Advancer Global 前进集团

ANNUAL REPORT 2018

CREATING VALUE THROