the acquisition of 51% of China iMyth Company Pte Ltd, from non-current trade and other payables to current trade and other payables, accretion of interest amounting to S$0.17 million and a retranslation loss of S$0.07 million on the Group's HK$20.0 million loan and increase in income tax payable of S$0.015 million. However, it was offset by a decrease in trade and other payables of S$0.41 million as a result of repayment and lower purchases made in its steel trading business. The decrease in non-current liabilities of S$3.18 million from S$3.18 million as at 31 December 2017 to nil as at 31 December 2018 was due to reclassification of the deferred liability payment from non-current trade and other payables to current trade and other payables as aforementioned.

Working Capital

As at 31 December 2018, the Group was in negative working capital of S$5.35 million and net liabilities of S$5.32 million and as at that date, the Company has net liabilities of S$3.50 million. Notwithstanding this, the Board and Management is of the view that the Group is able to continue as a going concern due to the following:

(a) On 31 December 2018, the proposed corporate exercise has been approved by the Shareholders as follows:

- (i) Consolidation of every 2 existing ordinary shares in the capital of the Company into 1 consolidated share;
- (ii) Allotment and issuance of up to 3,214,285,714 consolidated shares pursuant to the conversion of the deferred payment liability of S$3.5 million; and
- (iii) Placement of 2,857,142,857 consolidated shares in the capital of the Company at an issue price of S$0.0014 for each share ("Share Subscription"), with up to 952,380,952 investment warrants, each carrying the right to subscribe for 1 consolidated share in the capital of the Company at an exercise price of S$0.0014 for each new consolidated share.

Following the completion of the corporate exercises, the Group has utilized S$3.51 million out of the S$4.0 million Share Subscription proceeds to settle the HK$20.0 million loan in January 2019. In addition, the deferred payment liability of S$3.5 million has been converted into shares upon completion of the corporate exercises. Upon repayment of the loan and the conversion of the deferred payment liability, the Group has eliminated its debts and has a positive working capital.

Cash Flow

Net cash used in operating activities in FY2018 amounted to S$1.81 million. The operating cash outflows before movement in working capital was S$1.37 million in FY2018. The net cash outflow from changes in working capital of approximately S$0.44 million was mainly due to decrease of S$0.41 million in trade and other payables and increase of S$0.07 million of trade and other receivables.

Net cash used in investing activities in FY2018 amounted to S$0.008 million which comprise purchase of property, plant and equipment.

Net cash provided by financing activities in FY2018 amounted to S$0.08 million arising from S$0.50 million bank deposit discharged and S$0.06 million proceeds from conversion of warrants and offset against S$0.48 million interest payment made for the HK$20.0 million loan from Concorde Global Limited.

Cash and cash equivalents were S$1.61 million as at 31 December 2018 as compared to S$3.34 million as at 31 December 2017.

Board of Directors and Executive Officers Profile

Mr Ang Kok Huan
Interim Executive Chairman and Chief Executive Officer

Mr Ang Kok Huan was appointed as Executive Director and Chief Executive Officer of the Company on 31 December 2018. He was subsequently re-designated to Interim Executive Chairman of the Company on 28 February 2019. Mr Ang started his career as a military officer with the Singapore Armed Forces where he served for 17 years before moving into the private sector. His experience in the private sector included working as an independent securities broker where he successfully developed and led the largest broker team over a period of less than two (2) years. His most recent appointment was the role of Deputy Head of Fund Management Department at Phillip Securities Pte. Ltd. Mr Ang holds a Master of Business Administration (Investment & Finance) degree from the University of Hull, and a Bachelor of Business Administration (Honours) degree from the National University of Singapore, where he was a Singapore Armed Forces scholarship holder.

Dr Lam Lee G
Independent Director

Dr Lam Lee G was appointed as an independent director of the Company on 14 May 2018. Currently, he is also Chairman of Hong Kong Cyberport Management Company Limited and Non-Executive Chairman - Hong Kong and ASEAN Region and Chief Adviser to Macquarie Infrastructure and Real Assets Asia. He started his career in Canada at Bell-Northern Research (the R&D arm of Nortel) and in Hong Kong at Hong Kong Telecom. He later joined Singapore Technologies Telemedia (then part of Temasek Holdings) and BOC International Holdings (the international investment banking arm of the Bank of China group) where he served as Vice-Chairman and Chief Operating Officer of its investment banking division. Until late 2006, Dr. Lam was President and Chief Executive Officer of Chia Tai Enterprises International (now called C.P. Lotus Corporation). He holds a BSc in sciences and mathematics, an MSc in systems science, an MBA from the University of Ottawa in Canada, a postgraduate diploma in public administration from Carleton University in Canada, an MPA and a PhD from the University of Hong Kong, an LLB (honours) from Manchester Metropolitan University in the UK, an LLM from the University of Wolverhampton in the UK and PCLL from the City University of Hong Kong.

Mr Yap Siean Sin
Independent Director

Mr Yap Siean Sin was appointed as an independent director of the Company on 27 June 2017. Mr Yap holds post- graduate qualifications in architecture as well as in town planning. Mr Yap has extensive experience as a consultant architect, town planner and also business management of numerous construction and property development projects in Malaysia, Singapore and PRC. He is a corporate member of the Royal Institute of British Architects, Malaysian Institute of Town Planners, Malaysian Institute of Architects, British Institute of Interior Design, and an Associate Member of the British Institute of Building Engineers. He holds a Bachelor of Science (Hons) degree in Architecture, a Post Graduate Diploma in Architecture from Robert Gordon University Aberdeen, UK and a Post Graduate Diploma in Town Planning from the University of Westminster London, UK.

Board of Directors and Executive Officers Profile

Mr Cheung Wai Man, Raymond
Independent Director

Mr Cheung Wai Man, Raymond was appointed as an independent director of the Company on 28 February 2019. Mr Cheung brings over 18 years of insurance and finance experience, and currently works as a business and risk management consultant. He has extensive experience in technology business strategy, actuarial and capital modeling, product development, merger and acquisition, credit ratings as well as risk management and compliance advisory. Mr Cheung founded BRCA Consultancy in 2014 to provide risk and compliance solutions for financial institutions in Asia. He was also the Regional Head of Insurance for Grab where he pioneered the structuring of innovative and cost-effective insurance solutions for Grab's operations in 8 countries in Asia. Before that, Mr Cheung was the Chief Risk Officer for AIG Asia Pacific and Asia Capital Reinsurance Group. Mr Cheung is actively involved in Singapore Actuarial Society, holding the appointments of Honorary Secretary, Chairman of Enterprise Risk Management (ERM) Committee and Chairman of Risk-Based Capital 2 (RBC2) Taskforce. He was also the trainer and faculty for the Advance Diploma Insurance Management Associate Programme (IMAP) and the ASEAN School for Young Insurance Managers (AYIM) programme with Singapore College of Insurance. Mr Cheung holds the Bachelor of Business (Actuarial Science major) with Nanyang Technological University. He is an Associate member of the Institute & Faculties of Actuaries, UK and Associate of Singapore Actuarial Society.

Ms Violet Seah Sin Yuen
Chief Financial Officer

Ms Violet Seah Sin Yuen was appointed as the Chief Financial Officer of the Company on 31 December 2018. She is responsible for managing the entire spectrum of the Group's financial management and reporting functions. Ms Seah has extensive experience in accounting, audit, finance and taxation as well as capital market transactions including initial public offerings, mergers and acquisitions and cross border offerings. Prior to joining the Group, she held the position of Chief Financial Officer/Financial Controller in various companies. Ms Seah started her career in assurance and advisory where she was previously a Senior Manager from the Assurance, Advisory and Business Services, IPO Division of Ernst & Young LLP. Ms Seah graduated from Nanyang Technological University with a Bachelor Degree in Accountancy. She is a member of the Institute of Singapore Chartered Accountants and a member of Certified Public Accountants, Australia.

Corporate Information

BOARD OF DIRECTORS
Mr Ang Kok Huan
Interim Executive Chairman

Dr Lam Lee G
Independent Director

Mr Yap Siean Sin
Independent Director

Mr Cheung Wai Man, Raymond
Independent Director

AUDIT COMMITTEE
Dr Lam Lee G (Chairman)
Mr Yap Siean Sin
Mr Cheung Wai Man, Raymond

REMUNERATION COMMITTEE
Mr Yap Siean Sin (Chairman)
Dr Lam Lee G
Mr Ang Kok Huan

NOMINATING COMMITTEE
Mr Yap Siean Sin (Chairman)
Dr Lam Lee G
Mr Ang Kok Huan

COMPANY SECRETARIES
Ms Ong Beng Hong
Ms Tan Swee Gek

REGISTERED OFFICE
80 Robinson Road
#17-02
Singapore 068898

BUSINESS ADDRESS
600 North Bridge Road
#06-02 Parkview Square
Singapore 188778
T (65) 6708 7630
E ir@jcg-investment.com
W www.jcg-investment.com

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITOR
Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants
100 Beach Road
#30-00 Shaw Tower
Singapore 189702
Director-in-charge: Ms Loh Hui Nee
Year of appointment: Financial year ended 31 December 2015

SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

Corporate Governance Report

The board of directors (the "Board") of JCG Investment Holdings Ltd. (the "Company") recognises that good corporate governance is an important objective of the Company and its subsidiaries (the "Group") and believes that it will in the long term enhance return on capital through increased accountability.

The Company adheres closely to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code") and other applicable laws, rules and regulations, including the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules"). On 30 November 2018, the Company announced that, in light of the proposed re-direction back into the medical aesthetics and healthcare business in the PRC, and amidst certain new information brought to the attention of the Board, the Board has voluntarily decided to subject the internal controls processes and policies of the Company to an independent review (the "**Independent Review**"). For this purpose, the Company has engaged BDO LLP to, inter alia, look into the advances for the medical aesthetics business amounting to S$6,078,000 that were impaired and other key matters relating to the acquisition and subsequent impairment of investment in China iMyth Company Pte. Ltd.. As at the date of this annual report, the report on the findings of BDO LLP has not been issued. Upon the issuance of the Independent Review report, the Company will ensure that the recommendations in the Independent Review report are implemented.

This report describes the Company's corporate governance processes and structures that are currently in place for the financial year ended 31 December 2018 ("FY2018"), with specific reference made to the principles and guidelines of the Code and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") in January 2015 (the "Guide"), and where applicable, deviations from the Code and the Guide are explained. On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance which aims to encourage board renewal, strengthen director independence and enhance board diversity, which will initially take effect for annual reports covering financial years commencing from 1 January 2019 (the "New Code"). The Company will implement the New Code for its Annual Report for the financial year beginning 1 January 2019 ("FY2019").

(A) BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1:

Every company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the success of the Company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The current Board comprises four Directors - one Interim Executive Chairman and three Independent Directors and collectively has the appropriate mix of core competencies and diversity of experience, as below:

Mr Ang Kok Huan (Chief Executive Officer ("CEO") and Interim Executive Chairman)
Mr Yap Siean Sin (Independent Director)
Dr Lam Lee G (Independent Director)
Mr Cheung Wai Man, Raymond (Independent Director)

The primary function of the Board is to protect and enhance long-term value and returns for the Company's shareholders. Besides carrying out its statutory responsibilities, the Board's role is also to:

- appoint Directors and other key personnel and review their performance;
- provide entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- oversee processes relating to the Group's internal controls, risk management, financial performance, compliance practices and resource allocation;

Corporate Governance Report

- provide oversight in the proper conduct of the Group's business and assume responsibility for corporate governance;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interest and the Group's assets;
- identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- consider sustainability issues, such as environmental and social factors, as part of its strategic formulation.

The Board's approval is required for matters such as the Group's financial plans and annual budget, corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, acceptances of bank facilities, the release of the Group's quarterly and full year's financial results and interested person transactions of a material nature. In the course of deliberations, the Directors are obliged to act in good faith and consider at all times the interests of the Company.

A formal document setting out the following has been adopted by the Board:

(a) the matters reserved for the Board's decision; and
(b) clear directions to Management on matters that must be approved by the Board.

Apart from matters that specifically require the Board's approval, the AC currently approves disbursements of funds exceeding $50,000 and delegates authority for transactions below those limits to management so as to optimise operational efficiency.

The Board had formally met a total of four times and had convened several ad-hoc meetings in FY2018.

All Directors are familiar with their duties and responsibilities as Directors, and are expected to objectively discharge their duties and responsibilities as fiduciaries in the interests of the Company. The Company has in place an induction program whereby newly appointed Directors will be given briefings and orientation training by the top management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as Directors. In addition, pursuant to Catalist rule 406(3)(a), a director who has no prior experience as a director of an issuer listed on the SGX-ST will undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. The Directors are briefed by professionals either during Board meetings or at separate meetings on accounting standards and regulatory changes which have an important bearing on the Company and the Directors' obligations to the Company. All the Audit Committee ("AC") members receive updates from the external auditors on updates to accounting issues which have a direct impact on financial statements. In addition, the Board encourages its members to participate in seminars and receive training at the Company's expense to improve themselves in the discharge of their duties as directors.

While the Directors have not attended any training for FY2018, briefings and updates for the Directors include:

- the external auditors ("EA") had briefed the AC on changes or amendments to accounting standards; and
- the Company Secretary had briefed the Board on regulatory changes, such as changes to the Companies Act, the Code and/or the SGX-ST Listing Manual Section B: Rules of Catalist.

To assist the Board in its functions, the Board has established various Board Committees, namely the AC, Remuneration Committee ("RC") and Nominating Committee ("NC") which were constituted with clear written terms of reference. During FY2018, these committees were made up solely of Independent Directors and Non-Executive Directors. These committees are now made up of a majority of Independent Directors and the effectiveness of each committee is constantly monitored by the Board.

Corporate Governance Report

DELEGATION BY THE BOARD

AUDIT COMMITTEE

Following the resignation of Mr Chew Soo Lin as Independent Director of the Company on 24 April 2018 and the appointment of Ms Chang Shyre Gwo and Dr Lam Lee G as director and Independent Director of the Company on 24 April 2018 and 14 May 2018 respectively, the AC was reconstituted on 14 May 2018 as follows:

Dr Lam Lee G (Chairman)
Mr Yap Siean Sin
Ms Chang Shyre Gwo

Following the resignation of Ms Chang Shyre Gwo as director of the Company on 28 February 2019 and the appointment of Mr Cheung Wai Man, Raymond as Independent Director of the Company on 28 February 2019, the AC was reconstituted on 28 February 2019 as follows:

Dr Lam Lee G (Chairman)
Mr Yap Siean Sin
Mr Cheung Wai Man, Raymond

All current members of the AC are non-executive directors, all of whom are considered to be independent.

The AC is guided by the Code when performing its functions.

Its duties include, inter alia, overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group and its exposure to risks of a regulatory and legal nature. It also reviews the effectiveness of the Company's systems of accounting and internal controls.

In FY2018, the AC had formally met a total of four times.

Further details about the AC may be found on page 24 of this report.

NOMINATING COMMITTEE ("NC")

Following the resignation of Mr Chew Soo Lin as Independent Director of the Company on 24 April 2018 and appointment of Dr Lam Lee G as Independent Director of the Company on 14 May 2018, the NC was reconstituted on 14 May 2018 as follows:

Mr Yap Siean Sin (Chairman)
Dr Lam Lee G
Mr Hano Maeloa

Following the resignation of Mr Hano Maeloa as director of the Company on 28 February 2019 and appointment of Mr Ang Kok Huan as director of the Company on 31 December 2018, the NC was reconstituted on 28 February 2019 as follows:

Mr Yap Siean Sin (Chairman)
Dr Lam Lee G
Mr Ang Kok Huan

Under its terms of reference, the principal functions of the NC are:

- to make recommendations to the Board on all Board's appointments and re-nominations;
- to propose objective performance criteria to evaluate the Board's performance;
- to assess and determine annually the independence of the Directors; and
- to assess whether any Director, who has multiple board representations, is able to and has been adequately carrying out his duties as a Director.

Corporate Governance Report

The NC had formally met once in FY2018 and had convened several ad-hoc meetings. It has also implemented a process for assessing the effectiveness of the Board as a whole.

Further details about the NC may be found on page 15 of this report.

REMUNERATION COMMITTEE ("RC")

Following the resignation of Mr Chew Soo Lin as Independent Director of the Company on 24 April 2018 and appointment of Dr Lam Lee G as Independent Director of the Company on 14 May 2018, the NC was reconstituted on 14 May 2018 as follows:

Mr Yap Siean Sin (Chairman)
Dr Lam Lee G
Mr Hano Maeloa

Following the resignation of Mr Hano Maeloa as director of the Company on 28 February 2019 and the appointment of Mr Ang Kok Huan as director of the Company on 31 December 2018, the RC was reconstituted on 28 February 2019 as follows:

Mr Yap Siean Sin (Chairman)
Dr Lam Lee G
Mr Ang Kok Huan

The Remuneration Committee comprises three (3) members, of which two (2) members, including the Chairman of the Remuneration Committee, are Independent Directors and one (1) member is an Executive Director. The Board notes that the Company does not comply with Guideline 7.1 of the Code with regard to the composition of the Remuneration Committee whereby all members of the Remuneration Committee should be Non-Executive Directors. The appointment of Mr Ang Kok Huan, the CEO and Interim Executive Chairman of the Company, as a member of the Remuneration Committee after the resignation of Mr Hano Maeloa, is an interim measure as the Company searches for a suitable candidate to be appointed as a non-executive or independent director of the Company and a member of the Remuneration Committee.

Under its terms of reference, the principal functions of the RC are, inter alia:

- to recommend the Non-Executive and Executive Directors' (if applicable) remuneration to the Board;
- to review and approve the CEO's and senior management's remuneration; and
- to review all benefits and long-term incentive schemes (including share option schemes) and compensation packages for the Directors and senior management.

In FY2018, the RC had formally met once and had convened one ad-hoc meeting.

Further details about the RC can be found on page 20 of this report.

Corporate Governance Report

The number of meetings held by the Board and Board Committees and attendance thereat during FY2018 are as follows:

	BOARD		AC		RC		NC	
DIRECTORS	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended	No. of meetings	Attended
Tai Kok Chuan(1)	5	1	4	1	2	1	3	1
Chew Soo Lin(2)	5	2	4	1	2	2	3	2
Hano Maeloa(3)	5	4	4	3	2	2	3	2
Chang Shyre Gwo(4)	5	3	4	3	2	-	3	1
Ang Kok Huan(5)	5	1	4	1	2	-	3	-
Yap Siean Sin	5	5	4	4	2	2	3	3
Lam Lee G(6)	5	2	4	2	2	-	3	-

Notes:

(1) Mr Tai Kok Chuan attended the Board committee meetings as an invitee. Mr Tai Kok Chuan ceased to be a Director of the Company upon his demise on 6 March 2018.

(2) Mr Chew Soo Lin resigned as a Director of the Company on 24 April 2018. Pursuant to his cessation, Mr Chew Soo Lin also ceased to be an Independent Director of the Company, the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. The announcement relating to Mr Chew Soo Lin's cessation as a Director of the Company was released via SGXNET on 25 April 2018.

(3) Mr Hano Maeloa resigned as a Director of the Company on 28 February 2019. Pursuant to his cessation, Mr Hano Maeloa also ceased to be the Non-Executive Chairman of the Company and a member of the Remuneration Committee and Nominating Committee. The announcement relating to Mr Hano Maeloa's cessation as a Director of the Company was released via SGXNET on 28 February 2019.

(4) Ms Chang Shyre Gwo was appointed as a Non-Executive Director of the Company on 24 April 2018. The announcement relating to Ms Chang Shyre Gwo's appointment was released via SGXNET on 24 April 2018. Ms Chang Shyre Gwo was appointed as a member of the Audit Committee, Remuneration Committee and Nominating Committee. Pursuant to the re-constitution of the Board on 14 May 2018, Ms Chang Shyre Gwo stepped down as a member of the Remuneration Committee and Nominating Committee. Ms Chang Shyre Gwo resigned as a Director of the Company on 28 February 2019. Pursuant to her cessation, Ms Chang Shyre Gwo also ceased to be a Non-Executive Director of the Company and a member of the Audit Committee. The announcement relating to Ms Chang Shyre Gwo's cessation as a Director of the Company was released via SGXNET on 28 February 2019.

(5) Prior to his appointment as a Director of the Company, Mr Ang Kok Huan attended the Board and Board committee meetings as an invitee. Mr Ang Kok Huan was appointed as a Director of the Company on 31 December 2018. The announcement relating to Mr Ang Kok Huan's appointment was released via SGXNET on 31 December 2018. Mr Ang Kok Huan was appointed as CEO and Executive Director of the Company on 31 December 2018. Mr Ang Kok Huan was subsequently re-designated to CEO and Interim Executive Chairman of the Company on 28 February 2019. The announcement relating to Mr Ang Kok Huan's re-designation was released via SGXNET on 28 February 2019.

(6) Dr Lam Lee G was appointed as an Independent Director of the Company on 14 May 2018. The announcement relating to Dr Lam Lee G's appointment was released via SGXNET on 14 May 2018. Dr Lam Lee G was appointed as Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee on 14 May 2018.

Corporate Governance Report

BOARD COMPOSITION AND GUIDANCE

Principle 2:

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

The current Board, of which three out of four of the Directors are Independent Directors, is able to exercise its powers objectively and independently from the management. The Independent Directors are Mr Yap Siean Sin, Dr Lam Lee G and Mr Cheung Wai Man, Raymond. Mr Ang Kok Huan is the CEO and Interim Executive Chairman. Given that the Interim Executive Chairman is part of the management team, the requirement of the Code is that Independent Directors should make up at least half of the Board, and this requirement has been satisfied. The criterion of independence is based on the definition given in the Code and Rule 406(3)(d) of the Catalist Rules. The Board considers an "independent" director as one (i) who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment of the conduct of the Group's affairs with a view to the best interests of the Company, (ii) who is not employed by the Company or any of its related corporation for the current or any of the past three financial years, and (iii) who does 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 three financial years, and whose remuneration is determined by the RC of the Company.

With three Independent Directors, the Board is able to exercise independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues. Board members also have separate and independent access to the Company's senior management on an ongoing basis. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company. The Independent Directors have further confirmed their independence according to the conditions set out in Rule 406(3)(d) of the Catalist Rules. There are no Directors who have served on the Board beyond nine (9) years from the date of their first appointment.

The composition of the Board and Board Committee has been reviewed by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The NC is of the view that the current Board comprises persons who as a group provides capabilities required for the Board to be effective.

As of the date of this report, there are no Independent Directors of the Company who sit on the board of the Company's principal subsidiaries. Having regard to factors such as the expertise skills and perspectives which the Board needs to meet the challenges in the business of the Group, the Board will constantly examine its size and, with a view to determine such impact upon its effectiveness and, decide on what it considers an appropriate size for the Board which facilitates effective decision making. The Board considers the present Board size appropriate for the current nature and scope of the Group's operations.

For FY2018, the Independent Directors had met at least once in the absence of key management personnel.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board currently comprises Directors who as a group provide core competencies such as accounting or finance, business management, legal or corporate governance, relevant industry knowledge or experience, strategic planning experience, customer-based experience or knowledge as well as information technology. To maintain or enhance the Board's balance and diversity, the Board, with the assistance of the NC, is looking into conducting an annual assessment of the existing attributes and core competencies of the Board to ensure that they are complementary and enhance the efficacy of the Board. The table below shows the core competencies possessed by the Board.

Corporate Governance Report

	Number of Directors	Proportion of Board
Core Competencies		
Accounting or finance	4	100%
Business management	4	100%
Legal or corporate governance	3	75%
Relevant industry knowledge or experience	4	100%
Strategic planning experience	4	100%
Customer based experience or knowledge	4	100%
Information technology	3	75%

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3:

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

The Group's CEO and Interim Executive Chairman, Mr Ang Kok Huan, plays an instrumental role in developing the business of the Group and provides the Group with leadership and vision. He also takes a leading role in managing the day-to-day operations with the assistance of key management personnel.

In line with Guideline 2.2 of the Code which recommends that independent directors make up at least half of the Board where the Chairman of the Board and the CEO is the same person, the Company is of the view that it maintains a strong independent element on the Board as more than half of the Board comprises Independent Directors. In addition, all decisions of the Board are decided collectively without any individual or small group of individuals influencing or dominating the decision-making process.

In view of the key position undertaken by Mr Ang Kok Huan, all major decisions made by Mr Ang Kok Huan in relation to board reserved matters will be reviewed by the Board. His performance and appointment to the Board shall be reviewed annually by the NC and his remuneration package shall be reviewed annually by the RC, with Mr Ang Kok Huan abstaining in the deliberation of his own remuneration package. The appointment of Mr Ang Kok Huan as an Interim Executive Chairman of the Company is also an interim measure as the Company searches for a suitable candidate to be appointed as Chairman of the Board. As such, the Board believes that there will be adequate safeguards in place against an uneven concentration of power and authority in a single individual.

In addition, the Board is of the view that, taking into consideration the size of the Board, the past performance of the Directors, and the nature of the business of the Company, there are sufficient safeguards and checks in place against an imbalanced concentration of power and authority in any one person and there is presently no requirement for a Lead Independent Director as:

- There exists a clear division of responsibilities between the Board and the key employees responsible for managing the day-to-day affairs of the Company;
- In line with Guideline 2.2 of the Code which recommends that independent directors make up at least half of the Board where the Chairman of the Board and the CEO is the same person, more than half of the Board comprises Independent Directors;
- All major decisions are made in consultation with the Board;
- The process of decision-making by the Board is independent and all decisions of the Board are decided collectively without any individual or small group of individuals influencing or dominating the decision-making process; and
- Grievances of a shareholder may be directed to the Chairman of the AC.

Corporate Governance Report

Although the Board currently does not have a Lead Independent Director, the Independent Directors make up more than half of the Board. As such, the Board is satisfied that there is a strong independent element to contribute to effective decision-making. The Independent Directors are and continue to be available to shareholders as a channel of communication between shareholders and the Board and/or Management. The Board will appoint a Lead Independent Director as and when deemed appropriate.

BOARD MEMBERSHIP

Principle 4:

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

The Board has established the NC, chaired by Mr Yap Siean Sin. The NC currently comprises two Independent Directors and one Interim Executive Chairman. The Chairman of the NC is not associated in any way with any substantial shareholder of the Company.

One of the functions of the NC is to determine the criteria for the appointment of new Directors, set up a process for the selection of such appointment and to review nominations for the appointment and re-appointment of Directors to the Board and to decide on how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience to enable management to benefit from a diverse perspective of issues that are brought before the Board. The NC is of the view that the Board comprises Directors capable of exercising objective judgment on the corporate affairs of the Company independently of management and that no individual or small group of individuals dominate the Board's decision-making process.

When a vacancy arises under any circumstance, 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 select candidates with the appropriate expertise and experience for the position. The Company may appoint professional search firms and recruitment consultants to assist in the selection and evaluation process if the appointment requires a specific skill set or industry specialisation. The NC will then meet with the short-listed candidate, nominate and recommend the most suitable candidate to the Board for approval. The newly appointed Directors by the Board will be subject to re-election by Shareholders at the next annual general meeting and thereafter, they are subject to the one-third rotation rule pursuant to the Company's Constitution.

In determining the independence of Directors annually, the NC has reviewed and is of the view that Mr Yap Siean Sin, Dr Lam Lee G and Mr Cheung Wai Man, Raymond are independent. The Independent Directors have also confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules during the NC meeting held on 25 February 2019 subsequent to FY2018 and all the Independent Directors have provided their independent declarations. In addition, the Independent Directors do not have any relationship as stated in the Code and Rule 406(3)(d) of the Catalist Rules that would otherwise deem any of them not to be independent.

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and have other principal commitments. However, the Board, with the concurrence of the NC, has agreed that the Company shall not impose a maximum number of listed board representations on the Directors as the Board is of the opinion that setting a fixed number would not adequately take into account the varied circumstances of each Director. The NC will instead focus on whether a Director has sufficient time to adequately discharge his duties to the Company. The NC would monitor and determine annually, on a case-by-case basis, whether the Directors have given sufficient time and attention to the affairs of the Company and adequately carry out his duties as a Director of the Company.

The NC has reviewed and is satisfied that in FY2018, the three Independent Directors and the Interim Executive Chairman, some of who have multiple board representations, have been able to devote adequate time and attention to the affairs of the Company to fulfil their duties as Directors of the Company. In particular, although Dr Lam Lee G has multiple board representations outside of the Group, the NC, having taken into consideration Dr Lam Lee G's attendance at all Board and AC meetings since his appointment on 14 May 2018, his prompt response to management decisions, updates and queries and his active contribution and participation to discussion at Board and committee meetings, is satisfied that in FY2018, Dr Lam Lee G has been able to devote adequate time and attention to the affairs of the Company to fulfil his duties as Director of the Company.

Corporate Governance Report

The year of initial appointment and last re-election date of each current Director and his current and past directorship(s) in other listed companies are listed below:

Director	Date of initial appointment	Date of last re-election	Current directorships in listed companies	Past directorships in listed companies (preceding three years)	Other principal commitments
Mr Yap Siean Sin	27 June 2017	24 April 2018	- China Real Estate Group Ltd (fka Asia-Pacific Strategic Investments Limited)	Nil	- Spring Rise Pte Ltd - Cavacole (S) Pte Ltd - Asia-Pacific Strategic Investment Limited - Cosmos Gateway Sdn. Bhd. - Snap Innovations Sdn. Bhd. - Pacific Coast Pte. Ltd. - Huizhou Energy Sdn. Bhd. - WTE Holdings Pte. Ltd. - Indusplex Sdn. Bhd. - Spring Malaysia (MM2H) Sdn. Bhd. - Timur Baiduri Sdn. Bhd. - Arealink Corporation Sdn. Bhd. - Seni Rancang (M) Sdn. Bhd. - Moi Siean Holdings Sdn. Bhd. - Jururancang YSS (Sole Proprietorship) - Arkitek Seni Perundung. (Sole Proprietorship)
Dr Lam Lee G	14 May 2018	Not Applicable	- Adamas Finance Asia Limited - Aurum Pacific (China) Group Limited - China Real Estate Group Ltd (fka Asia-Pacific Strategic Investments Limited) - AustChina Holdings Limited - China LNG Group Limited - China Shandong Hi-Speed Financial Group Limited - CSI Properties Limited - Elife Holdings Limited - Glorious Sun Enterprises Limited - Haitong Securities Company Limited - Hsin Chong Group Holdings Limited - Hua Long Jin Kong Company Limited - Huarong Investment Stock Corporation Limited - Kidsland International Holdings Limited	- Imagi International Holdings Limited - Roma Group Ltd - Rowsley Ltd - Vietnam Equity Holding - Xi-an Haitiantian Holdings Company Limited	- Adamas Finance Asia Limited - Asia-Pacific Strategic Investments Limited - AustChina Holdings Limited (fka Coalbank Limited) - China LNG Group Limited - China Shandong Hi-Speed Financial Group Limited - Chiu Yang Resident's Association of Hong Kong Limited - CSI Properties Limited - Elife Holdings Limited (fka Sino Resources Group Limited) - Glorious Sun Enterprises Limited - Haitong Securities Company Limited - Hong Kong Casin Holdings Limited - Hong Kong Cyberport Management Company - Hong Kong Strategy Limited - Hong Kong SWATOW Merchants Association (STCC) - Hong Kong-ASEAN Economic Cooperation Foundation Limited - Hong Kong-Vietnam Chamber of Commerce Limited

Corporate Governance Report

Director	Date of initial appointment	Date of last re-election	Current directorships in listed companies	Past directorships in listed companies (preceding three years)	Other principal commitments
			- Mei Ah Entertainment Group Limited - Mingfa Group (International) Company Limited - National Arts Entertainment and Culture Group Limited - Singapore eDevelopment Ltd - Sunwah International Limited - Sunwah Kingsway Capital Holdings Limited - Tianda Pharmaceuticals Limited - TMC Life Sciences Berhad - Top Global Limited - Vongroup Limited		- Hua Long Jin Kong Company Limited (fka Highlight China IoT Int ernational Limited) - Huarong Investment Stock Corporation Limited - ITF Corporation - Kidsland International Holdings Limited - Mei Ah Entertainment Group Limited - Monte Jade Science & Technology Association of Hong Kong Limited - Murray, Lam & Kan Capital Limited - National Arts Entertainment and Culture Group Ltd. - Orange Grove Enterprises PTE. Ltd. - Pacific Basin Economic Council ltd. - Singapore eDevelopment Ltd - Sunwah International Limited - Sunwah Kingsway Capital Holdings Limited - TechMatrix Research Centre Limited - The Australian Chamber of Commerce in Hong Kong and Macau - The Chinese General Chamber of Commerce (CGCC) - The Hong Kong Real Property Federation - The Overseas Teo Chew Entrepreneurs Association Limited - The University of Hong Kong School of Professional and Continuing Education Alumni Limited - Tianda Pharmaceuticals Limited - Top Global Limited - Vongroup Limited - Xi'an Haitiantian Holdings Company Limited (fka Xi'an Haitian Antenna Holdings Company Limited) - Zhuhai Da Heng Qin Company Limited
Mr Ang Kok Huan	31 December 2018	Not Applicable	Nil	Nil	Nil

Corporate Governance Report

Director	Date of initial appointment	Date of last re-election	Current directorships in listed companies	Past directorships in listed companies (preceding three years)	Other principal commitments
Mr Cheung Wai Man, Raymond	28 February 2019	Not Applicable	Nil	Nil	- BRCA Pte Ltd - JPL Advisory LLP - SWIFTAGRO Pte. Ltd. - WTSG Pte. Ltd. - Fandom Networks Singapore (in the process of striking off) - Fandom Community Foundation (in the process of striking off)

The profile of the Directors can be found on page 5 of this report.

Pursuant to Article 90 of the Company's Constitution, at least one-third of the Directors shall retire from office by rotation and be subject to re-election at the Company's annual general meeting, except that the Managing Director will not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years. In addition, a new Director appointed by the Board during the year shall hold office only until the next annual general meeting and shall then be eligible for re-election at the Company's annual general meeting, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. The shareholders approve the appointment or re-appointment of Board members at the annual general meeting.

The NC will assess and evaluate whether Directors retiring at each annual general meeting are properly qualified for re-appointment by virtue of their skills, experience and contributions. In accordance with the Company's Constitution, the NC recommended to the Board that Mr Yap Siean Sin be nominated for re-election at the Company's forthcoming Annual General Meeting ("AGM"). In making the recommendation, the NC had considered Mr Yap Siean Sin's overall contribution and performance. Mr Yap Siean Sin has abstained from making any deliberations on his own re-election.

In addition, Article 96 of the Company's constitution provides that new directors of the Company shall hold office until the next AGM and shall then be eligible for re-election. As such, the newly appointed Interim Executive Chairman, Mr Ang Kok Huan and Independent Directors Dr Lam Lee G and Mr Cheung Wai Man, Raymond will be retiring at the forthcoming AGM pursuant to Article 96 of the Company's Constitution and are to be nominated for re-election.

Mr Ang Kok Huan will, upon re-election as a Director of the Company, remain as a CEO and Interim Executive Chairman.

Mr Yap Siean Sin will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, the Chairman of the NC and RC, and member of the AC. Mr Yap Siean Sin will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Dr Lam Lee G will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, the Chairman of the AC, and member of the RC and NC. Dr Lam Lee G will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr Cheung Wai Man, Raymond will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, and member of the AC. Mr Cheung Wai Man, Raymond will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.

As at the date of this report, none of the Directors are interested in the shares and/or share options in the Company (whether directly or indirectly). None of the Directors holds shares in the subsidiaries of the Company.

The Company does not have any alternate directors.

Corporate Governance Report

BOARD PERFORMANCE

Principle 5:

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

The effectiveness of the Board will ultimately affect the performance of the Group. The Board ensures compliance with the applicable laws and the Board members should act in good faith, with due diligence and care in the best interests of the Company and its shareholders.

The performance of the key executives will be reviewed annually by the NC and the Board.

The NC has established an appraisal process to assess the performance and effectiveness of the Board as a whole. For this purpose, the NC has developed a checklist to assist in its assessment of the Board's effectiveness at least once every year. Feedback and comments received from the Directors are reviewed by the NC. In its assessment, the NC takes into consideration the frequency of the Board meetings, Board independence, the rate at which issues raised are adequately dealt with, the effectiveness of the Board Committees, and reports from the various committees.

Given the relatively small size of the Board, there is no need at present to conduct a formal individual assessment of the Directors and the Board Committees.

The NC has assessed the current Board's performance to-date and is of the view that performance of the Board as a whole has been satisfactory. No external facilitator has been used for the assessment in FY2018.

Each member of the NC abstains from voting on any resolution and making recommendations and/or participating in any deliberation in respect of the assessment of his performance or re-nomination as a Director.

ACCESS TO INFORMATION

Principle 6:

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

All Directors are to be from time to time furnished with information concerning the Group to enable them to be fully cognisant of the decisions and actions of the Group's executive management. Management is to provide the Board with unrestricted access to the Company's records and information. In order to enable the Independent Directors to understand the Group's business, the business and financial environment as well as the risks faced by the Group, the Management is to provide, inter alia, the following information to the Independent Directors:

1) board papers (with background or explanatory information relating to the matters brought before the Board, where necessary);
2) updates to the Group's operations and the markets in which the Group operates in; and
3) external auditors' report(s)

The Constitution of the Company provides for Directors to convene meetings by teleconferencing or other similar means e.g. videoconferencing. When a physical Board meeting is not possible, timely communication with members of the Board can be achieved through electronic means.

The agenda for Board meetings is prepared in consultation with the Interim Executive Chairman. Agendas and board papers (where relevant) are prepared for each meeting and will normally be circulated at least two days in advance of each meeting.

Corporate Governance Report

Senior members of management staff are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the Company Secretary and to other senior management of the Group at all times in carrying out their duties.

The appointment and the removal of the Company Secretary should be a matter for the Board as a whole. The Company Secretary and/or a representative of the Company Secretary attends all meetings of the Board and Board Committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of Board and Board Committees' meetings are circulated to the Board.

Each Director has the right to seek independent legal and other professional advice as and when necessary to enable him to discharge his responsibilities effectively, the cost of such professional advice will be borne by the Company.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7:

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

The Board has established the RC, chaired by Mr Yap Siean Sin. The RC comprises two Independent Directors and the Interim Executive Chairman.

It is within the terms of reference of the RC to review and recommend to the Board, a general framework of remuneration for the Board and key executives and to review and recommend the specific remuneration packages and terms of employment for each Director and the key executives. Each member of the RC abstains from voting on any resolutions and making any recommendations in respect of his remuneration package.

The RC recommends and reviews remuneration packages of the key executives on a regular basis, with the aim of building a capable and committed management team. The Directors are not involved in deciding their own remuneration.

If necessary, the RC may seek expert advice outside the Company on remuneration of the Directors and key executives. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for FY2018.

LEVEL AND MIX OF REMUNERATION

Principle 8:

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

In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry, as well as the Group's performance.

The remuneration for the key executives comprise a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and individual performance.

Corporate Governance Report

The Independent Directors and non-executive directors (if any) receive directors' fees, in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, motivate and retain the Directors. Directors' fees are recommended by the Board for approval at the Company's annual general meeting.

The annual review of the remuneration of the key executives are carried out by the RC to ensure that their remuneration are commensurate with their performance, giving due regard to the profitability of the Group, its financial performance as well as general economic conditions under which the Group operates.

In reviewing and determining the remuneration packages of the Directors and key executives, the RC considers, amongst other things, their responsibilities, skills, expertise and contribution to the Company's performance and whether such remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

The RC also administers the Albedo Share Performance Plan (the "Albedo SPP") which was adopted at an extraordinary general meeting on 28 April 2009. The criteria to determine the grant of Albedo SPP include the employee's rank and responsibilities within the Group, his/her performance, years of service, potential for future development of the employee and the performance of the Group. No grants were awarded under the Albedo SPP for FY2018. The Albedo SPP is due to expire on 27 April 2019 and the Company does not intend to renew the Albedo SPP. In view of the completion of the recent corporate exercise and change in the name of the Company, the Company proposes to adopt a new share performance plan known as the JCG Share Performance Plan (the "JCG SPP") which will be subject to Shareholders' approval at the Company's forthcoming extraordinary general meeting ("EGM") to replace the Albedo SPP.

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and Executive Officers in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on actual performance as opposed to a forecast of the Group and/or the Company as well as the actual results of its Executive Directors and Executive Officers, "claw back" provisions may not be relevant or appropriate.

DISCLOSURE ON REMUNERATION

Principle 9:

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

After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that disclosing the exact amount of remuneration would be prejudicial to its business interest given the highly competitive environment. The breakdown of remuneration (in percentage terms) of the Directors and CEO of the Company paid for FY2018 is set out below:

Corporate Governance Report

Name of Director/CEO	Base Salary	Allowance	Directors Fees	Other Benefits[(1)]	Total
Below S$250,000					
Tai Kok Chuan[(2)]	41%	34%	-	25%	100%
Chew Soo Lin[(3)]	-	-	100%	-	100%
Hano Maeloa[(4)]	-	-	37%	63%	100%
Chang Shyre Gwo[(5)]	-	-	35%	65%	100%
Ang Kok Huan[(6)]	100%	-	-	-	100%
Yap Siean Sin	-	-	100%	-	100%
Lam Lee G[(7)]	-	-	100%	-	100%

Notes:

(1) Other benefits include employer's contribution to Central Provident Fund, bonus and out-of-pocket allowances.
(2) Mr Tai Kok Chuan ceased to be a Director of the Company upon his demise on 6 March 2018.
(3) Mr Chew Soo Lin resigned as a Director of the Company with effect from 24 April 2018.
(4) Mr Hano Maeloa resigned as a Director of the Company with effect from 28 February 2019.
(5) Ms Chang Shyre Gwo was appointed as Director on 24 April 2018 and resigned as a Director of the Company with effect from 28 February 2019.
(6) Mr Ang Kok Huan was appointed as CEO and Executive Director of the Company on 31 December 2018. Mr Ang Kok Huan was subsequently re-designated to CEO and Interim Executive Chairman of the Company on 28 February 2019.
(7) Dr Lam Lee G was appointed as an Independent Director of the Company on 14 May 2018.

The Directors' fees for FY2019, as a lump sum, will be subject to the approval by shareholders at the forthcoming AGM.

The remuneration paid to the key executives (who are not Directors or the CEO) for services rendered to the Group on an individual basis were between S$250,000 and S$500,000 and below S$250,000 during FY2018 and are set out below:

Name of Key Executive	Base Salary	Allowance	Fees	Other Benefits[(1)]	Total
Between S$250,000 to S$500,000					
Mr Albert Tan Tiong Heng[(2)]	71%	11%	-	18%	100%
Below S$250,000					
Ms Violet Seah Sin Yuen[(3)]	100%	-	-	-	100%

Notes:

(1) Other benefits include employer's contribution to Central Provident Fund, bonus and out-of-pocket allowances.
(2) Mr Albert Tan Tiong Heng ceased to be the Company's Chief Financial Officer with effect from 31 December 2018.
(3) Ms Violet Seah Sin Yuen was appointed as the Company's Chief Financial Officer with effect from 31 December 2018.

The Company only had two key executive personnels (excluding the Directors) in FY2018. The total remuneration paid to the top two key executives (excluding the Directors) for FY2018 was S$255,600.

Corporate Governance Report

The annual salary of Ms Yap Mee Lee, spouse of the late Executive Chairman, Mr Tai Kok Chuan, for FY2018, as the administrative manager of one of the Company's subsidiaries. The remuneration paid to her for services rendered to the subsidiary was between S$100,000 to S$150,000 as part of cost rationalisation during FY2018 and it is set out below:

Name of Relative	Base Salary	Allowance	Fees	Other Benefits(1)	Total
Between S$100,000 to S$150,000					
Yap Mee Lee	62%	-	-	38%	100%

Note:

(1) Other benefits include employer's contribution to Central Provident Fund and bonus.

There are no termination or retirement benefits, as well as post-employment benefits that are granted to the Directors, CEO and key executives in FY2018.

(C) ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10:

The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

In presenting interim and full year financial result announcements and the annual financial statements to shareholders promptly, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

Management is to provide the Board with unrestricted access to relevant information on a timely basis in order that it may effectively discharge its duties. The Board members are to be provided with up-to-date financial reports and other information on the Group's performance for effective monitoring and decision making. Such updates and provision of information is done via emails, informal meetings and/or telephonic discussions as and when required.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11:

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

The Board reviews annually the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. As mentioned, the Independent Review is being conducted on the Company's internal controls and policies in relation to certain aspects of the Company's past operations. Pending the results of the Independent Review, and subject to the findings thereof, the Board is not able to form an opinion whether the internal controls, including financial, operational, compliance and information technology controls, and risk management systems were adequate and effective for FY2018.

Corporate Governance Report

The AC, on behalf of the Board, reviews the Group's system of internal controls, including financial, operational, compliance and information technology, and risk management policies and systems established by management. This ensures that such system is sound and adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls, addressing financial, operational, compliance and information technology risks and risk management systems. While no cost-effective internal control system can provide absolute assurance against loss or misstatement, the Group will, subject to the findings of the Independent Review, make improvements to the internal controls and systems to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication, are reasonable and accurate. The Company had in place an Enterprise Risk Management framework during FY2018.

The effectiveness of the internal control systems and procedures are monitored by Management and also by the internal audit function. The effectiveness of the internal control systems and procedures are monitored by Management. In FY2018, whilst an outsourced internal auditor had been appointed to review the internal controls of the key operations of the Group, before the internal audits were supposed to be carried out, the Company embarked on a series of corporate exercises, with intention for a restructured Board and new Management. As such, no internal audit was carried out by the outsourced internal auditor. During FY2018, the then-CFO, Mr Albert Tan Tiong Heng prepared the applicable risk pillars in view of the Group's operations and had in place an Enterprise Risk Management framework, which was reviewed by the previous Executive Chairman and the AC. Pending the results of the Independent Review, and subject to the findings thereof, the AC is not able to form an opinion on whether the internal audit function is independent, effective, adequately resourced and has appropriate standing in the Group.

At present, the Board relies on the assurances provided by Management, and the external audit reports and management letter prepared by the external auditors on any material non-compliance or internal control weaknesses. Pending the results of the Independent Review, the CEO, Mr Ang Kok Huan and CFO, Ms Violet Seah Sin Yuen are unable to provide assurance regarding the effectiveness of the Company's risk management and internal controls system.

Accordingly, the Board has only received assurance from the CEO, Mr Ang Kok Huan and CFO, Ms Violet Seah Sin Yuen 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.

AUDIT COMMITTEE

Principle 12:

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Board has established the AC, chaired by Dr Lam Lee G. The members comprise the three Independent Directors of the Company, who collectively bring with them invaluable managerial and professional expertise in the financial and business management spheres. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.

The AC has met with the Group's external auditors and its management to review accounting, auditing and financial reporting matters for FY2018.

Corporate Governance Report

Specifically, the AC has the following functions:

- reviewing the audit plans and scope of audit of the external auditors, including appraising the quality of their work and the assistance provided to them by the Management;
- recommending to the Board the appointment, re-appointment and removal of external auditors and their fees for shareholders' approval, after evaluating their cost effectiveness, independence and objectivity and the nature and extent of non-audit services provided by them;
- reviewing the effectiveness of the internal audit function;
- reviewing and reporting to Board at least annually the adequacy of the internal control systems of the Group, including financial, operational, compliance and information technology controls, by reviewing written reports from the internal auditors, and Management's responses and actions to correct any deficiencies;
- reviewing the annual financial statements and financial result announcements to shareholders before submission to the Board for adoption;
- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance; and
- reviewing interested person transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders.

The AC has authority to investigate any matter within its terms of reference, and has full access to, and the co-operation of, the Management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any executive Director or executive officer to attend its meetings.

In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast of the changes to accounting standards and issues which have a direct impact on financial statements via briefing by its external auditors during the AC meetings.

In FY2018 and at its most recent meeting in February 2019, the AC had met the external auditors separately, without the presence of the Management, to discuss the reasonableness of the financial reporting process, as well as to review the adequacy of audit arrangements with particular emphasis on the observations and recommendations of the external auditors, the scope and quality of their audits and the independence and objectivity of the external auditors.

The AC has reasonable resources to enable it to discharge its functions properly. The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities and at least two members of the AC, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

The Group's existing auditors, Nexia TS Public Accounting Corporation, have been the auditors of the Group since 6 November 2015. Ms Loh Hui Nee is the engagement director since FY2015.

Having regard to the adequacy of the resources and experience of the auditing firm and the engagement director 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 particular audit, the Board and the AC are of the opinion that a suitable auditing firm has been appointed to meet the Company's auditing obligations.

No audit firms have been appointed for the Company's subsidiaries in Malaysia, Hong Kong SAR and the People's Republic of China in FY2018 as the subsidiaries are in the process of striking off or deregistration. The Company had previously announced that its subsidiaries in Malaysia, Hong Kong SAR and the People's Republic of China are undergoing striking off or deregistration on 1 March 2018, 5 November 2018, 14 December 2018. In this regard, the Board, with the concurrence of the AC, is of the view that the Company complies with Rule 712 and Rule 715 of the Catalist Rules.

The AC is pleased to recommend to the Board that Nexia TS Public Accounting Corporation be nominated for re-appointment as external auditors of the Company at the forthcoming AGM. The amount of audit fees paid to Nexia TS Public Accounting Corporation in FY2018 was S$116,000. There were no non-audit fees paid to Nexia TS Public Accounting Corporation in FY2018. Having reviewed, amongst others, the scope and quality of their audits and their independence, the AC is satisfied that the independence and objectivity of the external auditors is not affected.

Corporate Governance Report

INTERNAL AUDIT

Principle 13:

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

The Group has appointed Messrs BDO LLP as its outsourced internal auditor. BDO LLP assists the Group in reviewing the adequacy and effectiveness of the Group's internal controls based on an annual internal audit plan that covers applicable financial, operational, compliance and information technology controls. As part of the internal audits, they also provide recommendations to the AC and the Board to address any weaknesses in its internal controls.

BDO LLP performs annual internal audit planning in consultation with, but independent of the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In addition, the internal auditor may be involved in ad hoc projects initiated by the Management which require the assurance of the internal auditor in specific areas of concerns. In FY2018, there was no internal audit conducted by BDO LLP as explained under Principle 11. BDO LLP will be provided with access to the Group's properties, information and records and performs their reviews in accordance with the BDO Global IA methodology which is consistent with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. As the Group's outsourced internal auditors, BDO LLP is required to provide staff of adequate expertise and experience to conduct the internal audits. As no internal audit was carried out by the outsourced internal auditors in FY2018 and given that the findings of the Independent Review have not been issued, the AC is not able to comment on whether the internal audit function is independent, effective, adequately resourced and has the appropriate standing within the Group.

BDO LLP reports to the AC on audit matters and reports administratively to the Chief Financial Officer ("CFO"). The AC also reviews and approves the annual internal audit plans and resources to ensure that BDO LLP has the necessary resources to adequately perform its functions.

On 30 November 2018, the Company announced that, in light of the proposed re-direction back into the medical aesthetics and healthcare business in the People's Republic of China ("PRC"), and amidst certain new information brought to the attention of the Board, the Board has voluntarily decided to subject the internal controls processes and policies of the Company to the Independent Review. For this purpose, the Company has engaged BDO LLP to, inter alia, look into the advances for the medical aesthetics business amounting to S$6,078,000 that were impaired and other key matters relating to the acquisition and subsequent impairment of investment in China iMyth Company Pte. Ltd.. As at the date of this annual report, the report on the findings of BDO LLP has not been issued.

(D) COMMUNICATION WITH SHAREHOLDERS

SHAREHOLDERS' RIGHTS

Principle 14:

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

The Company takes a serious view of ensuring full and adequate disclosure, in a timely manner, of material events and matters concerning its businesses through SGXNET, public announcements, press releases, circulars to shareholders and annual reports.

The Company also ensures that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of the rules, including voting procedures that govern general meetings of shareholders.

The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may appoint more than two proxies to attend and vote at general meetings.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

Principle 15:

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

The Company has adopted quarterly reporting of its financial results since 1 January 2015. It does not practise selective disclosure. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Act, the Board's policy is that all shareholders should be informed regularly and on a timely basis of all major developments that impact the Group.

The Company will communicate pertinent information to its shareholders on a regular and timely basis through:

- the Company's annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Act and the Singapore Financial Reporting Standards;
- quarterly financial statements containing a summary of the financial information and affairs of the Group for the financial period. These are announced via the SGXNET;
- notices of annual general meeting and extraordinary general meeting;
- announcements via SGXNET on major developments of the Group; and
- the Group's website at www.jcg-investment.com from which shareholders can access information on the Group. The website provides, inter alia, the profiles of the Group and information on our Board and management.

The Company held an annual general meeting in April 2018 which is the principal forum of dialogue and interaction with its shareholders. An extraordinary general meeting was also held in 31 December 2018 to seek shareholders' approval in relation to a proposed corporate action.

The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. The Board is not recommending any dividends for FY2018 due to the losses incurred and financial position of the Company.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16:

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

Shareholders are entitled to attend the annual general meeting to ensure a greater level of shareholders' participation and for them to be kept up to date as to the Group's strategies and goals. The notice of the annual general meeting is despatched to shareholders, together with explanatory notes at least 14 days before the meeting.

The Board views the annual general meeting as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues and ask the Directors or the Management questions regarding the Company and its operations, as well as for the Company to understand the views from the shareholders.

Corporate Governance Report

The Board supports the Code's principle to encourage shareholders' participation. The Constitution of the Company allows a shareholder of the Company to appoint a proxy to attend the annual general meeting and vote in place of the shareholder. The Board takes note that there should be a separate resolution at general meetings on each substantially separate issue and supports the Code's principle with regards to the "bundling" of resolutions. The Board will provide reasons and material implications where resolutions are interlinked.

The Chairpersons of the AC, RC and NC are in attendance at the Company's annual general meeting to address shareholders' questions relating to the work of the Board committees. The Company's external auditors, Nexia TS Public Accounting Corporation, will also be present at the annual general meeting and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report.

In line with the Catalist Rules, resolutions tabled at general meetings of the Company will be passed through a process of voting by poll which procedures will be clearly explained by the scrutineers at the Company's general meetings.

DEALING IN SECURITIES & WHISTLE-BLOWING

In line with Rule 1204(19) of the Catalist Rules and in implementing the directives issued by the AC in 2006, the Group has continued to adopt an internal code in relation to the dealing of shares of the Company, insider trading and whistle-blowing. The Company has issued memoranda relating to dealing in the securities of the Company to its Directors and employees, setting out the implications of insider trading and guidance on such dealings. Directors and key executives are expected to observe insider trading laws at all times. In FY2018, Directors were also issued notices relating to black-out periods within which the Company and Directors and employees of the Company should not deal in the securities of the Company during the period commencing two weeks before the announcement of the Company's interim financial results and one month before the announcement of the Company's full year financial results and ending on the date of the announcement of the results.

Directors and employees are also discouraged from dealing in the Company's shares on short-term considerations. The Company has also issued written policies and procedures regarding whistle-blowing to its Directors and employees, identifying and illustrating actions or observations which may constitute matters which should be raised, and the various avenues through which they may be raised. The Company has also set up a dedicated email address (report@jcg-investment.com) for reporting purposes to which access is restricted to the Chairman of the AC and his designate. In the pursuit of good corporate governance, the Company encourages its officers, employees, and/or any other parties with whom the Group has a relationship to provide information that evidences unlawful, unethical and fraudulent practices.

INTERESTED PERSONS TRANSACTIONS

As a listed company on the Catalist of the SGX-ST, the Company is required to comply with Chapter 9 of the Catalist Rules on interested person transactions. All interested person transactions are subject to review by the AC to ensure they were carried out on normal commercial terms. In addition, to ensure compliance with Chapter 9 of the Catalist Rules, the AC and the Board have met and will meet regularly at each scheduled quarterly AC and Board meeting to review if the Company will be entering into an interested person transaction and if so, to ensure that the relevant rules under Chapter 9 of the Catalist Rules are complied with. In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

The Group does not have a general mandate for interested person transactions for the current financial year pursuant to Catalist Rule 920. There were no interested person transactions of S$100,000 or more in value per transaction entered into during FY2018.

Corporate Governance Report

MATERIAL CONTRACTS

Save as disclosed in the Report of the Directors and Financial Statements and below, there were no material contracts, not being contracts entered into in the ordinary course of business of the Company or its subsidiaries, involving the interests of the CEO or any Director or controlling shareholders subsisted at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

The Company's wholly own subsidiary, CMIC Hemodialysis (Hong Kong) Limited had entered into a loan agreement with Concorde Global Limited. In relation to this loan agreement, a corporate guarantee was granted by the Company. A deed of guarantee was also granted by a shareholder of the Company, Dato Dr. Choo Yeow Ming ("Dato Dr. Choo"). The loan initially bore interest at a rate of 12% per annum and was repayable within 6 months from 20 June 2016. The repayment date was extended to 28 March 2017 and then to 27 June 2017. The loan repayment date was further extended to 27 December 2017 and then to 27 June 2018 and then to 27 December 2018 and it was a term of the repayment that the outstanding amount would bear an interest rate of 14.0% per annum (instead of 12% per annum) until repaid in full. On 27 December 2018, CMIC Hemodialysis (Hong Kong) entered into a supplemental agreement with Concorde Global Limited to vary the terms of the loan agreement and it was agreed, inter alia, that the loan repayment date be further extended from 27 December 2018 to 28 January 2019, and that the outstanding amount would bear an interest rate of 16.0% per annum (instead of 14.0% per annum) from 27 December 2018 until repaid in full. Under the terms of the supplemental agreement, CMIC Hemodialysis (Hong Kong) Limited is also required to pay to Concorde Global Limited an additional payment of HK$200,000, being the extension fee incurred as a result of the entry into the supplemental agreement to extend the loan repayment date. Accordingly, aggregate liability of CMIC Hemodialysis (Hong Kong) Limited increased to S$3.6 million. On 27 February 2018, Dato' Dr. Choo signed an agreement to make available till 1 May 2019 an advance of up to the amount pursuant to this loan from Concorde Global Limited to repay on behalf of the subsidiary of the Group should it be unable to repay in full or in part. Pursuant to the approval granted at the extraordinary general meeting held on 31 December 2018, the Company undertook several corporate actions, including, *inter alia*, the allotment and issuance of 2,857,142,857 shares to Rest Investment Ltd at an issue price of S$0.0014 per share ("Share Subscription"), together with up to 952,380,952 warrants ("Investment Warrants") for an aggregate amount of S$4 million ("Share Subscription Net Proceeds"). As at the Latest Practicable Date, S$3.6 million of the Share Subscription Net Proceeds has been utilised for repayment of the said loan.

On 10 January 2017, the Company entered into a loan agreement with Dato' Dr. Choo, pursuant to which Dato' Dr. Choo had agreed to grant an unsecured interest-free loan of S$6,500,000 to the Company. Repayment of the loan is to take place twelve months after the date the loan is disbursed. The loan was not disbursed and on 24 August 2018, the loan facility of S$6,500,000 was terminated.

On 27 February 2018, the Group obtained a written undertaking from Dato' Dr. Choo not to demand repayment of payables of S$3,500,000 (being the balance of consideration owing by the Company for the acquisition of 51% of China iMyth Company Pte Ltd from the vendor. Dato' Dr. Choo is a director and has 55% equity interests in the vendor) until the date when the Group has the financial ability to make the repayment or the contractual maturity date on 6 November 2019 ("Deferred Payment Liability"). On 24 August 2018, the Company entered into a capitalisation deed pursuant to which the Company has agreed to capitalise the entire amount of the Deferred Payment Liability into a total of 3,214,285,714 new ordinary consolidated shares in the capital of the Company ("Conversion Shares"). Pursuant to the approval granted at the extraordinary general meeting held on 31 December 2018, the Company completed the allotment and issuance of the Conversion Shares to unrelated third party assignees ("Deferred Liability Conversion") on 10 January 2019. Following completion of the Deferred Liability Conversion, the Deferred Payment Liability is fully capitalised and, accordingly, the written undertaking from Dato' Dr. Choo is no longer of effect.

Corporate Governance Report

USE OF PROCEEDS

As at 5 April 2019, the amount raised from the renounceable non-underwritten rights cum warrants issue had been utilised as follows:

Use of proceeds	Amount allocated (S$)	Amount re-allocated[2] (S$)	Amount utilised (S$)	Amount unutilised (S$)
Proceeds from Rights cum Warrants Issue[1]				
(i) Working Capital	2,801,000	160,000	2,961,000	-
(ii) Loan Repayment	2,800,000	(160,000)	2,640,000	-
Total	**5,601,000**	**-**	**5,601,000**	**-**

The above use of proceeds is in accordance with the intended use as stated in the announcement dated 10 November 2017.

For the financial year ended 31 December 2018, the proceeds from conversion of warrants arising from 2017 Rights cum Warrants amounted to S$0.61 million which has been fully utilised for working capital purposes.

Note:

1. The rights cum warrants issue of 5,601,440,009 rights shares and 5,601,440,009 warrants in the issued and paid up capital of the Company as announced on 30 October 2017. An aggregate of S$2,801,000 from the working capital portion of the proceeds was utilised for expenses relating to the operation of the Group which mainly related to the payment of administrative expenses and operating expenses. An aggregate of S$2,640,0000 from the loan repayment portion of the proceeds was utilised for loan repayments.
2. As mentioned in the full year unaudited financial statement and dividend announcement for the financial year ended 31 December 2018 released on 1 March 2019, there was no fund utilised for the repayment of loans. As the Group does not have any outstanding loan, the balance of S$160,000 has been re-allocated to working capital.

As at 5 April 2019, the amount raised from the Share Subscription and the exercise of the Investment Warrants ("Exercise Proceeds") had been utilised as follows:

	Share Subscription Net Proceeds		Exercise Proceeds[1]	
	S$	%	S$	%
Use of proceeds				
(i) Repayment of loans and/or debts	3,516,000	87.9	-	-
(ii) Working Capital	484,000	12.1	-	-
Total	**4,000,000**	**100.0**		
Amount unutilised	439,000	11.0	-	-
Total	**439,000**	**11.0**		

The above use of proceeds is in accordance with the intended use as stated in the circular despatched to shareholders of the Company on 7 December 2018.

Note:

1. As at the Latest Practicable Date, the Investment Warrants have not been exercised.

NON-SPONSOR FEES

No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2018.

SUSTAINABILITY REPORT

During FY2018, the Board has identified economic performance, materials, supplier environmental assessment, diversity and fair employment practice, training and education, code of conduct, enterprise risk management and risk management policy as the key material environmental, social and governance factors. The Company is working towards the issuance of its sustainability report by 31 May 2019, and such report will be made available to shareholders on the SGXNET.

Directors' Statement

For the financial year ended 31 December 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and the balance sheet of the Company as at 31 December 2018.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 43 to 125 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, based on the assumptions and measures undertaken as described in Note 4 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 of the Company in office at the date of this statement are as follows:

Ang Kok Huan	(appointed on 31 December 2018)
Cheung Wai Man, Raymond	(appointed on 28 February 2019)
Dr Lam Lee G	(appointed on 14 May 2018)
Yap Siean Sin	

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2018	At 1.1.2018 or date of appointment if later	At 31.12.2018	At 1.1.2018 or date of appointment if later
Company				
(No. of ordinary shares)				
Tai Kok Chuan [(1)]	-	440,000,000	-	80,000,000
Chew Soo Lin [(2)]	-	6,332,000	-	-

(1) Tai Kok Chuan ceased to be a director of the Company upon his demise on 6 March 2018. Accordingly, the shares held by Tai Kok Chuan and his deemed interest which arose from the shares held by his nominee, DBS Nominees (Private) Limited have been transferred to his spouse, Yap Mee Lee, a director and employee of one of the Company's subsidiary corporations. She subsequently resigned as a director of the Company's subsidiary corporation on 16 July 2018.

(2) Resigned as a director of the Company on 24 April 2018.

Directors' Statement

For the financial year ended 31 December 2018

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

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

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2018	At 1.1.2018 or date of appointment if later	At 31.12.2018	At 1.1.2018 or date of appointment if later
Company				
(No. of warrants)				
Tai Kok Chuan [(1)]	-	390,000,000	-	60,000,000
Chew Soo Lin [(2)]	-	5,499,000	-	-

(1) Tai Kok Chuan ceased to be a director of the Company upon his demise on 6 March 2018. Accordingly, the shares held by Tai Kok Chuan and his deemed interest which arose from the shares held by his nominee, DBS Nominees (Private) Limited have been transferred to his spouse, Yap Mee Lee, a director and employee of one of the Company's subsidiary corporations. She subsequently resigned as a director of the Company's subsidiary corporation on 16 July 2018.

(2) Resigned as a director of the Company on 24 April 2018.

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Albedo Limited Employee Share Option Scheme (the "ESOS") and Albedo Share Performance Plan (the "Albedo SPP") as set out below and under "Share options" and "Performance share plan" in this statement.

Options to subscribe for ordinary shares pursuant to the ESOS are as follows:

	Number of options to subscribe for ordinary shares of the Company		
	At 31.12.2018	At 01.01.2018 or date of appointment if later	Exercise price per share option
Company			
(No. of share options)			
Tai Kok Chuan [(1)]	-	75,714,000	S$0.010
Hano Maeloa [(2)]	75,714,000	75,714,000	S$0.010

(1) Tai Kok Chuan ceased to be a director of the Company upon his demise on 6 March 2018. Accordingly, the share options held by Tai Kok Chuan have been transferred to his spouse, Yap Mee Lee, a director and employee of one of the Company's subsidiary corporations. She subsequently resigned as a director of the Company's subsidiary corporation on 16 July 2018.

(2) Resigned as director of the Company on 28 February 2019.

(c) The directors' interests in the ordinary shares and convertible securities of the Company as at 21 January 2019 were the same as those as at 31 December 2018.

Directors' Statement

For the financial year ended 31 December 2018

Share options

Albedo Limited Employee Share Option Scheme (the "ESOS")

The Albedo's Employee Share Options Scheme ("ESOS"), approved on 24 February 2006 and 28 April 2009, is administered by a committee ("Committee"). The ESOS shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date on which the ESOS is adopted by Shareholders in the General Meeting. Subject to compliance with applicable laws and regulations in Singapore, the ESOS may be continued beyond the stipulated period with the approval of the Shareholders and relevant authorities. The members of the Committee at the end of the financial year were as follows:

Yap Siean Sin (Chairman)
Dr Lam Lee G
Hano Maeloa

Following the resignation of Hano Maeloa as director of the Company on 28 February 2019 and the appoinment of Ang Kok Huan as director of the Company on 31 December 2018, the Committee were reconstituted on 28 February 2019 as follow:

Yap Siean Sin (Chairman)
Dr Lam Lee G
Ang Kok Huan

The ESOS provides an opportunity for selected Directors and/or Employees of the Group who have contributed significantly to the growth and performance of the Group (including non-executive Directors), who satisfy the eligibility criteria as set out in the rules of the ESOS, to participate in the equity of the Company and can be summarised as follows:

- Subject to the rules of the ESOS, the aggregate number of shares in respect of which options may be offered to selected Director and/or Employees (a "Grantee") for subscription in accordance with the ESOS shall be determined at the discretion of the Committee which shall take into account (where applicable) criteria such as the rank and responsibilities within the Group, performance, years of service and potential for future development and the performance of the Group (provided always that the total number of shares in respect of which options may be granted to any one Grantee shall not exceed 10% of the total number of shares available under the ESOS.

- The Committee shall monitor the grant of options carefully to ensure that the number of the shares which may be issued pursuant to the options will comply with the relevant Catalist Rules of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

- The aggregate number of shares over which the Committee may grant options on any date, when added to the total number of shares issued and issuable in respect of all options granted under the ESOS, shall not exceed 10% of the total issued shares of the Company on the day preceding that offer date of the options.

- Under the ESOS, options granted to the Directors and employees may, except in certain special circumstances, be exercised at any time after the first anniversary but not later than the tenth anniversary from the date of grant. The ordinary shares of the Company ("Shares") under options may be exercised in full or in respect of 1,000 Shares or a multiple thereof, on the payment of the exercise price. The exercise price is based on the average of last dealt prices of the Shares on the SGX-ST for the three market days immediately preceding the date of grant rounded to the nearest whole cent. The Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. No options have been granted at a discount.

On 23 December 2014, the Company made an announcement on the SGX-ST relating to adjustments made to the exercise prices of outstanding share options which were granted in April 2007, May 2008 and June 2008 ("Adjustments"). The Adjustments had been made in accordance to Rule 10 of the ESOS and does not result in a change in the number of outstanding share options issued by the Company.

Directors' Statement

For the financial year ended 31 December 2018

Share options (cont'd)

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

On 11 October 2017, the Company made an announcement on the SGX-ST relating to adjustments made to the exercise prices of outstanding share options which were granted in May 2008, June 2008 and October 2014 ("Adjustments"). Based on the recommendation of the Committee, the exercise prices of the share options are adjusted to S$0.01 from S$0.0130, S$0.0150 and $0.0130 respectively. On the basis of an indicative ratio of approximately 1.5238 additional share options to be issued for every one existing share option, the Company issued up to 158,393,000 additional share option pursuant to the options Adjustments. There are aggregate 262,343,000 share options after the option Adjustments.

As Hano Maeloa was then a member of the Committee and has held options which were the subject of the adjustments, he has abstained from recommending and voting on all matters relating to the adjustments.

Pursuant to the announcement made on 23 December 2014, the exercise prices of the following share options have been adjusted as follows:

Grant date of share options	Number of outstanding share options as at 2 July 2014 (date of adjustment exercise)	Exercise price before adjustments	Exercise price after adjustments
9.4.2007	700,000	S$0.100	S$0.010
2.5.2008	250,000	S$0.130	S$0.013
20.6.2008	1,800,000	S$0.140	S$0.015

Details of the options to subscribe for ordinary shares of the Company pursuant to the ESOS described above and announcement made on 23 December 2014 are as follows:

Date of grant	Balance as at 1.1.2017	Options granted	Options cancelled or lapsed	Balance as at 11.10.2017	Exercise price per share option	Exercisable period
9.4.2007	700,000	-	(700,000)	-	S$0.010	10.4.2008-9.4.2017
2.5.2008	250,000	-	-	250,000	S$0.013	2.5.2009-1.5.2018
20.6.2008	1,600,000	-	(200,000)	1,400,000	S$0.015	20.6.2009-19.6.2018
2.10.2014	103,300,000	-	(1,000,000)	102,300,000	S$0.013	2.10.2014-1.10.2024
	105,850,000	-	(1,900,000)	103,950,000		

Pursuant to the announcement made on 11 October 2017, the exercise prices of the following share options have been adjusted as follows:

Grant date of share options	Number of outstanding share options as at 11 October 2017 (date of adjustment exercise)	Exercise price before adjustments	Exercise price after adjustments
2.5.2008	250,000	S$0.013	S$0.010
20.6.2008	1,400,000	S$0.015	S$0.010
2.10.2014	102,300,000	S$0.013	S$0.010

Directors' Statement

For the financial year ended 31 December 2018

Share options (cont'd)

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

Details of the options to subscribe for ordinary shares of the Company pursuant to the ESOS described above pursuant to the announcement made on 11 October 2017 are as follows:

Date of grant	Balance as at 11.10.2017	Options granted/ adjustment	Options cancelled or lapsed	Balance as at 31.12.2017	Exercise price per share option	Exercisable period
2.5.2008	250,000	380,000	(630,000)	-	S$0.010	2.5.2009-1.5.2018
20.6.2008	1,400,000	2,131,000	(3,027,000)	504,000	S$0.010	20.6.2009-19.6.2018
2.10.2014	102,300,000	155,882,000	(100,952,000)	157,230,000	S$0.010	2.10.2014-1.10.2024
	103,950,000	158,393,000	(104,609,000)	157,734,000		

Date of grant	Balance as at 1.1.2018	Options granted/ adjustment	Options cancelled or lapsed	Balance as at 31.12.2018	Exercise price per share option	Exercisable period
20.6.2008	504,000	-	(504,000)	-	S$0.010	20.6.2009-19.6.2018
2.10.2014	157,230,000	-	(757,000)	156,473,000	S$0.010	2.10.2014-1.10.2024
	157,734,000	-	(1,261,000)	156,473,000		

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the ESOS were as follows:

		Number of unissued ordinary shares of the Company under option				
Name of director	Options granted during the financial year	Aggregate options granted since commencement of ESOS to 31.12.2018	Aggregate options exercised since commencement of ESOS to 31.12.2018	Aggregate options adjustment since commencement of ESOS to 31.12.2018	Aggregate options cancelled, lapsed or transferred since commencement of ESOS to 31.12.2018	Aggregate options outstanding as at 31.12.2018
Tai Kok Chuan [(1)(2)]	-	31,500,000	(1,500,000)	45,714,000	(75,714,000)	-
Hano Maeloa [(2)(3)]	-	75,714,000	-	-	-	75,714,000
Total	-	107,214,000	(1,500,000)	45,714,000	(75,714,000)	75,714,000

(1) Tai Kok Chuan ceased to be a director of the Company upon his demise on 6 March 2018. Accordingly, the share options held by Tai Kok Chuan have been transferred to his spouse, Yap Mee Lee, a director and employee of one of the Company's subsidiary corporations. She subsequently resigned as a director of the Company's subsidiary corporation on 16 July 2018.

(2) The options granted to these directors are exercisable from 2.10.2014 to 1.10.2024 at the exercise price of S$0.010 following the adjustments arising from the 2017 Rights cum Warrants issue.

(3) Resigned as director of the Company on 28 February 2019.

Directors' Statement

For the financial year ended 31 December 2018

Share options (cont'd)

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

Since the commencement of the ESOS till the end of the financial year

- No options have been granted to the controlling shareholders of the Company or their associates (as defined in the Listing Manual of the SGX-ST);
- No participants other than the directors of the Company have received 5% or more of the total options available under the Scheme;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

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

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.

Performance share plan

Albedo Share Performance Plan ("Albedo SPP")

The Albedo SPP is intended to incentivise selected Directors and/or employees of the Group to excel in their performance and encourage greater dedication and loyalty to the Company. Through the Albedo SPP, the Company aims to recognise and reward past contributions and services and motivate the selected Directors and/or employees (the "Participants") to continue to strive for the Group's long-term prosperity and can be summarised as follows:

- The Albedo SPP uses methods fairly common among successful multinational companies to incentivise and motivate employees to achieve pre-determined targets which create and enhance economic values for shareholders. Unlike the ESOS, the award of fully-paid shares, free of charge, to the Participants is intended to be a more attractive form of bonus by the Company to the Participants as it gives them a stake in the ownership of the Company whilst at the same time allowing the Company to offer incentives and remuneration packages compatible with other multinational companies. The Albedo SPP is intended to complement the ESOS and serve as an additional and flexible incentive tool.
- The awards granted under the Albedo SPP will be determined at the discretion of the Remuneration Committee (comprising of Yap Siean Sin, Dr Lam Lee G and Hano Maeloa as at 31 December 2018) which shall take into account (where applicable) criteria such as the rank and responsibilities within the Group, performance, years of service and potential for future development of the selected Participant.
- The total number of shares which may be granted under the Albedo SPP when added to the number of shares issued and issuable under all awards granted thereunder and all the options under the ESOS shall not exceed 15% of the issued ordinary shares of the Company on the day preceding the relevant date of award.
- The total number of new shares over which the Albedo SPP Committee may grant awards on any date pursuant to the proposed Albedo SPP, when added to the number of new shares issued and issuable in respect of all awards granted under the Albedo SPP, available to (a) all controlling shareholders and their associates must not exceed 25% of the shares available under the Albedo SPP and (b) each controlling shareholder and his associates must not exceed 10% of the shares available under the Albedo SPP.

There have been no grant of any awards under the Albedo SPP since its implementation by the Company till 31 December 2018. The Albedo SPP is due to expire on 27 April 2019 and the Company does not intend to renew the Albedo SPP. In view of the completion of the recent corporate exercise and change in the name of the Company, the Company proposes to adopt a new share performance plan known as the JCG Share Performance Plan (the "JCG SPP") which will be subject to Shareholders' approval at the Company's forthcoming extraordinary general meeting ("EGM").

Directors' Statement

For the financial year ended 31 December 2018

Audit committee

The members of the Audit Committee (the "AC") at the end of the financial year were as follows:

Lam Lee G (Chairman)
Yap Siean Sin
Chang Shyre Gwo

Following the resignation of Chang Shyre Gwo as director of the Company on 28 February 2019 and the appointment of Cheung Wai Man, Raymond as Independent Director of the Company on 28 February 2019, the AC was reconstituted on 28 February 2019 as follows:

Lam Lee G (Chairman)
Yap Siean Sin
Cheung Wai Man, Raymond

All members of the AC were non-executive and independent directors.

The AC met 4 times in the financial year and carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50. In performing those functions, the AC reviews:

- The scope and the results of internal audit procedures;
- The audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit and the assistance given by the Company's management to the independent auditor;
- The half yearly and annual financial results and the independent auditor's report on the annual financial statements of the Company before their submission to the Board of Directors;
- The effectiveness of the Company's material internal controls, including financial, operational and compliance and information technology controls via reviews carried out;
- The quality of work performed by the independent auditor;
- The 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;
- The cost effectiveness, the independence and objectivity of the independent auditor;
- The nature and extent of non-audit services provided by the independent auditor;
- The reports of actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- The interested person transactions in accordance with the requirements of the Listing Manual of the SGX – ST.

The AC has met with the independent auditor without the presence of the Company's management at least once a year.

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

Directors' Statement

For the financial year ended 31 December 2018

Independent auditor

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

On behalf of the directors

Ang Kok Huan	Cheung Wai Man, Raymond
Director	Director

5 April 2019

Independent Auditor's Report

To the members of JCG Investment Holdings Ltd.
(F.k.a China Medical (International) Group Limited)

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of JCG Investment Holdings Ltd. (f.k.a China Medical (International) Group Limited) (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 125.

We do not express an opinion on the accompanying financial statements of the Group and the balance sheet of the Company. Because of the significance of the matters described in the Bases for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Bases for Disclaimer of Opinion

1. <u>Going Concern</u>

The following circumstances give rise to material uncertainties as to the appropriateness of the use of the going concern assumption in the preparation of the accompanying financial statements of the Group and the Company for the current financial year:

(a) As disclosed in Note 4 to the financial statements, the Group and the Company incurred a net loss of S$1,991,000 (2017 (Restated): S$11,372,000) and S$2,473,000 (2017 (Restated): S$10,971,000) respectively and the Group also incurred net operating cash outflows of S$1,810,000 (2017 (Restated): S$3,071,000) for the financial year ended 31 December 2018. As at 31 December 2018, the Group's current liabilities exceeded its current assets by S$5,354,000 (2017: S$128,000). The Group's cash and cash equivalents (excluding bank deposits pledged) were S$1,613,000 (2017: S$3,344,000).

(b) As at 31 December 2018, the Group had:

a. Borrowings owing to a non-related party amounting to S$3,493,000 (2017: S$3,421,000) of which the maturity date of repayment due on 28 March 2017 has been extended to 27 June 2017, 27 December 2017, 27 June 2018, 27 December 2018 and subsequently 28 January 2019.

b. Payables amounting to S$3,500,000 (2017: S$3,500,000) to a former shareholder, which arise in relation to the acquisition of 51% of China iMyth Company Pte. Ltd. ("CIC") is due on 9 November 2019 after extending the initial repayment date on 31 December 2016.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's abilities to continue as going concerns. Nevertheless, the Board of Directors of the Company believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2018 is appropriate after taking into consideration the following actions and measures:

Subsequent to the financial year ended 31 December 2018:

(a) Capital injection of S$4,000,000 in cash by way of a subscription for new ordinary shares of the Company from Rest Investments Ltd. A substantial amount of the capital injection was used to pay off the borrowing of S$3,493,000 due to a non-related party.

Independent Auditor's Report

To the members of JCG Investment Holdings Ltd.
(F.k.a China Medical (International) Group Limited)

Bases for Disclaimer of Opinion (cont'd)

1. Going Concern (cont'd)

(b) Conversion of payable for new ordinary shares of the Company amounting to S$3,500,000. The payable was due to a former shareholder, which arise in relation to the acquisition of 51% of CIC from China Medical Investments Co Pte. Ltd. (the "Vendor"). Dato Dr Choo Yeow Ming, a shareholder of the Company is also a director and has 55% equity interests in the Vendor.

(c) The Company has embarked on a strategic review of the Group's existing businesses to determine the feasibility of growing and expanding these businesses, as well as to consider the feasibility of adding business consultancy, real estate related services, investment management and advisory services, subject to compliance with licencing and other regulatory requirements.

(i) As part of the strategic review upon the recent corporate exercise, the Company has entered into a sale and purchase agreement with Brand X Lab Pte Ltd on 11 March 2019. Brand X Lab is a private limited company incorporated in Singapore and it provides event organisation and promotion services as well as business and management consultancy services. This acquisition is synergistic with and complementary to the Company's existing medical aesthetics and healthcare business and will similarly augment other businesses that the Company would be expanding into in future;

(ii) The Company intends to rejuvenate its medical aesthetics business by widening its involvement into Singapore, Malaysia as well as China. In addition, providing fee-based aesthetics concierge and referral services is also one of the areas which the Company is exploring to venture into. Such aesthetics concierge and referral services would provide the Group with additional revenue stream without incurring additional capital expenditure; and

(iii) The Company is actively exploring to build up a wealth business segment encompassing business consultancy and real estate related services and investments.

(d) Concurrently, the Company will continue to look for other fund raising exercises to fund the working capital and growth of the Group going forward and the Company will also seek for growth opportunities and all other possibilities to complement the existing businesses of the Group.

The ability of the Group and of the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due are dependent on the actions and measures undertaken as disclosed above and it is uncertain whether the Group and the Company will raise further funds through any fund raising exercises. Therefore, we are unable to obtain sufficient audit evidence to be able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements of the Group and the Company is appropriate.

If the Group and the Company are unable to continue in operational existence in 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 balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities to current assets and liabilities respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

Independent Auditor's Report

To the members of JCG Investment Holdings Ltd.
(F.k.a China Medical (International) Group Limited)

Bases for Disclaimer of Opinion (cont'd)

2. Independent review on the recoverability of advances and/or loans and goodwill

As at 31 December 2018:

(a) The Group had provided advances totaling S$6,078,000 to a few business partners for the setting up of clinics through joint venture arrangements and/ or Wholly Foreign-Owned Enterprise ("WFOE") (Note 14). Impairment losses on advances and/or loans amounting to S$1,589,000 and S$4,489,000 were recognised and charged to profit and loss during the financial years ended 31 December 2017 and 2016 respectively.

(b) Goodwill amounting to S$17,997,000 resulted from the acquisition of the Group's 51% owned subsidiary corporation, in China iMyth Company Pte. Ltd. ("China iMyth") had been fully impaired during the financial year ended 31 December 2017 (Note 18).

(c) The Board of Directors had commissioned and appointed an independent reviewer on 30 November 2018 to undertake an independent review of the Group's financial matters pertaining to the impaired advances and/ or loans as well as other key matters relating to the acquisition and subsequent impairment of China iMyth.

At the date of this report we are unable to:

(a) Obtain sufficient appropriate audit evidence concerning the existence and accuracy of the total advances and/ or loans provided to business partners totaling S$6,078,000 and the corresponding resultant cumulative impairment loss amounting to S$6,078,000.

(b) Determine whether the impairment loss provided on the goodwill resulted from acquisition of China iMyth is appropriate as we are unable to obtain sufficient appropriate audit evidence with respect to the cash flow projections.

(c) Ascertain whether the independent review would have an impact on the Group's and the Company's ongoing business operations; and the significance of adjustments, if any, that may arise from the review, to the accompanying financial statements as the independent reviewer has yet to complete and provide details of their independent review.

The matters (a) and (b) mentioned above have been included in our modified independent auditor's report on the consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 December 2017 dated 3 April 2018.

3. Consolidation of financial statement – iMyth Taiwan Limited

As disclosed in Note 16 to the financial statements, the Group owned 51% equity interest in iMyth Taiwan Limited ("iMyth Taiwan") as at 31 December 2018.

We were unable to obtain sufficient audit evidence on all information and explanations, which we considered necessary to provide us with reasonable assurance on whether the financial statements of iMyth Taiwan, included in the consolidated financial statements of the Group for the financial year ended 31 December 2018 are true and fair with no material misstatement, nor are they consolidated appropriately and properly.

The matter mentioned above have been included in our modified independent auditor's report on the consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 December 2017 dated 3 April 2018.

Independent Auditor's Report

To the members of JCG Investment Holdings Ltd.
(F.k.a China Medical (International) Group Limited)

Bases for Disclaimer of Opinion (cont'd)

4. **Deconsolidation of subsidiary corporation, China iMyth (Shanghai) Co., Ltd.**

The matter mentioned below have been included in our modified independent auditor's report on the consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 December 2017 dated 3 April 2018.

During the financial year ended 31 December 2017, the Group lost control over its subsidiary corporation, China iMyth (Shanghai) Co., Ltd. ("China iMyth"), as a liquidator was appointed to voluntarily liquidate China iMyth (Note 13). The Group has consolidated the financial results of China iMyth up to the date that the respective control ceased. We were unable to obtain sufficient appropriate audit evidence to determine the carrying values of the assets and liabilities, veracity of the respective components in the financial results and resultant loss amounting to S$245,000 on the deconsolidation of China iMyth as at 31 December 2017.

As the resultant loss from the deconsolidation form part of the opening balances for the current financial year ended 31 December 2018, and we are not able to carry out alternative audit procedures to obtain sufficient and appropriate audit evidence on the opening balances, we are unable to determine the impact to current financial year's consolidated statement of comprehensive income arising from any other adjustments, if any, to these and any other opening balances.

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 Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards of Auditing and to issue an auditor's report. However, because of the matters described in the Bases for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to the Bases for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Loh Hui Nee.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
5 April 2019

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2018

	Note	Group 2018 S$'000	Group 2017 S$'000 (Restated)
Revenue	5	1,658	2,167
Cost of sales		(808)	(1,221)
Gross profit		850	946
Other income	6	42	174
Other gains/(losses) – net			
– Impairment loss on financial assets	26(b)(iii)	-	(1,589)
– Others	7	9	174
Expenses			
– Distribution		(184)	(170)
– Administrative		(2,042)	(10,229)
– Finance	10	(647)	(668)
Loss before income tax		(1,972)	(11,362)
Income tax expense	11	(19)	(10)
Net loss		(1,991)	(11,372)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– (Loss)/gain	23(b)(ii)	(159)	129
– Reclassification	23(b)(ii)	-	(6)
Other comprehensive (loss)/income, net of tax		(159)	123
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Loss	23(b)(ii)	(2)	(14)
Other comprehensive loss, net of tax		(2)	(14)
Total comprehensive loss		(2,152)	(11,263)
Loss attributable to:			
Equity holders of the Company		(2,038)	(11,269)
Non-controlling interests		47	(103)
		(1,991)	(11,372)
Total comprehensive loss attributable to:			
Equity holders of the Company		(2,197)	(11,146)
Non-controlling interests		45	(117)
		(2,152)	(11,263)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
– Basic and diluted loss per share	12	(0.02)	(0.27)

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

Balance Sheets

As at 31 December 2018

	Note	Group 31 Dec 2018 S$'000	Group 31 Dec 2017 S$'000 (Restated)	Group 1 Jan 2017 S$'000	Company 31 Dec 2018 S$'000	Company 31 Dec 2017 S$'000 (Restated)	Company 1 Jan 2017 S$'000
ASSETS							
Current assets							
Cash and cash equivalents	13	1,613	3,847	2,525	347	2,919	1,404
Trade and other receivables	14	620	550	1,570	46	92	893
Inventories	15	-	44	64	-	-	-
		2,233	4,441	4,159	393	3,011	2,297
Non-current assets							
Investments in subsidiary corporations	16	-	-	-	352	352	7,302
Property, plant and equipment	17	31	76	274	4	9	27
Intangible assets	18	-	-	7,296	-	-	-
		31	76	7,570	356	361	7,329
Total assets		2,264	4,517	11,729	749	3,372	9,626
LIABILITIES							
Current liabilities							
Trade and other payables	19	4,054	1,123	1,348	4,245	975	864
Current income tax liabilities		40	25	-	-	3	-
Borrowings	20	3,493	3,421	3,730	-	298	-
		7,587	4,569	5,078	4,245	1,276	864
Non-current liabilities							
Trade and other payables	19	-	3,178	3,017	-	3,178	3,017
Borrowings	20	-	-	1,000	-	-	1,000
Deferred income tax liabilities	21	-	-	18	-	-	-
		-	3,178	4,035	-	3,178	4,017
Total liabilities		7,587	7,747	9,113	4,245	4,454	4,881
NET (LIABILITIES)/ ASSETS		(5,323)	(3,230)	2,616	(3,496)	(1,082)	4,745
EQUITY							
Capital and reserves attributable to equity holders of the Company							
Share capital	22	53,871	53,645	50,000	53,871	53,645	50,000
Other reserves	23	3,775	4,101	2,479	3,785	3,952	2,453
Accumulated losses		(63,106)	(61,068)	(49,799)	(61,152)	(58,679)	(47,708)
		(5,460)	(3,322)	2,680	(3,496)	(1,082)	4,745
Non-controlling interests	16	137	92	(64)	-	-	-
Total equity		(5,323)	(3,230)	2,616	(3,496)	(1,082)	4,745

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2018

		Attributable to equity holders of the Company							
	Note	Share capital S$'000	Share options reserve S$'000	Currency translation reserve S$'000	Warrant reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total S$'000
2018									
Beginning of financial year									
– As previously reported		57,152	1,038	149	165	(61,826)	(3,322)	92	(3,230)
– Prior year adjustments	29	(3,507)	(758)	-	3,507	758	-	-	-
– As restated		53,645	280	149	3,672	(61,068)	(3,322)	92	(3,230)
Net loss for the financial year		-	-	-	-	(2,038)	(2,038)	47	(1,991)
Other comprehensive loss for the financial year		-	-	(159)	-	-	(159)	(2)	(161)
Total comprehensive income/(loss) for the financial year		-	-	(159)	-	(2,038)	(2,197)	45	(2,152)
Share option lapsed	22, 23(b)(i)	-	(2)	-	-	-	(2)	-	(2)
Conversion of warrants	22, 23(b)(iii)	75	-	-	(14)	-	61	-	61
Expiry of warrants	22, 23(b)(iii)	151	-	-	(151)	-	-	-	-
Total transactions with owners, recognised directly in equity		226	(2)		(165)	-	59	-	59
End of financial year		53,871	278	(10)	3,507	(63,106)	(5,460)	137	(5,323)

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2018

	Note	Attributable to equity holders of the Company							
		Share capital S$'000	Share options reserve S$'000	Currency translation reserve S$'000	Warrant reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total S$'000
2017									
Beginning of financial year		50,000	1,038	26	1,415	(49,799)	2,680	(64)	2,616
Total comprehensive income/(loss) for the financial year									
Net loss for the financial year									
– As previously reported		-	-	-	-	(12,027)	(12,027)	(103)	(12,130)
– Prior year adjustment	29	-	-	-	-	758	758	-	758
– As restated		-	-	-	-	(11,269)	(11,269)	(103)	(11,372)
Other comprehensive income/(loss) for the financial year		-	-	123	-	-	123	(14)	109
		-	-	123	-	(11,269)	(11,146)	(117)	(11,263)
Total transactions with owners, recognised directly in equity									
Share issue pursuant to:									
– Share placement	22	1,441	-	-	-	-	1,441	-	1,441
Rights issue	22	5,601	-	-	-	-	5,601	-	5,601
Expiry of warrants	22, 23(b)(iii)	110	-	-	(110)	-	-	-	-
Redemption of warrants	23(b)(iii)	-	-	-	(1,140)	-	(1,140)	-	(1,140)
– As previously reported		7,152	-	-	(1,250)	-	5,902	-	5,902
– Prior year adjustment	29	(3,507)	(758)	-	3,507	-	(758)	-	(758)
– As restated		3,645	(758)	-	2,257	-	5,144	-	5,144
Deconsolidation of a subsidiary corporation	13	-	-	-	-	-	-	273	273
End of financial year		53,645	280	149	3,672	(61,068)	(3,322)	92	(3,230)

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2018

	Note	Group 2018 S$'000	Group 2017 S$'000 (Restated)
Cash flows from operating activities			
Net loss		(1,991)	(11,372)
Adjustments for:			
- Income tax expense	11	19	10
- Depreciation of property, plant and equipment	8	48	141
- Write-off of property, plant and equipment	8	5	68
- Impairment loss of intangible assets			
- Impairment loss of goodwill	8	-	7,192
- Impairment loss of customer relationships	8	-	104
- Loss on deconsolidation of subsidiary corporations	7	-	247
- Share option credit	9	(2)	(758)
- Interest income	6	(9)	(6)
- Finance expenses	10	477	507
- Unwinding of imputed interest	10	170	161
- Unrealised currency translation gains		(89)	(204)
		(1,372)	(3,910)
Change in working capital, net of effects from disposal of subsidiary corporations:			
Trade and other receivables		(70)	1,018
Inventories		44	20
Trade and other payables		(417)	(202)
Cash used in operations		(1,815)	(3,074)
Interest received		9	6
Income tax paid		(4)	(3)
Net cash used in operating activities		(1,810)	(3,071)
Cash flows from investing activities			
Additions to property, plant and equipment	17	(8)	(9)
Deconsolidation of subsidiary corporations, net of cash deconsolidated	13	-	(1)
Net cash used in investing activities		(8)	(10)
Cash flows from financing activities			
Bank deposit discharged		503	497
Redemption of warrants	23(b)(iii)	-	(1,140)
Proceeds from issuance of ordinary shares	22	-	1,441
Proceeds from right issue	22	-	5,601
Proceeds from conversion of warrants	22	61	-
Repayment of borrowings		-	(1,000)
Interest paid		(477)	(507)
Net cash provided by financing activities		87	4,892

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2018

	Note	Group 2018 S$'000	Group 2017 S$'000 (Restated)
Net (decrease)/increase in cash and cash equivalents		(1,731)	1,811
Cash and cash equivalents			
Beginning of financial year		3,344	1,525
Effects of currency translation on cash and cash equivalents		-*	8
End of financial year	13	1,613	3,344

Reconciliation of liabilities arising from financing activities

	1 January 2018	Principal and interest payments	Non-cash changes: Interest expense	Non-cash changes: Currency exchange loss	31 December 2018
	S$'000	S$'000	S$'000	S$'000	S$'000
Borrowings	3,421	(477)	477	72	3,493

	1 January 2017	Principal and interest payments	Non-cash changes: Interest expense	Non-cash changes: Currency exchange gain	31 December 2017
	S$'000	S$'000	S$'000	S$'000	S$'000
Borrowings	4,730	(1,507)	507	(309)	3,421

* Less than S$1,000

Notes to the Financial Statements

For the financial year ended 31 December 2018

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

1. General information

JCG Investment Holdings Ltd. (f.k.a China Medical (International) Group Limited) (the "Company") is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited (the "Singapore Exchange" or "SGX-ST") and incorporated and domiciled in Singapore with its registered office being located at 80 Robinson Road, #17-02, Singapore 068898. With effect from 11 January 2019, the name of the Company was changed from China Medical (International) Group Limited to JCG Investment Holdings Ltd..

The principal activities of the Company are those of investment holding and provision of management services.

The principal activities of its subsidiary corporations are disclosed in Note 16 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

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

These financial statements are presented in Singapore Dollar ("SGD or S$") and all values in the tables are rounded to the nearest thousand (S$'000) as indicated.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Notes 3 and 4 to the financial statements respectively.

2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the financial year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1-First-time Adoption of SFRS(I).

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.2 Adoption of SFRS(I) (cont'd)

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing this first set of financial statements in accordance with SFRS(I):

(a) Optional exemptions applied

Adoption of SRFS(I) 9 – Financial Instruments

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 - Financial Instruments: Recognition and Measurement are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 - Financial Instruments: Disclosure to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope SFRS(I) 9.

The accounting policies for financial instruments under SFRS(I) 9 is as disclosed in Note 2.11 to the financial statements.

The Group has the following financial assets subject to the expected credit loss impairment model under SFRS(I) 9:

- Trade receivables; and
- Other receivables at amortised costs.

The impairment methodology under SFRS and SFRS(I) for each of these classes of financial assets is different. The impairment methodology for each of these classes of financial assets under SFRS(I) 9 is as disclosed in Notes 2.11 and 26(b) to the financial statements respectively.

Adoption of SRFS(I) 15 – Revenue from Contracts with Customers

The Group has elected to apply the transition provisions under para C5 of SFRS(I) 15 as at 1 January 2018. The adoption of SRFS(I) 15 did not result in any adjustments to the previously issued SFRS financial statements. The accounting policies under SFRS(I) 15 are disclosed in Note 2.3 to the financial statements.

(b) There were no material adjustments to the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows arising from the transition from SFRS to SFRS(I).

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.3 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 a customer, excluding amounts collected on behalf of third parties.

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

(a) Sale of goods – Steel raw materials

Revenue is recognised at a point in time when goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return. The amount of revenue recognised is based on the contractual price and adjusted for expected returns.

(b) Rendering of services – aesthetic services

Revenue from rendering of services that are of short duration is recognised at a point in time when the services are completed. Revenue from rendering of packaged services is recognised overtime by reference to the usage of packaged sales of the transaction at the balance sheet date determined by services performed to date to the total packaged sales. Free services represent promised services under the main packaged services and a portion of the transaction price from the main service contracts are allocated to these free services. Revenue of free services is recognized at a point in time upon the completion of aesthetic procedures rendered to the customers.

Revenue billed in advance of the rendering of services is recognized as deferred revenue and included in "Trade and other payables" at the balance sheet date.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established. It is probably that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.3 Revenue recognition (cont'd)

(e) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised when a straight-line basis over the lease term.

2.4 Government grants

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

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as "Other gains/(losses)-net".

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

2.5 Group accounting

(a) Subsidiary corporations

(i) Consolidation

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.5 Group accounting (cont'd)

(a) Subsidiary corporations (cont'd)

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

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

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

(iii) Disposals

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

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

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

(b) Transactions with non-controlling interests

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.6 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

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

(ii) Components of costs

The cost of an item of 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.

(b) Depreciation

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

	Useful lives
Office equipment and fixtures	2 to 5 years
Renovation	5 years
Medical and laboratory equipment	3 to 7 years
Clinic equipment	7 years

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

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

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/(losses) - net".

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.7 Intangible assets

(a) Goodwill on acquisitions

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

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

(b) Customer relationships

The customer relationships acquired in business combination are initially recognised at cost, which represents the fair value at the date of acquisition and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

These costs are amortised to profit or loss using the straight-line method over 3 years.

The amortisation period and amortisation method are reviewed at least at each balance sheet date. The effects of any revision are recognised to profit or loss when the changes arise.

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.9 Investments in subsidiary corporations

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

2.10 Impairment of non-financial assets

(a) Goodwill

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

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

(b) *Intangible assets*
Property, plant and equipment
Investments in subsidiary corporations

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

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

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

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

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

A reversal of impairment loss fot an asset other than goodwill is recognised in profit or loss.

2.11 Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

(a) *Classification*

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available for sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

The Group does not hold any of the financial assets except for loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 14) and "Cash and cash equivalents" (Note 13) on the balance sheet.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

(b) Recognition and derecognition

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

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

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

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

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired. The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

The accounting for financial assets from 1 January 2018 are as follows:

(f) Classification and measurement

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

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

The Group does not hold any of the financial assets in the measurement categories except for financial assets at amortised cost.

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

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

At initial recognition

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

At subsequent measurement

(i) Debt instruments (cont'd)

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

Depending on the Group's business model for managing the asset and the cash flow characteristics of the asset, the subsequent measurement are as follows:

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

(ii) Equity instruments

The Group does not hold any equity investments at their fair values.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

(g) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The management does not expect significant adjustments to the Group's financial statements.

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

(h) *Recognition and derecognition*

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

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

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

2.12 Offsetting of financial instruments

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

2.13 Financial guarantees

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

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of (i) and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.14 Borrowings

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

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

Borrowing costs are recognised in profit or loss using the effective interest method.

2.15 Trade and other payables

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

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

2.16 Fair value estimation of financial assets and liabilities

Before 1 January 2018, the fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.17 Leases

(a) When the Group is the lessee:

The Group and Company leases office spaces and warehouses from non-related parties and clinic spaces from a related party under operating leases.

Lessee – Operating leases

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.17 Leases (cont'd)

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

The Group leases office space under operating leases to a non-related party.

Lessor – Operating leases

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

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

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

2.18 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.19 Income taxes

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

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither goodwill or taxable profit or loss at the time of the transaction.

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.19 Income taxes (cont'd)

Deferred income tax is measured:

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

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

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

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

2.20 Provisions

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

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as "Finance expense".

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the profit or loss when the changes arise.

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.21 Employee compensation

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

(a) Defined contribution plans

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

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balances previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued to the employees.

(c) Performance shares

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellation of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

(d) Short-term compensated balances

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.22 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains/(losses) - net".

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.

(c) Translation of Group entities' financial statements

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

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

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

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

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

Notes to the Financial Statements

For the financial year ended 31 December 2018

2. Significant accounting policies (cont'd)

2.23 Segment reporting

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

2.24 Cash and cash equivalents

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

2.25 Share capital

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

2.26 Warrant reserves

Proceeds from the rights cum warrants issue are allocated separately between the value of the share capital and the value of the warrants. The fair value of the warrants is recorded in warrant reserves until transferred to the share capital account when the warrants are exercised or on expiry of the warrants which is net of transaction costs.

3. Critical accounting estimates, assumptions and judgements

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

3.1 Critical accounting estimates, assumptions and judgements

(a) Provision of expected credit loss ("ECL") of trade receivables

The Group uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances. The forecast economic conditions and Group's historical credit loss experience may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables are disclosed in Note 26 (b) to the financial statements.

The carrying amount of trade receivables as at 31 December 2018 is S$144,000 (31 December 2017: S$289,000; 1 January 2017: S$124,000).

Notes to the Financial Statements

For the financial year ended 31 December 2018

3. Critical accounting estimates, assumptions and judgements (cont'd)

3.1 Critical accounting estimates, assumptions and judgements (cont'd)

(b) Impairment of other receivables

The Group measures ECL for other receivables using general approach. Under the general approach, the loss allowance is measure at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The assessment of the correlation between historical observed default rates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances. The Group's historical credit loss experience may also not be representative of customer's actual default in the future.

The information about the ECL on the Group's other receivables are disclosed in Note 26(b) to the financial statements.

4. Going concern

The following circumstances give rise to material uncertainties as to the appropriateness of the use of the going concern assumption in the preparation of the accompanying financial statements of the Group and the Company for the current financial year:

(a) As disclosed in Note 4 to the financial statements, the Group and the Company incurred a net loss of S$1,991,000 (2017 (Restated): S$11,372,000) and S$2,473,000 (2017 (Restated): S$10,971,000) respectively and the Group also incurred net operating cash outflows of S$1,810,000 (2017 (Restated): S$3,071,000) for the financial year ended 31 December 2018. As at 31 December 2018, the Group's current liabilities exceeded its current assets by S$5,354,000 (2017: S$128,000). The Group's cash and cash equivalents (excluding bank deposits pledged) were S$1,613,000 (2017: S$3,344,000).

(b) As at 31 December 2018, the Group had:

(i) Borrowings owing to a non-related party amounting to S$3,493,000 (2017: S$3,421,000) of which the maturity date of repayment due on 28 March 2017 has been extended to 27 June 2017, 27 December 2017, 27 June 2018, 27 December 2018 and subsequently to 28 January 2019.

(ii) Payables amounting to S$3,500,000 (2017: S$3,500,000) to a former shareholder, which arise in relation to the acquisition of 51% of China iMyth Company Pte. Ltd. ("CIC") is due on 9 November 2019 after extending the initial repayment date on 31 December 2016.

Notes to the Financial Statements

For the financial year ended 31 December 2018

4. Going concern (cont'd)

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's abilities to continue as going concerns. Nevertheless, the Board of Directors of the Company believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2018 is appropriate after taking into consideration the following actions and measures:

Subsequent to the financial year ended 31 December 2018:

(a) Capital injection of S$4,000,000 in cash by way of a subscription for new ordinary shares of the Company from Rest Investments Ltd. A substantial amount of the capital injection was used to pay off the borrowing of S$3,493,000 due to a non-related party.

(b) Conversion of payable for new ordinary shares of the Company amounting to S$3,500,000. The payable was due to a former shareholder, which arise in relation to the acquisition of 51% of CIC from China Medical Investments Co Pte. Ltd. (the "Vendor"). Dato Dr Choo Yeow Ming, a shareholder of the Company is also a director and has 55% equity interests in the Vendor.

(c) The Company has embarked on a strategic review of the Group's existing businesses to determine the feasibility of growing and expanding these businesses, as well as to consider the feasibility of adding business consultancy, real estate related services, investment management and advisory services, subject to compliance with licencing and other regulatory requirements.

    (i) As part of the strategic review upon the recent corporate exercise, the Company has entered into a sale and purchase agreement with Brand X Lab Pte Ltd on 11 March 2019. Brand X Lab is a private limited company incorporated in Singapore and it provides event organisation and promotion services as well as business and management consultancy services. This acquisition is synergistic with and complementary to the Company's existing medical aesthetics and healthcare business and will similarly augment other businesses that the Company would be expanding into in future;

    (ii) The Company intends to rejuvenate its medical aesthetics business by widening its involvement into Singapore, Malaysia as well as China. In addition, providing fee-based aesthetics concierge and referral services is also one of the areas which the Company is exploring to venture into. Such aesthetics concierge and referral services would provide the Group with additional revenue stream without incurring additional capital expenditure; and

    (iii) The Company is actively exploring to build up a wealth business segment encompassing business consultancy and real estate related services and investments.

(d) Concurrently, the Company will continue to look for other fund raising exercises to fund the working capital and growth of the Group going forward and the Company will also seek for growth opportunities and all other possibilities to complement the existing businesses of the Group.

The ability of the Group and of the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due are dependent on the actions and measures undertaken as disclosed above and it is uncertain whether the Group and the Company will raise further funds through any fund raising exercises.

If the Group and the Company are unable to continue in operational existence in 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 balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities to current assets and liabilities respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

Notes to the Financial Statements

For the financial year ended 31 December 2018

5. Revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	At a point in time S$'000	Over time S$'000	Total S$'000
2018			
Sales of goods			
– Singapore	1,331	-	1,331
Aesthetic services			
– Republic of China, Taiwan and People's Republic of China	263	64	327
	1,594	64	1,658
2017			
Sales of goods			
– Singapore	1,642	-	1,642
Aesthetic services			
– Republic of China, Taiwan and People's Republic of China	-	525	525
	1,642	525	2,167

6. Other income

	Group	
	2018 S$'000	2017 S$'000
Interest income from bank deposits	9	6
Rental income on operating lease	33	168
	42	174

Notes to the Financial Statements

For the financial year ended 31 December 2018

7. Other gains/(losses) – net

	Group	
	2018	**2017**
	S$'000	**S$'000**
Currency exchange gain – net	-	30
Loss on deconsolidation of subsidiary corporations (Note 13)	-	(247)
Waiver of loan from a former shareholder of a subsidiary corporation	-	312
Waiver of interest expense on loan from a shareholder of the Company	-	19
Other	9	60
	9	174

8. Expenses by nature

	Group	
	2018	**2017**
	S$'000	**S$'000**
		(Restated)
Advertisement	-	6
Impairment loss on:		
– Goodwill (Note 18(a))	-	7,192
– Customer relationships (Note 18(b))	-	104
Changes in inventories	35	2
Printing	10	77
Depreciation of property, plant and equipment (Note 17)	48	141
Directors' fees	200	145
Employee compensation (Note 9)	733	1,003
Write-off of property, plant and equipment	5	68
Insurance	17	43
Fees on audit services paid/payable to:		
– Auditor of the Company	116	99
– Other auditors	2	3
Purchase of inventories	680	1,065
Professional fees	799	775
Freight charges	55	47
Travelling and accommodation	30	101
Write-down of inventories (Note 15)	-	15
Rental expense on operating leases	166	346
Other	138	388
Total cost of sales, distribution and administrative expenses	3,034	11,620

Notes to the Financial Statements

For the financial year ended 31 December 2018

9. Employee compensation

	Group	
	2018	2017
	S$'000	S$'000
		(Restated)
Wages, salaries and short-term employee benefits	660	1,688
Employer's contribution to defined contribution plans	67	57
Share option credit (Notes 23(b)(i) and 29)	(2)	(758)
Other short-term benefits	8	16
	733	1,003

10. Finance expenses

	Group	
	2018	2017
	S$'000	S$'000
Interest expense – Borrowings		
– Non-related party	477	507
Unwinding of imputed interest		
– Non-current other payables (Note 19)	170	161
	647	668

11. Income tax expense

	Group	
	2018	2017
	S$'000	S$'000
		(Restated)
Tax expense/(credit) attributable to loss is made up of:		
Loss for the financial year:		
– Current income tax - Singapore	34	28
– Deferred income tax (Note 21)	-	(18)
Overprovision in prior financial years:		
– Current income tax	(15)	-
	19	10

Notes to the Financial Statements

For the financial year ended 31 December 2018

11. Income tax expense (cont'd)

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

	Group	
	2018	**2017**
	S$'000	**S$'000**
		(Restated)
Loss before income tax	(1,972)	(11,362)
Tax calculated at tax rate of 17% (2017: 17%)	(335)	(1,932)
Effects of:		
– Different tax rates in other countries	-*	(3)
– Tax incentives	(10)	(6)
– Expenses not deductible for tax purposes	422	2,049
– Income not subject to tax	-	(53)
– Singapore statutory stepped income exemption	(44)	(29)
– Utilisation of previously unrecognised tax losses	-	(18)
– Other	(14)	2
Tax expense	19	10

* Less than S$1,000

12. Loss per share

(a) Basic loss per share

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

	2018	**2017**
		(Restated)
Net loss attributable to equity holders of the Company (S$'000)	(2,038)	(11,269)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	8,809,901	4,114,450
Basic loss per share (cents per share)	(0.02)	(0.27)

Notes to the Financial Statements

For the financial year ended 31 December 2018

12. Loss per share (cont'd)

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares in respect of share options and warrants.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options and warrants were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options and warrants less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net loss.

Diluted loss per share attributable to equity holders of the Company are calculated as follows:

	2018	2017 (Restated)
Net loss attributable to equity holders of the Company (S$'000)	(2,038)	(11,269)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	8,809,901	4,114,450
Adjustments for ('000)		
– Share options	156,473	157,734
– Warrants	5,601,440	5,747,929
	5,757,913	5,905,663
Diluted loss per share (cents per share)	(0.02)*	(0.27)*

* As loss was recorded, the dilutive potential shares from share options and warrants are anti-dilutive and no change is made to the diluted loss per share.

13. Cash and cash equivalents

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Cash at bank and on hand	1,613	1,344	1,522	347	416	401
Short-term bank deposits	-	2,503	1,003	-	2,503	1,003
	1,613	3,847	2,525	347	2,919	1,404

Notes to the Financial Statements

For the financial year ended 31 December 2018

13. Cash and cash equivalents (cont'd)

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

	Group		
	31 December		1 January
	2018	2017	2017
	S$'000	S$'000	S$'000
Cash and bank balances (as above)	1,613	3,847	2,525
Less: Bank deposits pledged	-	(503)	(1,000)
Cash and cash equivalents per consolidated statement of cash flows	1,613	3,344	1,525

Bank deposits are pledged in relation to banking facilities granted to subsidiary corporations of the Company.

Deconsolidation of subsidiary corporations

As at 16 May 2017 and 2 June 2017, the Company lost its control over its subsidiary corporations, namely CMIC Renal Hospital Management (Beijing) Co., Ltd. ("CMIC Renal") and China iMyth (Shanghai) Co., Ltd. ("China iMyth") respectively, as a liquidator was appointed to de-register CMIC Renal and voluntary liquidate China iMyth on these date.

The effect of the deconsolidation of the above subsidiary corporations on the cash flows of the Group were as follows:

	CMIC Renal	China iMyth	Total
	2017	2017	2017
	S$'000	S$'000	S$'000
Carrying amounts of assets and liabilities deconsolidated of			
Cash and bank balances	-	1	1
Other receivables	2	-	2
	2	1	3
Other payables	-	(23)	(23)
Net assets/(liabilities) deconsolidated	2	(22)	(20)
Less: Non-controlling interests	-	273	273
Net assets deconsolidated	2	251	253

Notes to the Financial Statements

For the financial year ended 31 December 2018

13. Cash and cash equivalents (cont'd)

The aggregate cash outflows arising from the deconsolidation were:

	CMIC Renal 2017 S$'000	China iMyth 2017 S$'000	Total 2017 S$'000
Net assets deconsolidated (as above)	2	251	253
Reclassification of currency translation reserve (Note 23(b)(ii))	-*	(6)	(6)
	2	245	247
Loss on deconsolidation (Note 7)	(2)	(245)	(247)
Cash proceeds from deconsolidation	-	-	-
Less: Cash and bank balances in subsidiary corporations deconsolidated	-	(1)	(1)
Net cash outflow on deconsolidation	-	(1)	(1)

* Less than S$1,000

14. Trade and other receivables

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Trade receivables						
– Non-related parties	144	289	180	-	-	-
Less: Loss allowance – Non-related parties (Note 26(b)(iii))	-	-	(56)	-	-	-
Trade receivables - net	144	289	124	-	-	-
Other receivables						
– Subsidiary corporation	-	-	-	3,616	2,941	1,640
– Related parties	2,323	2,323	2,447	1,109	1,109	1,109
– Non-related parties	4,188	3,924	3,396	527	524	519
	6,511	6,247	5,843	5,252	4,574	3,268
Less: Loss allowance (Note 26(b)(iii))	(6,078)	(6,078)	(4,489)	(5,224)	(4,549)	(2,432)
Other receivables - net	433	169	1,354	28	25	836
Deposits	28	77	57	3	52	44
Prepayments	15	15	35	15	15	13
	620	550	1,570	46	92	893

The other receivables due from a subsidiary corporation and related parties are non-trade, unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

For the financial year ended 31 December 2018

14. Trade and other receivables (cont'd)

During the financial year ended 31 December 2016, the Group entered into collaboration agreements with a few business partners. The Group is obliged to finance the initial expenditures ("advances and/or loans"), such as marketing costs, rental costs and staff costs in setting up new businesses relating to aesthetic medical clinics, management of renal hospital, rendering of platelet-rich plasma and hemodialysis services in the People's Republic of China ("PRC"). To safeguard its interests, the Group had entered into loan agreements with all these business partners to enable the Group to have the right to recover these advances and/or loans from the business partners on demand.

Out of the total advances and/or loans provided of S$6,078,000 for the financial year ended 31 December 2018 (31 December 2017: S$6,708,000; 1 January 2017: S$5,575,000) to its business partners:

(a) The Group made a loss allowance of S$4,489,000 during the financial year ended 31 December 2016 for the advances and/or loans to its business partners. The Board of Directors had assessed the development progress and business outlook as proposed by the respective business partners and is of the opinion that the desired return on investment would take longer than envisaged;

(b) The Group made a loss allowance of S$1,041,000 during the financial year ended 31 December 2017 for advances and/or loans to business partners as the Board of Directors has decided not to proceed with the initial plan in FY 2016 to convert the advances and/or loan by taken up a minority equity stake in the business partners' investment entity and also recoverability of the amount is not foreseeable; and

(c) The Group made a loss allowance of S$548,000 during the financial year ended 31 December 2017 for advances and/or loan to a clinic managed by two medical practitioners in Shenzhen city in PRC as the collaboration to invest and grow the aesthetic medical services did not proceed as planned.

As at 31 December 2018, total cumulative loss allowance amounting to S$6,078,000 (31 December 2017: S$6,078,000; 1 January 2017 S$4,489,000).

15. Inventories

	Group		
	31 December		1 January
	2018	2017	2017
	S$'000	S$'000	S$'000
Finished/trading goods	-	44	64

The cost of inventories recognised as an expense and included in "Cost of sales" amounted to S$715,000 (31 December 2017: S$1,067,000).

The Group has recognised a write-down of its slow-moving inventories amounting to S$Nil (31 December 2017: S$15,000) (Note 8).

Notes to the Financial Statements

For the financial year ended 31 December 2018

16. Investments in subsidiary corporations

	Company		
	31 December		1 January
	2018	2017	2017
	S$'000	S$'000	S$'000
Equity investments at cost			
Beginning of financial year	22,136	22,136	22,136
Additions	-	-	-*
End of financial year	22,136	22,136	22,136
Allowance for impairment loss			
Beginning of financial year	21,784	14,834	3,734
Impairment loss[(1)]	-	6,950	11,100
End of financial year	21,784	21,784	14,834
Carrying amount	352	352	7,302

* During the financial year ended 31 December 2016, the Group incorporated seven subsidiary corporations and the Group has equity interests ranging between 50%-51% over four subsidiary corporations and 100% over three subsidiary corporations.

Although the Group only owns 50% equity interests for three 2016 incorporated entities, they are regarded as the Group's subsidiary corporations on the basis that the Group has control over all these subsidiary corporations as the Group is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its powers over the entities. Please refer to details in Note 16 footnotes (6) to (12) to the financial statements.

(1) Management assessed for impairment whenever there is any objective evidence or indication that investments in subsidiary corporations may be impaired. A loss allowance of S$Nil (31 December 2017: S$6,950,000) was made in respect of the Company's investments in certain subsidiary corporations to reduce the carrying amount of the investments to their recoverable amounts. The recoverable amount was determined using the net tangible asset value in financial years ended 31 December 2018, 31 December 2017 and 1 January 2017, the recoverable amount was determined using the value-in-use method based on cash flow projections discounted at rates based on the market interest rates adjusted for specific risk to the industry. The calculation requires the use of estimates and key assumptions that are disclosed in Note 18(a) to the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2018

16. Investments in subsidiary corporations (cont'd)

The Group had the following subsidiary corporations as at 31 December 2018 and 2017 and 1 January 2017:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company			Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interest		
			31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
			%	%	%	%	%	%	%	%	%
Held by the Company											
Albedo Corporation Pte. Ltd. ("ACPL") (1)	To carry on the business of general merchants, importers, exporters, commission agents and dealers in raw materials, consumables, instruments and semi-finished products for steel mills, iron and steel foundries and aluminium smelters in the Asia- Pacific region	Singapore	100	100	100	100	100	100	-	-	-
Albedo Sdn. Bhd. (2)(3)(14)	Provision of marketing, distribution and related services and trading in raw materials, consumables, instruments and semi-finished products for steel mills, iron and steel foundries and aluminium smelters	Malaysia	100	100	100	100	100	100	-	-	-
China iMyth Company Pte. Ltd. (1)	Investment holding and provision of management services	Singapore	51	51	51	51	51	51	49	49	49
CMIC Hemodialysis Pte. Ltd. (1)	Investment holding	Singapore	100	100	100	100	100	100	-	-	-
CMIG Medical Services (Hong Kong) Limited. (3)(6)(14)	Investment holding and provision of management services	Hong Kong	100	100	100	100	100	100	-	-	-
CMIG Medical Clinics (Hong Kong) Limited (3)(7)14)	Investment holding and provision of management services	Hong Kong	100	100	100	100	100	100	-	-	-

Notes to the Financial Statements

For the year ended 31 December 2018

16. Investments in subsidiary corporations (cont'd)

The Group had the following subsidiary corporations as at 31 December 2018 and 2017 and 1 January 2017 (cont'd):

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company			Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interest		
			31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
			%	%	%	%	%	%	%	%	%
Held by the CMIC Hemodialysis Pte. Ltd.											
CMIC Hemodialysis (Hong Kong) Limited(3)(4)(14)	Investment holding and provision of management services	Hong Kong	-	-	-	100	100	100	-	-	-
CMIC Renal Hospital Management (Beijing) Co., Ltd. (3)(12)(13)	Engagement in hospital management (excluding clinical services), enterprise management, marketing plan, economic trade consultation	People's Republic of China	-	-	-	-	-	100	-	-	-
Held by the China iMyth Company Pte. Ltd.											
iMyth Taiwan Limited (3)(5)	Provision of management services required for operation of clinics, including office, facilities, equipment, medical materials and pharmaceuticals	Republic of China, Taiwan	-	-	-	51	51	51	49	49	49
China iMyth (Hong Kong) Limited (3)(4)(14)	Investment holding and provision of management services	Hong Kong	-	-	-	51	51	51	49	49	49
China iMyth (Shanghai) Co., Ltd. (3)(13)	Engagement in research and development, technical support, market development and management consultancy in the field of aesthetics medicine and plastic surgery	People's Republic of China	-	-	-	-	-	51	49	49	49

Notes to the Financial Statements

For the year ended 31 December 2018

16. Investments in subsidiary corporations (cont'd)

The Group had the following subsidiary corporations as at 31 December 2018 and 2017 and 1 January 2017 (cont'd):

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company			Proportion of ordinary shares held by the Group			Proportion of ordinary shares held by non-controlling interest		
			31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017	31 December 2018	31 December 2017	1 January 2017
			%	%	%	%	%	%	%	%	%
Held by the China Medical Services (Hong Kong) Limited											
CMIG Ren Feng Med-Biotechnology Limited (3)(8)	Investment holding and provision of management services	Hong Kong	-	-	-	50	50	50	50	50	50
CMIG Ren Feng Medical (Futian) Limited (3)(9)(14)	Investment holding and provision of management services	Hong Kong	-	-	-	50	50	50	50	50	50
CMIG Ren Feng Medical (Nanshan) Limited (3)(10)(14)	Investment holding and provision of management services	Hong Kong	-	-	-	50	50	50	50	50	50
CMIG GY Sales Limited (3)(11)(14)	Investment holding and provision of management services	Hong Kong	-	-	-	51	51	51	51	51	51

Notes to the Financial Statements

For the financial year ended 31 December 2018

16. Investments in subsidiary corporations (cont'd)

The Group had the following subsidiary corporations as at 31 December 2018, 2017 and 1 January 2017 (cont'd):

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

(2) Audited by Ng & Partners, Chartered Accountants, Malaysia for financial years ended 31 December 2017 and 2016.

(3) For the purpose of the consolidated financial statements, these financial statements are reviewed and/or audited by Nexia TS Public Accounting Corporation, Singapore.

(4) Audited by Fan Chan & Co., Hong Kong, a member firm of Nexia International for financial years ended 31 December 2017 and 2016.

(5) Not required to be audited under the laws of the country of incorporation.

(6) 100 ordinary shares totalling S$18 (equivalent to HKD 100) were allotted and issued to the Company at the date of incorporation on 10 May 2016. CMIG Medical Services (Hong Kong) Limited has not called for the issued shares to be paid up as at 31 December 2018, 2017 and 2016 respectively.

(7) 100 ordinary shares totalling S$18 (equivalent to HKD 100) were allotted and issued to the Company at the date of incorporation on 10 May 2016. CMIG Medical Clinics (Hong Kong) Limited has not called for the issued shares to be paid up as at 31 December 2018, 2017 and 2016 respectively.

(8) 5,000 ordinary shares totalling S$900 (equivalent to HKD 5,000) were allotted and issued to CMIG Medical Services (Hong Kong) Limited at the date of incorporation on 30 August 2016. CMIG Ren Feng Med-Biotechnology Limited has not called for the issued shares to be paid up as at 31 December 2018, 2017 and 2016 respectively.

(9) 5,000 ordinary shares totalling S$305,000 (equivalent to HKD 1,731,400) were allotted and issued to CMIG Medical Services (Hong Kong) Limited at the date of incorporation on 30 August 2016. CMIG Ren Feng Medical (Futian) Limited has not called for the issued shares to be paid up as at 31 December 2018, 2017 and 2016 respectively.

(10) 5,000 ordinary shares totalling S$900 (equivalent to HKD 5,000) were allotted and issued to CMIG Medical Services (Hong Kong) Limited at the date of incorporation on 30 August 2016. CMIG Ren Feng Medical (Nanshan) Limited has not called for the issued shares to be paid up as at 31 December 2018, 2017 and 2016 respectively.

(11) 51 ordinary shares totalling S$18 (equivalent to HKD 100) were allotted and issued to CMIG Medical Services (Hong Kong) Limited at the date of incorporation on 30 August 2016. CMIG GY Sales Limited has not called for the issued shares to be paid up as at 31 December 2018, 2017 and 2016 respectively.

(12) Share capital totalling S$2,078,000 (equivalent to RMB 10,000,000) were registered by CMIC Hemodialysis (Hong Kong) Limited on 19 September 2016. CMIC Renal Hospital Management (Beijing) Co., Ltd. has not called for the registered share capital to be paid up as at 31 December 2018, 2017 and 2016 respectively.

(13) As at 16 May 2017 and 2 June 2017, the Company lost its control over its subsidiary corporations, namely CMIC Renal Hospital Management (Beijing) Co., Ltd. ("CMIC Renal") and China iMyth (Shanghai) Co., Ltd. ("China iMyth") respectively, as a liquidator was appointed to de-register CMIC Renal and voluntary liquidate China iMyth.

CMIC Renal and China iMyth have completed the de-registration and voluntary liquidation on 2 February 2018 and 25 January 2019 respectively.

(14) The Company is in the process of de-registration.

Notes to the Financial Statements

For the financial year ended 31 December 2018

16. Investments in subsidiary corporations (cont'd)

Carrying value of non-controlling interests

	Group		
	31 December		1 January
	2018	2017	2017
	S$'000	S$'000	S$'000
China iMyth Company Pte. Ltd.	754	770	633
iMyth Taiwan Limited	(241)	(48)	68
Other subsidiary corporations with immaterial non-controlling interests	(376)	(630)	(765)
	137	92	(64)

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information of China iMyth Company Pte. Ltd. and iMyth Taiwan Limited that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations and after being modified for fair value adjustments arising from business combination.

There were no transactions with non-controlling interests for the financial years ended 31 December 2018, 2017 and 1 January 2017.

Notes to the Financial Statements

For the year ended 31 December 2018

16. Investments in subsidiary corporations (cont'd)

Summarised balance sheet

	China iMyth Company Pte. Ltd.			iMyth Taiwan Limited		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Current						
Assets	596	597	598	441	593	779
Liabilities	(135)	(102)	(383)	(959)	(797)	(860)
Total current net assets/(liabilities)	461	495	215	(518)	(204)	(81)
Non-current						
Assets	1,078	1,078	1,078	27	106	221
Total non-current net assets	1,078	1,078	1,078	27	106	221
Net assets/(liabilities)	1,539	1,573	1,293	(491)	(98)	140

Summarised statement of comprehensive income

	China iMyth Company Pte. Ltd. For the financial year ended 31 December		iMyth Taiwan Limited For the financial year ended 31 December	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Revenue	-	-	327	128
(Loss)/profit before income tax	(34)	280	(323)	(241)
Income tax expense	-	-	(5)	-
Net (loss)/profit	(34)	280	(328)	(241)
Other comprehensive income	-	-	(65)	3
Total comprehensive (loss)/income	(34)	280	(393)	(238)
Total comprehensive (loss)/income allocated to non-controlling interests	(16)	137	(193)	(116)

Notes to the Financial Statements

For the financial year ended 31 December 2018

16. Investments in subsidiary corporations (cont'd)

Summarised cashflows

	China iMyth Company Pte. Ltd. For the financial year ended 31 December		iMyth Taiwan Limited For the financial year ended 31 December	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Net cash provided by/(used in) operating activities	-*	-*	41	(204)
Net increase/(decrease) in cash and cash equivalents	-*	-*	41	(204)
Cash and cash equivalents				
Beginning of financial year	8	8	1	205
Effect of currency translation on cash and cash equivalent	-	-	-*	-
End of financial year	8	8	42	1

* Less than S$1,000

Notes to the Financial Statements

For the year ended 31 December 2018

17. Property, plant and equipment

	Office equipment and fixtures S$'000	Renovation S$'000	Medical and laboratory equipment S$'000	Clinic equipment S$'000	Total S$'000
Group					
2018					
Cost					
Beginning of financial year	135	-	85	7	227
Currency translation differences	-*	-	-*	-*	-*
Additions	-	8	-	-	8
Write-off	(111)	(8)	-	-	(119)
End of financial year	24	-	85	7	116
Accumulated depreciation					
Beginning of financial year	123	-	22	6	151
Currency translation differences	-*	-*	-*	-*	-*
Depreciation charge (Note 8)	8	3	37	-*	48
Write-off	(111)	(3)	-	-	(114)
End of financial year	20	-	59	6	85
Net book value					
End of financial year	4	-	26	1	31

* Less than S$1,000

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

	Office equipment and fixtures S$'000	Renovation S$'000	Medical and laboratory equipment S$'000	Clinic equipment S$'000	Total S$'000
<u>**Group**</u>					
2017					
Cost					
Beginning of financial year	267	45	198	35	545
Currency translation differences	2	-*	4	1	7
Additions	9	-	-	-	9
Write-off	(143)	(45)	(117)	(29)	(334)
End of financial year	135	-	85	7	227
Accumulated depreciation					
Beginning of financial year	201	9	46	15	271
Currency translation differences	1	-*	3	1	5
Depreciation charge (Note 8)	58	13	61	9	141
Write-off	(137)	(22)	(88)	(19)	(266)
End of financial year	123	-	22	6	151
Net book value					
End of financial year	12	-	63	1	76

* Less than S$1,000

Notes to the Financial Statements

For the financial year ended 31 December 2018

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

	Office equipment and fixtures S$'000	Renovation S$'000	Total S$'000
Company			
2018			
Cost			
Beginning of financial year	23	-	23
Additions	-	8	8
Write-off	(14)	(8)	(22)
End of financial year	9	-	9
Accumulated depreciation			
Beginning of financial year	14	-	14
Depreciation charge	5	3	8
Write-off	(14)	(3)	(17)
End of financial year	5	-	5
Net book value			
End of financial year	4	-	4
2017			
Cost			
Beginning of financial year	16	28	44
Additions	8	-	8
Write-off	(1)	(28)	(29)
End of financial year	23	-	23
Accumulated depreciation			
Beginning of financial year	9	8	17
Depreciation charge	6	13	19
Write-Off	(1)	(21)	(22)
End of financial year	14	-	14
Net book value			
End of financial year	9	-	9

Notes to the Financial Statements

For the financial year ended 31 December 2018

18. Intangible assets

	Group		
	31 December		1 January
	2018	2017	2017
	S$'000	S$'000	S$'000
Composition:			
Goodwill arising on consolidation (Note 18(a))	-	-	7,192
Customer relationship (Note 18(b))	-	-	104
	-	-	7,296

(a) Goodwill arising on consolidation

	Group	
	2018	2017
	S$'000	S$'000
Cost		
Beginning and end of financial year	17,997	17,997
Accumulated impairment		
Beginning of financial year	17,997	10,805
Impairment loss (Note 8)	-	7,192
End of financial year	17,997	17,997
Net book value	-	-

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to countries of operation and business segment.

	Aesthetic medical	
	2018	2017
	S$'000	S$'000
Republic of China, Taiwan and People's Republic of China	-	-

The recoverable amount of the CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the business in which the CGU operates.

Notes to the Financial Statements

For the financial year ended 31 December 2018

18. Intangible assets (cont'd)

(a) Goodwill arising on consolidation (cont'd)

Key assumptions used for value-in-use calculations:

	Aesthetic medical	
	31 December 2017	**1 January 2017**
	%	**%**
Gross margin [(1)]	46	61.2
Growth rate [(2)]	3	63.4
Discount rate [(3)]	5.48	22

(1) Budgeted gross margin
(2) Compound average growth rate
(3) Pre-tax discount rate applied to the pre-tax cash flow projections

Management determined budgeted gross margin based on expectations of market developments. The weighted average growth rates used were consistent with forecasts based on current market and economic conditions and past performance. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments. The market penetration rate in those locations of the CGU's operations is expected to decrease significantly in 2016 following the economic and political conditions and their regulatory frameworks.

During the financial year ended 31 December 2016, an impairment charge of S$10,805,000 was recognised as a result of the carrying amount of the goodwill exceeding the recoverable amount of the CGU which was affected by the economic and political conditions and more stringent regulatory frameworks in the locations of the CGU's operations.

During the financial year ended 31 December 2017, the management has reviewed the recoverable amount of the goodwill and has recognised allowance for impairment for its goodwill of S$7,192,000 in view of its Taiwan clinic had recorded a loss of S$307,000. Furthermore, management has decided not to proceed with their expansion plans by setting up clinics in Shenzhen as the progress of setting up the respective WFOE and the achievability of revenue and operational targets is either slower than expected or cannot be materialised as per their agreed plans. The management is of the opinion that all these qualitative factors had resulted in a zero recoverable amount for its goodwill.

The goodwill recognised on the balance sheet is attributable to the CGU in the Republic of China, Taiwan and the People's Republic of China. Based on the impairment assessment of the CGU, the estimated recoverable amount of the CGU is S$Nil as at 31 December 2018 (31 December 2017: S$ Nil; 1 January 2017: S$7,192,000).

Notes to the Financial Statements

For the financial year ended 31 December 2018

18. Intangible assets (cont'd)

(b) Customer relationships

	Group	
	2018	**2017**
	S$'000	**S$'000**
Cost		
Beginning and end of financial year	155	155
Accumulated amortisation and impairment		
Beginning of financial year	155	51
Impairment loss (Note 8)	-	104
End of financial year	155	155
Net book value	-	-

During the financial year ended 31 December 2017, an impairment charge of S$104,000 was recognised as a result of the carrying amount of the customer relationship exceeding the recoverable amount as the Taiwan clinic is generating a loss of S$307,000 and the achievability of revenue and operational targets are slower than expected as per agreed plans (Note 18(a)).

19. Trade and other payables

	Group			Company		
	31 December		**1 January**	**31 December**		**1 January**
	2018	**2017**	**2017**	**2018**	**2017**	**2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Current						
Trade payables						
– Non-related parties	3	267	139	-	-	-
Other payables						
– Non-related parties	3,691	410	768	3,643	311	167
– Subsidiary corporations	-	-	-	467	467	465
Advances received	19	19	-	-	-	-
Deferred revenue	84	148	169	-	-	-
Accruals for operating expenses	257	279	272	135	197	232
	4,054	1,123	1,348	4,245	975	864
Non-current						
Other payables						
– Non-related party	-	3,178	3,017	-	3,178	3,017
	4,054	4,301	4,365	4,245	4,153	3,881

Notes to the Financial Statements

For the financial year ended 31 December 2018

19. Trade and other payables (cont'd)

The other payables due to subsidiary corporations are non-trade, unsecured, interest-free and repayable on demand.

During the financial year ended 31 December 2018, including in other payables due to non-related parties amounting to S$3,348,000 (31 December 2017: S$3,178,000; 1 January 2017: S$3,017,000) relate to an amount ("outstanding amount") owing to the former shareholder of a subsidiary corporation which was initially due on 6 May 2016. On 17 May 2016, the Group had entered into a second supplemental agreement to extend the due date of the outstanding amount to 6 November 2016. On 15 November 2016, the Group had entered into a third supplemental agreement to further extend the due date of the outstanding amount to 6 November 2019. The outstanding amounts due to the non-related party are unsecured and interest-free.

The outstanding amount of S$3,500,000 has been converted into ordinary shares of the Company upon completion of the corporate exercises in January 2019 (Note 30(a)(ii)).

Fair value of non-current other payables

	Group and Company	
	2018	2017
	S$'000	S$'000
Other payables		
– Non-related parties	-	3,178

The fair value above was determined from the cash flow analysis, discounted at market borrowing rate of an equivalent instrument at the balance sheet date which the Board of Directors expect to be available to the Group as follows:

	Group and Company	
	2018	2017
Other payables		
– Non-related parties	-	5.35%

The non-current other payables are recognised at fair value and subsequently carried at amortised cost using the effective interest method. The difference between the fair value and the nominal principal sum amounting S$503,000 is recorded as accretion of imputed interest during the financial year ended 31 December 2016. Subsequently, an unwinding of imputed interest amounting to S$170,000 (2017: S$161,000) is included in "Finance expense" (Note 10) in the consolidated statement of comprehensive income till the maturity date of the other payables.

The fair values are within Level 2 of the fair value hierarchy.

Notes to the Financial Statements

For the financial year ended 31 December 2018

20. Borrowings

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Current						
Borrowings						
– Loan 1	3,493	3,421	3,730	-	-	-
– Loan 3	-	-	-	-	298	-
	3,493	3,421	3,730	-	298	-
Non-current						
Borrowings						
– Loan 2	-	-	1,000	-	-	1,000
Total borrowings	3,493	3,421	4,730	-	298	1,000

The Group and the Company are not exposed to significant changes in interest rates as the borrowings are at fixed interest rates.

(i) Loan 1 from a non-related party bears an interest rate at between 14%-16% (31 December 2017: 14%; 1 January 2017: 12%) per annum. The initial due date for repayment is 28 March 2017 and this has been extended to the following dates, i.e. 27 June 2017, 27 December 2017 and 27 June 2018 respectively during the financial year ended 31 December 2017. During the financial year ended 31 December 2018, the repayment due date had again been extended to 27 December 2018 and 28 January 2019 respectively.

(a) Security granted

Loan 1 is secured by a corporate guarantee granted by the Company and a personal guarantee of the Company's shareholder, Dato Dr Choo Yeow Ming ("Dato Dr Choo").

(b) Loan covenants

Loan 1 shall become due and payable immediately in full upon the occurrence of the following events (in the event of a default):

- Default on payment by the subsidiary corporation or guarantor when the payment fall due;
- Insolvency of the subsidiary corporation or the Company;
- Material adverse financial condition or business of the subsidiary corporation;
- Change in control of the subsidiary corporation; and
- Event of litigation, arbitration or administrative proceeding materially and adversely restrain the performance of the compliance by the subsidiary corporation to the loan agreement.

Loan 1 has been fully settled in January 2019 through a S$4,000,000 proceeds raised from a share subscription (Note 30(a)), as announced on 26 August 2018 and approved by shareholders on 31 December 2018.

The guarantees have also been released and discharged upon the settlement of the loan.

Notes to the Financial Statements

For the financial year ended 31 December 2018

20. Borrowings (cont'd)

(ii) Loan 2 from the Company's shareholder, Dato Dr Choo, bears an interest rate at Nil (31 December 2017: 6%; 1 January 2017: 6%) per annum and is due for payment on 5 March 2020. The amount was repaid in full during the financial year ended 31 December 2017.

(iii) Loan 3 from a subsidiary corporation is unsecured, interest-free and is due for repayment on 30 June 2018. The amount was repaid in full during the financial year ended 31 December 2018.

21. Deferred income tax liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		
	31 December		1 January
	2018	2017	2017
	S$'000	S$'000	S$'000
Deferred income tax liabilities			
– To be settled after one year	-	-	18
Deferred income tax liabilities, representing fair value gain on customer relationships			
Beginning of financial year	-	18	26
Charged to profit or loss (Note 11)	-	(18)	(8)
End of financial year	-	-	18

The Group has unrecognised tax losses of S$Nil (2017: S$Nil) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation.

Notes to the Financial Statements

For the financial year ended 31 December 2018

22. Share capital

	2018		2017	
	No. of ordinary shares	Amount	No. of ordinary shares	Amount
	'000	S$'000	'000	S$'000
				(Restated)
Group and Company				
Beginning of financial year	8,800,573	53,645	2,999,133	50,000
Share issued pursuant to:-				
– Share placement (iii)	-	-	200,000	1,441
– Rights issues (iv)				
– As previously reported	-	-	5,601,440	5,601
– Prior year adjustment (Note 29)	-	-	-	(3,507)
– As restated	-	-	5,601,440	2,094
Conversion of warrants (vi)	12,206	75	-	-
Expiry of warrants (v) (Note 23(b)(iii))	-	151	-	110
End of financial year	8,812,779	53,871	8,800,573	53,645

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

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

(i) During the financial year ended 31 December 2016, 600,000,000 new warrants were issued for cash at S$0.0005 each at a total consideration of S$300,000 for cash to provide funds for funding growth expansion purposes.

(ii) On 31 October 2017, 80,309,351 additional outstanding warrants (excluding foreign entitlement) have been allotted and issued by the Company pursuant to the Rights cum Warrants Issue. Accordingly, the number of outstanding warrants pursuant to the 2013 Right cum Warrants Issue increased from 66,179,592 to 146,488,943, exercisable into 146,488,943 ordinary shares of the Company.

(iii) During the financial year ended 31 December 2017, 200,000,000 new placement shares were issued at S$0.0072 each at a total consideration of S$1,441,000 for cash to provide funds for business expansion purposes.

(iv) During the financial year ended 31 December 2017, 5,601,440,000 rights shares were subscribed under the rights cum warrants issue at an issue price of S$0.001 for each rights share for a total consideration of S$5,601,000. Proceeds from the rights cum warrants issue are allocated separately based on the fair value of the warrants between the value of share capital and warrant reserves. Out of the total consideration of S$5,601,000, S$3,507,000 being the fair value of the warrants had been allocated from share capital to warrant reserves.

Notes to the Financial Statements

For the financial year ended 31 December 2018

22. Share capital (cont'd)

(v) During the financial year ended 31 December 2018, 134,283,321 (31 December 2017: 110,000,000; 1 January 2017: Nil) unexercised non-transferrable warrants with an exercise price of S$0.0050 (31 December 2017: S$0.0050; 1 January 2017: S$Nil) per warrant were expired on 29 March 2018 (31 December 2017: 23 January 2017; 1 January 2017: Nil). Additionally, 840,000,000 warrants at an exercise price of S$0.01125 and 600,000,000 warrants at an exercise price of S$0.0103 for each warrant were terminated on 24 January 2017. Accordingly, the warrant reserves were transferred to share capital upon the expiry and termination of the warrants.

(vi) During the financial year ended 31 December 2018, 12,205,622 warrants with an exercise price of S$0.005 per warrant were issued for a total consideration of S$61,000. Accordingly, an amount of S$14,000 attributable to the fair value of the warrants exercised was transferred from warrants reserve to share capital (Note 23(b)(iii)).

(vii) The number of warrants outstanding as at 31 December 2018 amounting to 5,601,440,000 (31 December 2017: 5,601,440,000 and 146,488,943; 1 January 2017: 110,000,000, 66,179,592, 840,000,000 and 600,000,000) which expire on 29 October 2020 (31 December 2017; 29 October 2020 and 28 March 2018; 1 January 2017: 23 January 2017, 29 March 2018, 12 July 2020 and 30 November 2019) can be converted into ordinary shares of the Company at the conversion rate of S$0.001 (31 December 2017: S$0.001 and S$0.005; 1 January 2017: S$0.05, S$0.04338, S$0.01125 and S$0.0103) for each warrant respectively.

The newly issued shares rank pari passu in all respects with the previously issued shares.

(a) Share options

Albedo Limited Employee Share Option Scheme (the "ESOS")

The Albedo's Employee Share Options Scheme ("ESOS"), approved on 24 February 2006 and 28 April 2009, is administered by a committee ("Committee"). The ESOS shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date on which the ESOS is adopted by Shareholders in the General Meeting. Subject to compliance with applicable laws and regulations in Singapore, the ESOS may be continued beyond the stipulated period with the approval of the Shareholders and relevant authorities. The members of the Committee at the end of the financial year were as follows:

Yap Siean Lin (Chairman)
Dr Lam Lee G
Hano Maeloa

Following the resignation of Hano Maeloa as director of the Company on 28 February 2019 and the appointment of Ang Kok Huan as director of the Company on 31 December 2018, the Committee were reconstituted on 28 February 2019 as follows:

Yap Siean Lin (Chairman)
Dr Lam Lee G
Ang Kok Huan

The ESOS provides an opportunity for selected Directors and/or Employees of the Group who have contributed significantly to the growth and performance of the Group (including non-executive Directors), who satisfy the eligibility criteria as set out in the rules of the ESOS, to participate in the equity of the Company and can be summarised as follows:

- Subject to the rules of the ESOS, the aggregate number of shares in respect of which options may be offered to selected Director and/or Employees (a "Grantee") for subscription in accordance with the ESOS shall be determined at the discretion of the Committee which shall take into account (where applicable) criteria such as the rank and responsibilities within the Group, performance, years of service and potential for future development and the performance of the Group (provided always that the total number of shares in respect of which options may be granted to any one Grantee shall not exceed 10% of the total number of shares available under the ESOS.

Notes to the Financial Statements

For the financial year ended 31 December 2018

22. Share capital (cont'd)

(a) Share options (cont'd)

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

- The Committee shall monitor the grant of options carefully to ensure that the number of the shares which may be issued pursuant to the options will comply with the relevant Catalist Rules of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

- The aggregate number of shares over which the Committee may grant options on any date, when added to the total number of shares issued and issuable in respect of all options granted under the ESOS, shall not exceed 10% of the total issued shares of the Company on the day preceding that offer date of the options.

- Under the ESOS, options granted to the Directors and employees may, except in certain special circumstances, be exercised at any time after the first anniversary but not later than the tenth anniversary from the date of grant. The ordinary shares of the Company ("Shares") under options may be exercised in full or in respect of 1,000 Shares or a multiple thereof, on the payment of the exercise price. The exercise price is based on the average of last dealt prices of the Shares on the SGX-ST for the three market days immediately preceding the date of grant rounded to the nearest whole cent. The Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. No options have been granted at a discount.

On 23 December 2014, the Company made an announcement on the SGX-ST relating to adjustments made to the exercise prices of outstanding share options which were granted in April 2007, May 2008 and June 2008 ("Adjustments"). The Adjustments have been made in accordance to Rule 10 of the ESOS and does not result in a change in the number of outstanding share options issued by the Company.

On 11 October 2017, the Company made an announcement the SGX-ST relating to adjustments made to the exercise prices of outstanding share options which were granted in May 2008, June 2008 and October 2014 ("Adjustments"). Based on the recommendation of the Committee, the exercise prices of the share options are adjusted to S$0.01 from S$0.0130, S$0.0150 and S$0.0130 respectively. On the basis of an indicative ratio of approximately 1.5238 additional share options to be issued for every one existing share option, the Company issued up to 158,393,000 additional share option pursuant to the options Adjustments. There are aggregate 262,343,000 share options after the option Adjustments.

As Hano Maeloa was then a member of the Committee and has held options which were the subject of the adjustments, he has abstained from recommending and voting on all matters relating to the adjustments.

Notes to the Financial Statements

For the financial year ended 31 December 2018

22. Share capital (cont'd)

(a) Share options (cont'd)

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

Pursuant to the announcement made on 23 December 2014, the exercise prices of the following share options have been adjusted as follows:

Grant date of share options	Number of outstanding share options as at 2 July 2014 (date of adjustment exercise)	Exercise price before adjustments	Exercise price after adjustments
9.4.2007	700,000	S$0.100	S$0.010
2.5.2008	250,000	S$0.130	S$0.013
20.6.2008	1,800,000	S$0.140	S$0.015

Details of the options to subscribe for ordinary shares of the Company pursuant to the ESOS described above and announcement made on 23 December 2014 are as follows:

Date of grant	Balance as at 1.1.2017	Options granted	Options cancelled or lapsed	Balance as at 11.10.2017	Exercise price per share option	Exercisable period
9.4.2007	700,000	-	(700,000)	-	S$0.010	10.4.2008-9.4.2017
2.5.2008	250,000	-	-	250,000	S$0.013	2.5.2009-1.5.2018
20.6.2008	1,600,000	-	(200,000)	1,400,000	S$0.015	20.6.2009-19.6.2018
2.10.2014	103,300,000	-	(1,000,000)	102,300,000	S$0.013	2.10.2014-1.10.2024
	105,850,000	-	(1,900,000)	103,950,000		

Pursuant to the announcement made on 11 October 2017, the exercise prices of the following share options have been adjusted as follows:

Grant date of share options	Number of outstanding share options as at 11 October 2017 (date of adjustment exercise)	Exercise price before adjustments	Exercise price after adjustments
2.5.2008	250,000	S$0.013	S$0.010
20.6.2008	1,400,000	S$0.015	S$0.010
2.10.2014	102,300,000	S$0.013	S$0.010

Notes to the Financial Statements

For the financial year ended 31 December 2018

22. Share capital (cont'd)

(a) Share options (cont'd)

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

Details of the options to subscribe for ordinary shares of the Company pursuant to the ESOS described above and announcement made on 11 October 2017 are as follows:

Date of grant	Balance as at 11.10.2017	Options granted/ adjustment	Options cancelled or lapsed	Balance as at 31.12.2017	Exercise price per share option	Exercisable period
2.5.2008	250,000	380,000	(630,000)	-	S$0.010	2.5.2009-1.5.2018
20.6.2008	1,400,000	2,131,000	(3,027,000)	504,000	S$0.010	20.6.2009-19.6.2018
2.10.2014	102,300,000	155,882,000	(100,952,000)	157,230,000	S$0.010	2.10.2014-1.10.2024
	103,950,000	158,393,000	(104,609,000)	157,734,000		

Date of grant	Balance as at 1.1.2018	Options granted/ adjustment	Options cancelled or lapsed	Balance as at 31.12.2018	Exercise price per share option	Exercisable period
20.6.2008	504,000	-	(504,000)	-	S$0.010	20.6.2009-19.6.2018
2.10.2014	157,230,000	-	(757,000)	156,473,000	S$0.010	2.10.2014-1.10.2024
	157,734,000	-	(1,261,000)	156,473,000		

Notes to the Financial Statements

For the financial year ended 31 December 2018

22. Share capital (cont'd)

(a) Share options (cont'd)

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

Details of the options to subscribe for ordinary shares of the Company granted to directors and employees of the Company pursuant to the ESOS were as follows:

2018	Aggregate options granted since commencement of ESOS to 31.12.2018	Aggregate options exercised since commencement of ESOS to 31.12.2018	Aggregate options adjustment since commencement of ESOS to 31.12.2018	Aggregate options cancelled, lapsed or transferred since commencement of ESOS to 31.12.2018	Aggregate options outstanding as at 31.12.2018
Non-executive directors	30,000,000	-	45,714,000	-	75,714,000
Executive director [1]	31,500,000	(1,500,000)	45,714,000	(75,714,000)	-
Directors (ceased office)	42,750,000	(600,000)	63,159,000	(105,309,000)	-
Employees	81,814,000	-	3,806,000	(4,861,000)	80,759,000
	186,064,000	(2,100,000)	158,393,000	(185,884,000)	156,473,000

2017	Aggregate options granted since commencement of ESOS to 31.12.2017	Aggregate options exercised since commencement of ESOS to 31.12.2017	Aggregate options adjustment since commencement of ESOS to 31.12.2017	Aggregate options cancelled, lapsed or transferred since commencement of ESOS to 31.12.2017	Aggregate options outstanding as at 31.12.2017
Non-executive directors	30,000,000	-	45,714,000	-	75,714,000
Executive director	31,500,000	(1,500,000)	45,714,000	-	75,714,000
Directors (ceased office)	42,750,000	(600,000)	63,159,000	(105,309,000)	-
Employees	6,100,000	-	3,806,000	(3,600,000)	6,306,000
	110,350,000	(2,100,000)	158,393,000	(108,909,000)	157,734,000

Notes to the Financial Statements

For the financial year ended 31 December 2018

22. Share capital (cont'd)

(a) Share options (cont'd)

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

The Group and the Company have evaluated the financial impact of the share options cancelled to be minimal, accordingly the effect on the share option reserve (Note 23(b)(i)) is not adjusted.

(1) The executive director ceased to be a Director of the Company upon his demise on 6 March 2018. Accordingly, the share options held by Tai Kok Chuan have been transferred to his spouse, Yap Mee Lee, a director and employee of one of the Company's subsidiary corporations. She subsequently resigned as a director of the Company's subsidiary corporation on 16 July 2018.

Since the commencement of the ESOS till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company or their associates (as defined in the Listing Manual of SGX-ST);
- No participants other than the directors of the Company have received 5% or more of the total options available under the Scheme;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

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

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.

The fair values of the share options granted were calculated using the Binomial Model. The inputs into the model were as follows:

Before the adjustment exercise	Option 1	Option 2	Option 3	Option 4
Grant date	9.4.2007	2.5.2008	20.6.2008	2.10.2014
Share price at grant date	10 cents	13 cents	14 cents	1.3 cents
Exercise price	10 cents	13 cents	14 cents	1.3 cents
Expected volatility	42%	39.48%	48.78%	56.74%
Expected life (years)	10 years	10 years	10 years	1 year
Risk free rate	4%	3.4%	3.4%	1.67%
Expected dividend yield	9.3%	0%	0%	0%

Notes to the Financial Statements

For the financial year ended 31 December 2018

22. Share capital (cont'd)

(a) Share options (cont'd)

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

The fair values of the share options granted were calculated using the Binomial Model. The inputs into the model were as follows: (cont'd)

After the adjustment exercise	Option 1	Option 2	Option 3	Option 4
Grant date	9.4.2007	2.5.2008	20.6.2008	2.10.2014
Share price at valuation date/grant date	1.8 cents	1.8 cents	1.8 cents	1.3 cents
Exercise price	1.0 cents	1.3 cents	1.5 cents	1.3 cents
Expected volatility	33.18%	33.18%	33.18%	56.74%
Expected life (years)	2.8 years	3.8 years	4.0 years	5.5 years
Risk free rate	0.56%	0.80%	0.85%	1.67%
Expected dividend yield	0%	0%	0%	0%
Fair value of share options (cents)	0.87	0.71	0.62	0.67

Expected volatility was determined by calculating the historical volatility of the Company's share price. The expected life used in the model is based on historical data and is not necessary indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

(b) Performance share plan

Albedo Share Performance Plan ("Albedo SPP")

The Albedo SPP is intended to incentivise selected Directors and/or employees of the Group to excel in their performance and encourage greater dedication and loyalty to the Company. Through the Albedo SPP, the Company aims to recognise and reward past contributions and services and motivate the selected Directors and/or employees (the "Participants") to continue to strive for the Group's long-term prosperity and can be summarised as follows:

- The Albedo SPP uses methods fairly common among successful multinational companies to incentivise and motivate employees to achieve pre-determined targets which create and enhance economic values for shareholders. Unlike the ESOS, the award of fully-paid shares, free of charge, to the Participants is intended to be a more attractive form of bonus by the Company to the Participants as it gives them a stake in the ownership of the Company whilst at the same time allowing the Company to offer incentives and remuneration packages compatible with other multinational companies. The Albedo SPP is intended to complement the ESOS and serve as an additional and flexible incentive tool.

- The awards granted under the Albedo SPP will be determined at the discretion of the Remuneration Committee (comprising of Yap Siean Sin, Dr Lam Lee G and Hano Maeloa as at 31 December 2018) which shall take into account (where applicable) criteria such as the rank and responsibilities within the Group, performance, years of service and potential for future development of the selected Participant.

Notes to the Financial Statements

For the financial year ended 31 December 2018

22. Share capital (cont'd)

(b) Performance share plan (cont'd)

Albedo Share Performance Plan ("Albedo SPP") (cont'd)

- The total number of shares which may be granted under the Albedo SPP when added to the number of shares issued and issuable under all awards granted thereunder and all the options under the ESOS shall not exceed 15% of the issued ordinary shares of the Company on the day preceding the relevant date of award.

- The total number of new shares over which the Remuneration Committee may grant awards on any date pursuant to the proposed Albedo SPP, when added to the number of new shares issued and issuable in respect of all awards granted under the Albedo SPP, available to (a) all controlling shareholders and their associates must not exceed 25% of the shares available under the Albedo SPP and (b) each controlling shareholder and his associates must not exceed 10% of the shares available under the Albedo SPP.

There have been no grant of any awards under the Albedo SPP since its implementation by the Company till 31 December 2018.

23. Other reserves

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
		(Restated)			(Restated)	
(a) Composition:						
Share option reserve	278	280	1,038	278	280	1,038
Currency translation reserve	(10)	149	26	-	-	-
Warrant reserve	3,507	3,672	1,415	3,507	3,672	1,415
	3,775	4,101	2,479	3,785	3,952	2,453

Notes to the Financial Statements

For the financial year ended 31 December 2018

23. Other reserves (cont'd)

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
		(Restated)			(Restated)	
(b) Movements:						
(i) Share option reserve						
Beginning of financial year	-	-	1,038	-	-	1,038
Beginning of financial year (as previously reported)	1,038	1,038	-	1,038	1,038	-
Prior years adjustments (Note 29)	(758)	(758)	-	(758)	(758)	-
Beginning of financial year/As restated	280	280	-	280	280	-
Share option lapsed	(2)	-	-	(2)	-	-
End of financial year	278	280	1,038	278	280	1,038
(ii) Currency translation reserve						
Beginning of financial year	149	26	12	-	-	-
Reclassification on deconsolidation of subsidiary corporations (Note 13)	-*	(6)	-	-	-	-
Net currency translation of financial statements of foreign subsidiary corporations	(161)	115	14	-	-	-
Less: Non-controlling interests (Note 13)	2	14	-	-	-	-
	(159)	129	14	-	-	-
End of financial year	(10)	149	26	-	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2018

23. Other reserves (cont'd)

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
		(Restated)			(Restated)	
(b) Movements:						
(iii) Warrants reserve						
Beginning of financial year	3,672	1,415	1,115	3,672	1,415	1,115
Warrants adjustment (Notes 22(iv) and 29)	-	3,507	300	-	3,507	300
Expiry of warrants (Note 22)	(151)	(110)	-	(151)	(110)	-
Redemption of warrants	-	(1,140)	-	-	(1,140)	-
Conversion of warrants (Note 22(vi))	(14)	-	-	(14)	-	-
End of financial year	3,507	3,672	1,415	3,507	3,672	1,415

* Less than S$1,000

The share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The warrant reserve represents the fair value of the remaining unexercised warrants.

Other reserves are non-distributable.

24. Accumulated losses

Movement in accumulated losses for the Company is as follows:

	Company	
	2018	2017
	S$'000	S$'000
		(Restated)
Beginning of financial year	(58,679)	(47,708)
Net loss for the financial year	(2,473)	(10,971)
End of financial year	(61,152)	(58,679)

Notes to the Financial Statements

For the financial year ended 31 December 2018

25. Commitments and contingent liabilities

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

The Group and Company lease office spaces and warehouses from non-related parties and clinic spaces from a related party under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	Group		Company	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Not later than one year	-*	161	-	29

* Less than S$1,000

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

The Company leases office space under operating lease to a non-related party under non-cancellable operating lease agreement. The lease has varying terms, escalation clauses and renewal rights.

The future minimum lease receivables under the non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follow:

	Group		
	31 December		1 January
	2018	2017	2017
	S$'000	S$'000	S$'000
Not later than one year	-	-	76

(c) Contingent liabilities

During the financial year ended 31 December 2018, the Company had issued corporate guarantee to a non-related party who provided a borrowing amounting to S$3,500,000 (31 December 2017: S$3,400,000; 1 January 2017: S$3,700,000) to its subsidiary corporation. The borrowing is originally due for repayment on 28 March 2017 and have been extended to the following dates during the financial year, i.e. 27 June 2018, 27 December 2018 and 28 January 2019 respectively (31 December 2017: 27 June 2017, 27 December 2017 and 27 June 2018 respectively; 1 January 2017: 27 June 2017) (Note 20). The Company had evaluated the fair value of the corporate guarantee and the consequential liabilities derived from its guarantee to the non-related party with regards to the subsidiary corporation is minimal. Additionally, the Company had not issued any corporate guarantee to banks for banking facilities for any of its subsidiary corporations.

Notes to the Financial Statements

For the financial year ended 31 December 2018

26. Financial risk management

Financial risk factors

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

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

Financial risk management is carried out by the finance department in accordance with the policies set. The finance personnel identify and evaluates financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares periodic reports for review by the Chief Financial Officer. Regular reports are also submitted to the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore, Malaysia and the Republic of China, Taiwan. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD"), Euro ("EUR") and New Taiwanese Dollar ("NTD") and Hong Kong Dollar ("HKD").

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations are monitored throughout the financial year to ensure the impacts to the Group's financial statements are not significant.

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

	SGD S$'000	EUR S$'000	NTD S$'000	HKD S$'000	Others S$'000	Total S$'000
31 December 2018						
Financial assets						
Cash and cash equivalents	1,567	4	42	-	-	1,613
Trade and other receivables	188	-*	399	-*	18	605
Receivables from subsidiary corporations	465	-	-	-	-	465
	2,220	4	441	-	18	2,683

* Less than S$1,000

Notes to the Financial Statements

For the financial year ended 31 December 2018

26. Financial risk management (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

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

	SGD S$'000	EUR S$'000	NTD S$'000	HKD S$'000	Others S$'000	Total S$'000
31 December 2018						
Financial liabilities						
Trade and other payables	(3,842)	-	(36)	(27)	(46)	(3,951)
Borrowings	-	-	-	(3,493)	-	(3,493)
Payables to subsidiary corporations	(465)	-	-	-	-	(465)
	(4,307)	-	(36)	(3,520)	(46)	(7,909)
Net financial (liabilities)/ assets	(2,087)	4	405	(3,520)	(28)	(5,226)
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	-	4	405	(3,520)	(28)	(3,139)

	SGD S$'000	USD S$'000	EUR S$'000	NTD S$'000	HKD S$'000	Others S$'000	Total S$'000
31 December 2017							
Financial assets							
Cash and cash equivalents	3,546	204	6	1	59	31	3,847
Trade and other receivables	410	-	-	105	1	19	535
Receivables from subsidiary corporations	465	-	-	-	-	-	465
	4,421	204	6	106	60	50	4,847

Notes to the Financial Statements

For the financial year ended 31 December 2018

26. Financial risk management (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

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

	SGD S$'000	USD S$'000	EUR S$'000	NTD S$'000	HKD S$'000	Others S$'000	Total S$'000
31 December 2017							
Financial liabilities							
Trade and other payables	(4,009)	-	-	(39)	(2)	(84)	(4,134)
Borrowings	-	-	-	-	(3,421)	-	(3,421)
Payables to subsidiary corporations	(465)	-	-	-	-	-	(465)
	(4,474)	-	-	(39)	(3,423)	(84)	(8,020)
Net financial (liabilities)/ assets	(53)	204	6	67	(3,363)	(34)	(3,173)
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	-	204	6	67	(3,363)	(34)	(3,120)

	SGD S$'000	USD S$'000	EUR S$'000	NTD S$'000	HKD S$'000	Others S$'000	Total S$'000
1 January 2017							
Financial assets							
Cash and cash equivalents	1,843	310	41	205	89	37	2,525
Trade and other receivables	1,369	31	-	97	-	38	1,535
Receivables from subsidiary corporations	327	-	-	-	-	1	328
	3,539	341	41	302	89	76	4,388

Notes to the Financial Statements

For the financial year ended 31 December 2018

26. Financial risk management (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

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

	SGD S$'000	USD S$'000	EUR S$'000	NTD S$'000	HKD S$'000	Others S$'000	Total S$'000
1 January 2017							
Financial liabilities							
Trade and other payables	(3,823)	-	(140)	(104)	(7)	(122)	(4,196)
Borrowings	(1,000)	-	-	-	(3,730)	-	(4,730)
Payables to subsidiary corporations	(327)	-	-	-	-	(1)	(328)
	(5,150)	-	(140)	(104)	(3,737)	(123)	(9,254)
Net financial (liabilities)/ assets	(1,611)	341	(99)	198	(3,648)	(47)	(4,866)
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	-	341	(99)	198	(3,648)	(47)	(3,255)

If the foreign currencies change against the SGD by 5% (31 December 2017: 5%; 1 January 2017: 5%) with all other variables including tax rate being held constant, the effect arising from the net financial assets/ liabilities position on the Group's loss after tax are not significant, except for HKD which a strengthening/weakening that will result in a decrease/increase of S$146,000 (31 December 2017: S$140,000; 1 January 2017: S$151,000) respectively.

The Company is not exposed to significant currency risk since majority of its financial assets and liabilities as at the financial years ended 31 December 2018, 31 December 2017 and 1 January 2017 are denominated in Singapore Dollar.

(ii) Price risk

The Group and the Company do not have exposure to equity price risk as it does not hold equity financial assets.

Notes to the Financial Statements

For the financial year ended 31 December 2018

26. Financial risk management (cont'd)

(a) Market risk (cont'd)

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group and the Company has cash balances placed with reputable banks and financial institutions which generate interest income for the Group and Company. The Group and Company manages its interest rate risk by placing such balances on varying maturities and interest rate terms.

The Group and the Company are not exposed to significant changes in interest rates as the borrowings are at fixed interest rates.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history to mitigate credit risk. For trade receivables, the Group adopts the policy of dealing only with high credit quality counterparties. For advances and/or loans, the Group adopts the policy of dealing only with business partners who are creditworthy and have presented appropriate business proposals.

The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the management.

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

	Company		
	31 December		**1 January**
	2018	**2017**	**2017**
	S$'000	**S$'000**	**S$'000**
Corporate guarantee provided to non-related party on subsidiary corporation's borrowing	3,493	3,421	3,730

Notes to the Financial Statements

For the financial year ended 31 December 2018

26. Financial risk management (cont'd)

(b) Credit risk (cont'd)

As at balance sheet date, there are no banking facilities utilised by the subsidiary corporation to which the Company had provided a corporate guarantee.

The trade receivables of the Group comprise two debtors (2017: two debtors) that individually represented 25% to 43% (2017: 25% to 51%) of trade receivables.

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

	Group		
	31 December		**1 January**
	2018	**2017**	**2017**
	S$'000	**S$'000**	**S$'000**
<u>By geographical areas</u>			
Singapore	67	73	-
Malaysia	77	216	124
	144	289	124
<u>By type of customers</u>			
Non-related parties			
– Other companies	144	289	124

(i) Credit rating

The Group and the Company uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables from customers.

The ECL computed is purely derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

Notes to the Financial Statements

For the financial year ended 31 December 2018

26. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(i) Credit rating (cont'd)

The Group uses the following categories of internal credit risk rating for financial assets which are subject to expected credit losses under the 3-stage general approach. These four categories reflect the respective credit risk and how the loss provision is determined for each of those categories.

Category of internal credit rating	Definition of category	Basis of recognition of expected credit losses
Performing	Borrower or issuer have a low risk of default and a strong capability to meet contractual cash flows	12-month expected credit losses
Under-performing	Borrower or issuer for which there is a significant increase in credit risk; as significant in credit risk is presumed if interest and/or principal repayment are 90 days past due	Lifetime expected credit losses
Non-performing	Interest and/or principal payment are 180 days past due	Lifetime expected credit losses
Write-off	Interest and/or principal repayments are 365 days past due and have no reasonable expectation of recovery	Asset is written off

(ii) Impairment of financial assets

The Group and the Company has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for all trade receivables and the general approach for other receivables.

To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group and the Company consider historical loss rates for each category of customers.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a receivable for write off when a debtor fails to make contractual payment greater than 90 days past due based on historical loss rates for each category of customers and adjust to reflect current and forward looking information. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2018

26. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(ii) Impairment of financial assets (cont'd)

As at 31 December 2018, there are no credit risk exposures in relation to the Group's trade and other receivables from non-related parties. Management has assessed the application of the expected credit loss model and no loss allowances are recognised for these financial assets.

(iii) Previous accounting policy for impairment of trade and other receivables

For the financial year ended 31 December 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Breach of contract, such as default or past due event.

Financial assets that are neither past due nor impaired

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

The Group's trade receivables that are not past due amount to S$101,000 (2017: S$49,000). The Group has no trade receivables past due or impaired that were re-negotiated during the financial year.

Financial assets that are past due and/or impaired

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

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

	Group	
	31 December 2017 S$'000	1 January 2017 S$'000
Past due less than 3 months	240	5
Past due 3 to 6 months	-	3
Past due over 6 months	-	7
	240	15

Notes to the Financial Statements

For the year ended 31 December 2018

26. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(iii) Previous accounting policy for impairment of trade and other receivables (cont'd)

Financial assets that are past due and/or impaired (cont'd)

The carrying amount of trade and other receivables and the movement in the related allowance are as follows:

	Group				Company			
	Trade receivables – non-related parties	Other receivables – related parties	Other receivables – non-related parties	Total other receivables	Other receivables – subsidiary corporations	Other receivables – related parties	Other receivables – non-related parties	Total other receivables
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
31 December 2017								
Gross amount	289	2,323	3,924	6,247	2,941	1,109	524	4,574
Less: Allowance for impairment	-	(2,323)	(3,755)	(6,078)	(2,941)	(1,109)	(499)	(4,549)
	289	-	169	169	-	-	25	25
Allowance for impairment								
Beginning of financial year	56	2,323	2,166	4,545	1,323	1,109	-	2,432
Allowance made	-	-	1,589	1,589	1,618	-	499	2,117
Allowance utilised	(56)	-	-	(56)	-	-	-	-
End of financial year (Note 14)	-	2,323	3,755	6,078	2,941	1,109	499	4,549

Notes to the Financial Statements

For the year ended 31 December 2018

26. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(iii) Previous accounting policy for impairment of trade and other receivables (cont'd)

Financial assets that are past due and/or impaired (cont'd)

The carrying amount of trade and other receivables and the movement in the related allowance are as follows (cont'd):

	Group				Company			
	Trade receivables – non-related parties	**Other receivables – related parties**	**Other receivables – non-related parties**	**Total other receivables**	**Other receivables – subsidiary corporations**	**Other receivables – related parties**	**Other receivables – non-related parties**	**Total other receivables**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
1 January 2017								
Gross amount	180	2,447	3,396	5,843	1,640	1,109	519	3,268
Less: Allowance for impairment	(56)	(2,323)	(2,166)	(4,489)	(1,323)	(1,109)	-	(2,432)
	124	124	1,230	1,354	317	-	519	836
Allowance for impairment								
Beginning of financial year	-	-	-	-	-	-	-	-
Allowance made	56	2,323	2,166	4,489	1,323	1,109	-	2,432
End of financial year (Note 14)	56	2,323	2,166	4,489	1,323	1,109	-	2,432

Notes to the Financial Statements

For the financial year ended 31 December 2018

26. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(iii) Previous accounting policy for impairment of trade and other receivables (cont'd)

Financial assets that are past due and/or impaired (cont'd)

Allowance for impairment of trade and other receivables arise from customers and/or business partners that are either in financial difficulties and/ or have history of default or significant delay in payments which management is of the opinion that payments are not forthcoming as at the end of the financial year. In the event that payment is not collectible, the receivables will be recommended for write-off.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions at a short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included measures undertaken as described in Note 4 and cash and short-term deposits as disclosed in Note 13 to the financial statements.

Management monitors rolling forecasts of the liquidity reserves (comprises of undrawn borrowing facility and cash and cash equivalents (Note 13) of the Group and the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

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

	Less than 1 year S$'000	**Between 2 and 5 years S$'000**
Group		
At 31 December 2018		
Trade and other payables	4,054	-
Borrowings	3,493	-
At 31 December 2017		
Trade and other payables	956	3,500
Borrowings	3,421	-
At 1 January 2017		
Trade and other payables	1,179	3,500
Borrowings	3,730	1,201

Notes to the Financial Statements

For the financial year ended 31 December 2018

26. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

	Less than 1 year S$'000	Between 2 and 5 years S$'000
Company		
At 31 December 2018		
Trade and other payables	4,245	-
Financial guarantee contracts	3,493	-
At 31 December 2017		
Trade and other payables	975	3,500
Borrowings	298	-
Financial guarantee contracts	3,421	-
At 1 January 2017		
Trade and other payables	864	3,500
Borrowings	-	1,201
Financial guarantee contracts	3,730	-

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise 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 increase the working capital.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables (excluding deferred revenue) less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
		(Restated)			(Restated)	
Net debt	5,850	3,727	6,401	3,898	1,532	3,477
Total equity	(5,323)	(3,230)	2,616	(3,496)	(1,082)	4,745
Total capital	527	497	9,017	402	450	8,222
Gearing ratio	N.M.	N.M.	71.0%	N.M.	N.M.	42.3%

* N.M. Not meaningful

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2018 and 2017 and 1 January 2017.

Notes to the Financial Statements

For the financial year ended 31 December 2018

26. Financial risk management (cont'd)

(e) Fair value measurements

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

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except as follows:

	Group		
	31 December		1 January
	2018	2017	2017
	S$'000	S$'000	S$'000
Financial assets, at amortised cost	2,218	-	-
Loan and receivables	-	4,382	4,060
Financial liabilities, at amortised cost	7,444	7,555	8,926

	Company		
	31 December		1 January
	2018	2017	2017
	S$'000	S$'000	S$'000
Financial assets, at amortised cost	378	-	-
Loan and receivables	-	2,996	2,284
Financial liabilities, at amortised cost	4,245	4,451	4,881

27. Related party transactions

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

a) Sales and purchases of goods and services

	Group	
	2018	2017
	S$'000	S$'000
Advances to other related parties	-	548
Remuneration paid to a close member of a director of the Company	-	26
Professional fees paid to a firm in which a director is a shareholder	-	194

Outstanding balances as at 31 December 2018 and 2017 and 1 January 2017 are unsecured and receivable/payable within 12 months from the balance sheet date and disclosed in Notes 14 and 19 to the financial statements respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2018

27. Related party transactions (cont'd)

b) *Key management remuneration*

Key management personnel compensation is as follows:

	Group	
	2018	2017
	S$'000	S$'000
Key management personnel		
Wages, salaries and short-term benefits	441	1,231
Employer's contribution to defined contribution plans, including Central Provident Fund	36	21
	477	1,252
Comprised amounts paid to:		
– Directors of the Company	130	491
– Directors of subsidiary corporations	92	182
– Other key management personnel	255	579
	477	1,252

28. Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors comprises of executive and non-executive directors.

The Board of Directors considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the four primary geographic areas namely, Singapore, Malaysia, Republic of China, Taiwan and People's Republic of China.

The Board of Directors monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as set out below, is measured differently from operating profit or loss in the consolidated financial statements.

The Group is organised into three reportable segments as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Board of Directors reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Trading and distribution:	Trading and distribution of steel raw materials, consumables, instruments and semi-finished products for steel mills, iron and steel foundries and aluminum smelters in the Asia-Pacific region and provision of ancillary services.
Aesthetic medical:	Provision of aesthetic medical services includes the provision of aesthetic medical, beauty and wellness services in Asia.
Investment and others:	Business of investment holding, provision of management services and provision of marketing, distribution and related services.

Notes to the Financial Statements

For the year ended 31 December 2018

28. Segment information (cont'd)

The segment information provided to the Board of Directors for the reportable segments is as follows:

	Trading and distribution		Aesthetic medical		Investment and others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
		(Restated)		(Restated)		(Restated)		(Restated)
Segment revenue								
- External parties	1,331	1,642	327	525	-	-	1,658	2,167
Gross profit	558	641	292	305	-	-	850	946
Other income	6	2	33	168	3	4	42	174
Other gains/(losses) - net								
- Impairment loss on financial assets	-	-	-	-	-	(1,589)	-	(1,589)
- Other	-	-	-	77	9	97	9	174
Expenses								
- Distribution	(184)	(153)	-	(6)	-	(11)	(184)	(170)
- Administrative	(164)	(108)	(189)	(921)	(1,689)	(9,200)	(2,042)	(10,229)
- Finance	-	-	-	-	(647)	(668)	(647)	(668)
Profit/(loss) before income tax	216	382	136	(377)	(2,324)	(11,367)	(1,972)	(11,362)
Income tax (expense)/credit	(14)	(22)	(5)	-	-	12	(19)	(10)
Net profit/(loss) for the financial year	202	360	131	(377)	(2,324)	(11,355)	(1,991)	(11,372)

28. Segment information (cont'd)

The segment information provided to the Board of Directors for the reportable segments is as follows: (cont'd)

	Trading and distribution		Aesthetic medical		Investment and others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
		(Restated)		(Restated)		(Restated)		(Restated)
Other information								
Impairment loss								
– Trade and other receivables	-	-	-	-	-	1,589	-	1,589
– Goodwill (Note 8)	-	-	-	-	-	7,192	-	7,192
– Customer relationships (Note 8)	-	-	-	-	-	104	-	104
Unwinding of imputed interest (Note 10)	-	-	-	-	170	161	170	161
Additions to:								
– Property, plant and equipment (Note 17)	-	-	-	-	8	9	8	9
Depreciation of property, plant and equipment (Note 8)	1	4	38	117	9	20	48	141
Assets and liabilities								
Segment and consolidated total assets	1,344	1,108	485	199	435	3,210	2,264	4,517
Segment and consolidated total liabilities	82	337	172	234	7,333	7,176	7,587	7,747

The segment profit/(loss), segment assets and segment liabilities presented to the Board of Directors are measured in a manner consistent with that of the financial statements. All items are allocated to respective reportable segments.

Notes to the Financial Statements

For the financial year ended 31 December 2018

28. Segment information (cont'd)

(a) Revenue from major products and services

Revenue from external customers is derived mainly from the trading and distribution and rendering of aesthetic medical services. Investment holding and provision of management services are included in "Others".

(b) Revenue from external customers

Revenue of S$1,247,000 (2017: S$1,436,000) is derived from 5 (2017: 5) external customers. These revenues are attributable to the trading and distribution segment.

(c) Geographical information

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

- Singapore – the Company is headquartered and has operations in Singapore. The operation in these areas are principally investment holding and trading and distribution of steel mill consumable products;
- Malaysia – the operation in these areas are principally trading and distribution of steel mill consumable products;
- Republic of China, Taiwan and People's Republic of China – the operations in these areas are principally the provision of aesthetic medical services.

	Group	
	2018	**2017**
	S$'000	**S$'000**
Revenue		
Singapore	307	113
Malaysia	1,024	1,529
Republic of China, Taiwan and People's Republic of China	327	525
	1,658	2,167
Non-current assets		
Singapore	4	10
Republic of China, Taiwan and People's Republic of China	27	66
	31	76

Notes to the Financial Statements

For the financial year ended 31 December 2018

29. Prior year adjustments

The financial statements of the Group and the Company for the financial year ended 31 December 2017 have been restated as the management had appointed 2 separate independent valuers to perform respective valuations on the fair value of the Rights Shares including the allocation of the fair value of the Rights Shares between share capital and warrant reserves and the fair value of share options is in accordance with FRS 102 – Share-based payment.

The valuation exercises from the above had resulted to restatements to be made for the Group and the Company for the financial year ended 31 December 2017 as follows:

- Fair value of the warrants arising from the 2017 Rights cum Warrant issue, amounting to S$3,507,000 be reclassified from share capital to warrant reserves;
- Measurement of the fair values of the adjusted share options due to adjustment events triggered by the 2017 Rights cum Warrant issue had resulted to restatements made to the share option reserves and share options expenses amounted to S$758,000 respectively.

As a result, certain line items have been amended on the face of the balance sheets and consolidated statement of comprehensive income of the Group. The restatements are as follows:

2017	**Group**		
Balance sheet	**As previously stated**	**Effects of restatements**	**As restated**
	S$'000	**S$'000**	**S$'000**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	57,152	(3,507)	53,645
Other reserves	1,352	2,749	4,101
Accumulated losses	(61,826)	758	(61,068)
	(3,322)	-	(3,322)
Non-controlling interests	92	-	92
Total equity	(3,230)	-	(3,230)

2017	**Company**		
Balance sheet	**As previously stated**	**Effects of restatements**	**As restated**
	S$'000	**S$'000**	**S$'000**
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	57,152	(3,507)	53,645
Other reserves	1,203	2,749	3,952
Accumulated losses	(59,437)	758	(58,679)
	(1,082)	-	(1,082)
Non-controlling interests	-	-	-
Total equity	(1,082)	-	(1,082)

Notes to the Financial Statements

For the financial year ended 31 December 2018

29. Prior year restatements (cont'd)

2017 Consolidated statement of comprehensive income	Group As previously stated S$'000	 Effects of restatements S$'000	 As restated S$'000
Expenses			
– Administrative	(10,987)	758	(10,229)
Loss attributable to:			
Equity holders of the Company	(12,027)	758	(11,269)
Non-controlling interests	(103)	-	(103)
	(12,130)	758	(11,372)
Total comprehensive loss attributable to:			
Equity holders of the Company	(11,904)	758	(11,146)
Non-controlling interests	(117)	-	(117)
	(12,021)	758	(11,263)

30. Subsequent events

a) On 31 December 2018, the proposed corporate exercise has been approved by the Shareholders as follows:

(i) Consolidation of every 2 existing ordinary shares in the capital of the Company into 1 consolidated share;

(ii) Allotment and issuance of up to 3,214,285,714 ordinary shares of the Company pursuant to the conversion of other payables of S$3,500,000 owing to the former shareholder of a subsidiary corporation (Note 19); and

(iii) Placement of 2,857,142,857 consolidated shares in the capital of the Company at an issue price of S$0.0014 for each share ("Share Subscription") totaling S$4,000,000, with up to 952,380,952 investment warrants, each carrying the right to subscribe for 1 consolidated ordinary share in the share capital of the Company at an exercise price of S$0.0014 for each new consolidated share.

Following the completion of the corporate exercises of the above (ii) and (iii) on 10 January 2019, the Group has utilised S$3,516,000 million out of the S$4,000,000 Share Subscription proceeds to settle the borrowing arising from Loan 1 (Note 20(i)) on 17 January 2019. In addition, the other payable owning to the former shareholder of a subsidiary corporation of S$3,500,000 has been converted into ordinary shares of the Company upon completion of the corporate exercises. Upon repayment of the loan and the conversion of the deferred payment liability, the Group has eliminated its debts.

Notes to the Financial Statements

For the financial year ended 31 December 2018

30. Subsequent events (cont'd)

b) On 11 March 2019, the Company has entered into a sale and purchases agreement with Tan Suying to acquire 100% of the issued and fully paid up ordinary shares in the capital of Brand X Lab Pte. Ltd. ("Brand X") for a total consideration of S$3,350,000. It primarily provides event organisation and promotion services as well as business and management consultancy services. Details of the assets acquired and liabilities assumed, revenue and profit contribution of Brand X and the effect on the cash flows for the Group are not disclosed, as the accounting for this acquisition is still incomplete at the time these financial statements have been authorised for issue. Brand X will be consolidated with effect in the financial year 2019.

31. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2019 or later periods and which the Group has not early adopted:

<u>Effective for annual periods beginning on or after 1 January 2019</u>

- SFRS(I) 16: Leases
- Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-28: Long-term Interests in Associates and Joint Ventures
- Amendments to SFRS(I) 1-19: Plan Amendment, Curtailment or Settlement
- Annual Improvements to SFRS(I)s 2015-2017 Cycle
- INT SFRS(I) 123 : Uncertainty over Income Tax Treatments Illustrative Examples

<u>Effective for annual periods beginning on or after 1 January 2020</u>

- Amendments to References to the Conceptual Framework in SFRS(I) Standards
- Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements
- Amendments to SFRS(I) 3: – Business Combinations -definition of a business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material

<u>Effective for annual periods beginning on or after 1 January 2021</u>

- SFRS(I) 17: Insurance Contracts

<u>Effective date: to be determined</u>*

- Amendments to SFRS(I) 10 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.

Notes to the Financial Statements

For the financial year ended 31 December 2018

31. New or revised accounting standards and interpretations (cont'd)

SFRS(I) 16: Leases (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of S$Nil (Note 25). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's loss and classification of cash flows.

32. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of JCG Investment Holdings Ltd. (f.k.a China Medical (International) Group Limited) on 5 April 2019.

Statistics of Shareholdings

As at 22 March 2019

Issued share capital	:	S$67,098,520
No. of issued and fully paid-up shares	:	10,624,476,623
Class of Shares	:	Ordinary Shares

Voting rights attached to shares		
On show of hands	:	One vote per shareholder
On Poll	:	One vote per share
Treasury Shares	:	Nil
Subsidiary Holdings	:	Nil

SUBSTANTIAL SHAREHOLDERS
(as recorded in the Register of Substantial Shareholders as at 22 March 2019)

	Number of Shares			
Name of Substantial Shareholders	**Direct Interest**	**%**	**Deemed interest**	**%**
Rest Investments Ltd[1]	2,857,142,857	26.9%	-	-
Chua Chuan Seng[2]	5,000	0.0%	2,857,142,857	26.9%
Yuen Pui Leng, Eunice	928,571,428	8.74%	-	-

Notes:

(1) The 2,857,142,857 voting shares described as direct interests of Rest Investments Ltd are held through UOB Kay Hian Private Limited as intermediary.

(2) Chua Chuan Seng is the sole shareholder of Rest Investments Ltd, which holds voting shares in the Company and hence he is deemed interested in such voting shares. The total deemed interest consists of 2,857,142,857 voting shares held by Rest Investments Ltd's intermediary, UOB Kay Hian Private Limited.

SHAREHOLDINGS HELD IN THE HAND OF PUBLIC SHAREHOLDERS

Based on information available to the Company as at 22 March 2019, approximately 64.36% of the shareholdings is held in the hand of public. At least 10% of the Company's issued ordinary shares are held in the hands of public at all times and the Company is in compliance with Rule 723 of the Listing Manual Section B: Rules of Catalist issued by SGX-ST.

DISTRIBUTION OF SHAREHOLDERS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	93	3.20	3,469	0.00
100 - 1,000	162	5.56	103,242	0.00
1,001 - 10,000	238	8.17	1,369,178	0.01
10,001 - 1,000,000	2,068	71.02	459,574,593	4.33
1,000,001 AND ABOVE	351	12.05	10,163,426,141	95.66
TOTAL	**2,912**	**100.00**	**10,624,476,623**	**100.00**

Statistics of Shareholdings

As at 22 March 2019

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PRIVATE LIMITED	2,900,381,307	27.30
2	YUEN PUI LENG EUNICE	928,571,428	8.74
3	LOKE LAI WAN	530,357,143	4.99
4	SOH FOOK SENG	523,214,286	4.92
5	TAN HAI TAT (CHEN HAIDA)	517,857,143	4.87
6	PHILLIP SECURITIES PTE LTD	368,421,693	3.47
7	CHUA KHOON WONG	357,142,857	3.36
8	CITIBANK NOMINEES SINGAPORE PTE LTD	339,912,000	3.20
9	WONG CHAO HSIUNG	302,142,857	2.84
10	KIOW KIM YOON	300,000,000	2.82
11	OEI SIU HOA @ SUKMAWATI WIDJAJA	228,000,000	2.15
12	YAP MEE LEE	220,000,000	2.07
13	RHB SECURITIES SINGAPORE PTE. LTD.	205,456,400	1.93
14	TGC PRIVATE OFFICE PTE LTD	142,857,143	1.34
15	DBS NOMINEES (PRIVATE) LIMITED	136,895,054	1.29
16	CHNG BENG HUA	100,500,000	0.95
17	MAYBANK KIM ENG SECURITIES PTE. LTD.	93,664,648	0.88
18	PANG CHOO HUANG	91,600,000	0.86
19	NG KIAN WAI	52,708,900	0.50
20	WONG SIONG SWEE RONSON	50,000,000	0.47
	TOTAL	**8,389,682,859**	**78.95**

Statistics of Warrantholdings

As at 22 March 2019

DISTRIBUTION OF WARRANTHOLDINGS (W201029)

SIZE OF WARRANTHOLDINGS	WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	1	0.14	50	0.00
100 - 1,000	3	0.42	1,350	0.00
1,001 - 10,000	7	0.98	30,677	0.00
10,001 - 1,000,000	480	67.04	178,575,691	6.39
1,000,001 AND ABOVE	225	31.42	2,618,310,725	93.61
TOTAL	**716**	**100.00**	**2,796,918,493**	**100.00**

TWENTY LARGEST WARRANTHOLDERS (W201029)

NO.	NAME	NO. OF WARRANTS	%
1	PHILLIP SECURITIES PTE LTD	244,396,567	8.74
2	RHB SECURITIES SINGAPORE PTE. LTD.	242,095,050	8.66
3	KIOW KIM YOON	200,000,000	7.15
4	OEI SIU HOA @ SUKMAWATI WIDJAJA	171,000,000	6.11
5	YAP MEE LEE	165,000,000	5.90
6	MAYBANK KIM ENG SECURITIES PTE. LTD.	133,157,150	4.76
7	CHNG BENG HUA	100,500,000	3.59
8	PANG CHOO HUANG	68,700,000	2.46
9	DBS NOMINEES (PRIVATE) LIMITED	64,661,150	2.31
10	TEE MAY BUAN OR ONG ENG JOO	60,000,000	2.15
11	TANG BOON SIAH	47,200,000	1.69
12	ANG KIM CHUAN	40,000,000	1.43
13	MRS CHAU-CHAN SUI YUNG	32,490,000	1.16
14	LOW SIEW YAM	27,500,000	0.98
15	LEE WEE NGAM	26,250,000	0.94
16	WONG HAN YEW	25,995,000	0.93
17	OCBC SECURITIES PRIVATE LIMITED	24,089,000	0.86
18	LEOW SIOH MOY	24,000,000	0.86
19	TEO SIEW CHOO	24,000,000	0.86
20	TAN LYE SENG	22,500,000	0.80
	TOTAL	**1,743,533,917**	**62.34**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of JCG Investment Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") will be held at 37 Jalan Pemimpin, Mapex Building, #07-13, Legacy Center Meeting Room, Singapore 577177 on Tuesday, 30 April 2019 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

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

2. To re-elect Mr Yap Siean Sin who is retiring pursuant to Article 90 of the Company's Constitution.

   *Mr Yap Siean Sin, when re-elected, will remain as Chairman of the Remuneration Committee and the Nominating Committee and a member of the Audit Committee. Mr Yap Siean Sin will be considered independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"). Additional information on Mr Yap Siean Sin may be found in Additional Information on Directors Seeking Re-Election on pages 132 to 145 of the annual report of the Company for the financial year ended 31 December 2018 ("**Annual Report**").* **(Resolution 2)**

3. To re-elect Mr Ang Kok Huan who is retiring pursuant to Article 96 of the Company's Constitution.

   Mr Ang Kok Huan, if re-elected, will remain as Interim Executive Chairman, a member of the Remuneration Committee and a member of the Nominating Committee. Additional information on Mr Ang Kok Huan may be found in Additional Information on Directors Seeking Re-Election on pages 132 to 145 of the Annual Report. **(Resolution 3)**

4. To re-elect Dr Lam Lee G who is retiring pursuant to Article 96 of the Company's Constitution.

   Dr Lam Lee G, if re-elected, will remain as Chairman of the Audit Committee, a member of the Remuneration Committee and a member of the Nominating Committee. Dr Lam Lee G will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. Additional information on Dr Lam Lee G may be found in Additional Information on Directors Seeking Re-Election on pages 132 to 145 of the Annual Report. **(Resolution 4)**

5. To re-elect Mr Cheung Wai Man, Raymond who is retiring pursuant to Article 96 of the Company's Constitution.

   Mr Cheung Wai Man, Raymond, if re-elected, will remain as a member of the Audit Committee. Mr Cheung Wai Man, Raymond will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. Additional information on Mr Cheung Wai Man, Raymond may be found in Additional Information on Directors Seeking Re-Election on pages 132 to 145 of the Annual Report. **(Resolution 5)**

6. To approve the payment of Directors' fees of S$157,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears (FY2018: S$220,000). **(Resolution 6)**

7. To re-appoint Messrs Nexia TS Public Accounting Corporation for the financial year ending 31 December 2019 as the Company's auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

8. To transact any other business that may be transacted at an annual general meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

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

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Catalist Rules, the directors of the Company (the "**Directors**") be and are hereby authorised to allot and issue:

a) shares in the capital of the Company ("**Shares**");
b) convertible securities; or
c) additional securities issued pursuant to adjustment to (b) above; or
d) Shares arising from the conversion of securities in (b) and (c) above,

in the Company (whether by way of rights, bonus or otherwise) 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 provided that:

(i) the aggregate number of Shares and convertible securities that may be issued must not be more than 100% of the total number of issued Shares excluding treasury shares, of which the aggregate number of Shares and convertible securities issued other than on a pro-rata basis to existing shareholders must not be more than 50% of the total number of issued Shares excluding treasury shares. For the purpose of determining the aggregate number of Shares and convertible securities that may be issued under this resolution, the percentage of the total number of issued Shares excluding treasury shares is based on the total number of issued Shares excluding treasury shares at the time this resolution is passed, after adjusting for (aa) new Shares arising from the conversion or exercise of convertible securities; (bb) new Shares arising from exercising of share options or vesting of share awards outstanding or subsisting at the time of the passing of this resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (cc) any subsequent bonus issue, consolidation or subdivision of Shares;

(ii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iii) unless revoked or varied by the Company in a general meeting, such authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." [See Explanatory Note (i)] **(Resolution 8)**

By Order of the Board

Ong Beng Hong/Tan Swee Gek
Company Secretaries
15 April 2019

Notice of Annual General Meeting

Explanatory Notes:

(i) The ordinary resolution 8 proposed above, if passed, will empower the Directors from the passing of the AGM until the date of the next annual general meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding, in total, 100% of the number of issued Shares in the capital of the Company at the time of passing of this resolution, of which up to 50% may be issued other than on a pro-rata basis to existing shareholders of the Company. For determining the aggregate number of Shares that may be issued the total number of issued Shares excluding treasury shares shall be calculated based on the total number of issued Shares excluding treasury shares at the time of this ordinary resolution 8 above is passed after adjusting for new Shares arising from the conversion or exercise of convertible securities, share options or vesting of share awards which are outstanding or subsisting at the time this ordinary resolution 8 above is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

Notes:

1) (a) A member who is not a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

2) A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on its behalf.

3) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her 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.

4) The instrument appointing the proxy must be deposited at the registered office of the Company at 80 Robinson Road #17-02 Singapore 068898 not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.

5) The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, 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 or by attending the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation, compilation and publication of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Additional Information on Directors seeking re-election

Mr Yap Siean Sin, Mr Ang Kok Huan, Dr Lam Lee G and Mr Cheung Wai Man, Raymond are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 30 April 2019 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist ("Catalist Rules"), the information relating to the Retiring Directors as set out in Appendix 7F of the Catalist Rules is set out below:

	MR YAP SIEAN SIN	MR ANG KOK HUAN	DR LAM LEE G	MR CHEUNG WAI MAN, RAYMOND
Date of Appointment	27 June 2017	31 December 2018	14 May 2018	28 February 2019
Date of last re-appointment	24 April 2018	Not Applicable	Not Applicable	Not Applicable
Age	59	49	59	41
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Mr Yap Siean Sin for re-appointment as an Independent Director of the Company. The Board has reviewed and concluded that Mr Yap Siean Sin possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Mr Ang Kok Huan for re-appointment as Interim Executive Chairman and Chief Executive Officer of the Company. The Board has reviewed and concluded that Mr Ang Kok Huan the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Dr Lam Lee G for re-appointment as an Independent Director of the Company. The Board has reviewed and concluded Dr Lam Lee G possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Mr Cheung Wai Man, Raymond for re-appointment as an Independent Director of the Company. The Board has reviewed and concluded Mr Cheung Wai Man, Raymond possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.

Additional Information on Directors seeking re-election

	MR YAP SIEAN SIN	MR ANG KOK HUAN	DR LAM LEE G	MR CHEUNG WAI MAN, RAYMOND
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Responsible for overseeing the overall management of the Group's business. In addition, Mr Ang Kok Huan will be tasked with leading the strategic review of the Group's business as well as implementing the future plans of the Group as approved by the Board.	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee.	Interim Executive Chairman, Chief Executive Officer and a member of the Nominating Committee and Remuneration Committee	Independent Director, Chairman of Audit Committee, and a member of the Nominating Committee and Remuneration Committee	Independent Director and a member of the Audit Committee
Professional qualifications	Corporate member of the Royal Institute of British Architects, Malaysian Institute of Town Planners, Malaysian Institute of Architects, British Institute of Interior Design, and an Associate Member of the British Institute of Building Engineers.	Nil	Solicitor of the High Court of Hong Kong, Accredited Mediator of the Centre for Effective Dispute Resolution, Fellow of CMA Australia, the Institute of Public Accountants, the Institute of Financial Accountants, the Hong Kong Institute of Arbitrators, and the Hong Kong Institute of Directors, and Honorary Fellow of CMA Australia, the Hong Kong Institute of Facility Management and the University of Hong Kong School of Professional and Continuing Education.	Associate member of the Institute & Faculties of Actuaries, UK and Associate of Singapore Actuarial Society.

Additional Information on Directors seeking re-election

	MR YAP SIEAN SIN	MR ANG KOK HUAN	DR LAM LEE G	MR CHEUNG WAI MAN, RAYMOND
Working experience and occupation(s) during the past 10 years	2009 – present Executive Director in Spring Rise Pte Ltd 1995 – present Executive Director in Cavacole (S) Pte Ltd	March 2013 – March 2018 Deputy Head & Portfolio Manager, Managed Accounts Department, Philip Securities Pte Limited October 2007 – February 2013 Independent Stock Broker, Philip Securities Pte Limited	May 2015 - present Non-Executive Chairman - Hong Kong and ASEAN Region and Chief Adviser to Macquarie Infrastructure and Real Assets Asia May 2007 - March 2015 Chairman - Hong Kong, Indochina, Myanmar and Thailand and Senior Adviser to Macquarie Capital Asia	November 2018 – Present Chief Risk Officer, BMFA Group Pte. Ltd. June 2014 – Present Director, BRCA Pte Ltd March 2018 – November 2018 Chief Strategy Officer, Symbo Platform Holdings Pte Ltd April 2016 to February 2018 Regional Insurance Lead, GrabTaxi Holdings Pte Ltd December 2013 to June 2014 Chief Risk Officer & Group Head of Compliance, Asia Capital Reinsurance Group April 2011 to December 2013 - Chief Risk Officer, AIG Asia Pacific Insurance - Regional Head of Insurance Portfolio / Aggregation Risk (ERM), AIG APAC Holdings June 2010 to April 2011 Associate Director, Standard & Poor's November 2008 to June 2010 AVP, Head of Actuarial & Pricing, OAC Insurance

Additional Information on Directors seeking re-election

	MR YAP SIEAN SIN	MR ANG KOK HUAN	DR LAM LEE G	MR CHEUNG WAI MAN, RAYMOND
Shareholding interest in the listed issuer and its subsidiaries	No	No	No	No
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	No	No	No	No
Conflict of Interest (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes

Additional Information on Directors seeking re-election

	MR YAP SIEAN SIN	MR ANG KOK HUAN	DR LAM LEE G	MR CHEUNG WAI MAN, RAYMOND
Other Principal Commitments* Including Directorships# (for the last 5 years) * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)	Past (for the past 5 years): Nil Present: Spring Rise Pte Ltd Cavacole (S) Pte Ltd Asia-Pacific Strategic Investment Limited Cosmos Gateway Sdn. Bhd. Snap Innovations Sdn. Bhd. Pacific Coast Pte. Ltd. Huizhou Energy Sdn. Bhd. WTE Holdings Pte. Ltd. Indusplex Sdn. Bhd. Spring Malaysia (MM2H) Sdn. Bhd. Timur Baiduri Sdn. Bhd. Arealink Corporation Sdn. Bhd. Seni Rancang (M) Sdn. Bhd. Moi Siean Holdings Sdn. Bhd. Jururancang YSS (Sole Proprietorship) Arkitek Seni Perundung. (Sole Proprietorship)	Past (for the past 5 years): ANGUS Asset Management Pte Ltd ANGUS F&B Pte Ltd ANGUS International Holdings Pte Ltd Present: Nil	Past (for the past 5 years): China Communication Telecom Services Haitong Securities Co Ltd Far East Holdings International Limited Green ICT Consortium Limited Guardian Fund Limited Heng Fai Enterprises Limited Hong Kong Hillston Investment Limited Hutchison Harbour Ring Limited Imagi International Holdings Limited Lee G. Lam Associates Inc. Mingyuan Medicare Development Company Limited Next-Generation Satellite Communications Limited Pacific Star Capital Investment Limited Pacific Star Group Limited Pacific Star Management Services Limited Roma Group Limited Rowsley Ltd Ruifeng Petroleum Chemical Holdings Ltd Sino-Australian International Trust Company Limited UDL Holdings Limited Vietnam Equity Holding (VEH) (Vietnam Property Holding merged into (VEH) w.e.f. Jun 30, 2017) Wai Chun Mining Industry Group Co. Ltd. Present: Adamas Finance Asia Limited Asia-Pacific Strategic Investments Limited AustChina Holdings Limited (fka Coalbank Limited) China LNG Group Limited	Past (for the past 5 years): BRCK Asia Partners Present: BRCA Pte Ltd JPL Advisory LLP SWIFTAGRO Pte. Ltd. WTSG Pte. Ltd. Fandom Networks Singapore (in the process of striking off) Fandom Community Foundation (in the process of striking off)

Additional Information on Directors seeking re-election

	MR YAP SIEAN SIN	MR ANG KOK HUAN	DR LAM LEE G	MR CHEUNG WAI MAN, RAYMOND
			China Shandong Hi-Speed Financial Group Limited Chiu Yang Resident's Association of Hong Kong Limited CSI Properties Limited Elife Holdings Limited (fka Sino Resources Group Limited) Glorious Sun Enterprises Limited Haitong Securities Company Limited Hong Kong Casin Holdings Limited Hong Kong Cyberport Management Company Hong Kong Strategy Limited Hong Kong SWATOW Merchants Association (STCC) Hong Kong-ASEAN Economic Cooperation Foundation Limited Hong Kong-Vietnam Chamber of Commerce Limited Hua Long Jin Kong Company Limited (fka Highlight China IoT Int ernational Limited) Huarong Investment Stock Corporation Limited ITF Corporation Kidsland International Holdings Limited Mei Ah Entertainment Group Limited Monte Jade Science & Technology Association of Hong Kong Limited Murray, Lam & Kan Capital Limited National Arts Entertainment and Culture Group Ltd.	

Additional Information on Directors seeking re-election

	MR YAP SIEAN SIN	MR ANG KOK HUAN	DR LAM LEE G	MR CHEUNG WAI MAN, RAYMOND
			Orange Grove Enterprises PTE. Ltd. Pacific Basin Economic Council ltd. Singapore eDevelopment Ltd Sunwah International Limited Sunwah Kingsway Capital Holdings Limited TechMatrix Research Centre Limited The Australian Chamber of Commerce in Hong Kong and Macau The Chinese General Chamber of Commerce (CGCC) The Hong Kong Real Property Federation The Overseas Teo Chew Entrepreneurs Association Limited The University of Hong Kong School of Professional and Continuing Education Alumni Limited Tianda Pharmaceuticals Limited Top Global Limited Vongroup Limited Xi'an Haitiantian Holdings Company Limited (fka Xi'an Haitian Antenna Holdings Company Limited) Zhuhai Da Heng Qin Company Limited	

Additional Information on Directors seeking re-election

	MR YAP SIEAN SIN	MR ANG KOK HUAN	DR LAM LEE G	MR CHEUNG WAI MAN, RAYMOND
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	No

Additional Information on Directors seeking re-election

	MR YAP SIEAN SIN	MR ANG KOK HUAN	DR LAM LEE G	MR CHEUNG WAI MAN, RAYMOND
(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	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No

Additional Information on Directors seeking re-election

	MR YAP SIEAN SIN	MR ANG KOK HUAN	DR LAM LEE G	MR CHEUNG WAI MAN, RAYMOND
(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	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No

Additional Information on Directors seeking re-election

	MR YAP SIEAN SIN	MR ANG KOK HUAN	DR LAM LEE G	MR CHEUNG WAI MAN, RAYMOND
(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	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	No

Additional Information on Directors seeking re-election

	MR YAP SIEAN SIN	MR ANG KOK HUAN	DR LAM LEE G	MR CHEUNG WAI MAN, RAYMOND
(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	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No

Additional Information on Directors seeking re-election

	MR YAP SIEAN SIN	MR ANG KOK HUAN	DR LAM LEE G	MR CHEUNG WAI MAN, RAYMOND
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No

Additional Information on Directors seeking re-election

	MR YAP SIEAN SIN	MR ANG KOK HUAN	DR LAM LEE G	MR CHEUNG WAI MAN, RAYMOND
(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	No	No
Disclosure applicable to the appointment of Director only				
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A	N.A	N.A	N.A

This page has been intentionally left blank.

This page has been intentionally left blank.

PROXY FORM

ANNUAL GENERAL MEETING
JCG INVESTMENT HOLDINGS LTD.
ACRA Registration Number: 200505118M
(Incorporated in the Republic of Singapore)

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. This Proxy Form is therefore, not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective CPF Approved Nominees so that their CPF Approved Nominees may register, in the required format, with the Company's Registrar.

I/We,____ (Name)
of____(Address)
being a *member/members of **JCG Investment Holdings Ltd.** (the "**Company**") hereby appoint

Name	**NRIC/Passport No.**	**Proportion of *my/our Shareholding**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of *my/our Shareholding**	
		No. of Shares	**%**
Address			

or failing him/her/them, the Chairman of the Annual General Meeting ("**AGM**"), as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM of the Company, to be held at 37 Jalan Pemimpin, Mapex Building, #07-13, Legacy Center Meeting Room, Singapore 577177 on Tuesday, 30 April 2019 at 2.30 p.m., and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM. The resolutions put to vote at the AGM shall be decided by poll.

No.	**Resolutions relating to:**	**For**	**Against**
	Ordinary Business		
1	Adoption of Directors' Statement, Auditors Report and Audited Financial Statements for the financial year ended 31 December 2018		
2	Re-election of Mr Yap Siean Sin as a Director of the Company		
3	Re-election of Mr Ang Kok Huan as a Director of the Company		
4	Re-election of Dr Lam Lee G as a Director of the Company		
5	Re-election of Mr Cheung Wai Man, Raymond as a Director of the Company		
6	Approval of Directors' Fees for the financial year ending 31 December 2019		
7	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors of the Company		
	Special Business		
8	Authority to allot and issue shares		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolutions as set out in the Notice of AGM.)

* Please delete accordingly

Dated this __________day of _______________ 2019

Number of Shares held in	
CDP Register	
Register of Members	
TOTAL	

____
Signature of Shareholder(s) or Common Seal

Important: Please read notes overleaf

Notes:

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

2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 80 Robinson Road #17-02 Singapore 068898, not less than 48 hours before the time set for the AGM.

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

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

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

8. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the AGM if he is able to do so.

9. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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

JCG INVESTMENT HOLDINGS LTD

JCG INVESTMENT HOLDINGS LTD.

(Company Registration Number: 200505118M)

REGISTERED OFFICE
80 Robinson Road #17-02
Singapore 068898

BUSINESS ADDRESS
600 North Bridge Road
#06-02 Parkview Square
Singapore 188778
T (65) 6708 7630
E ir@jcg-investment.com
W www.jcg-investment.com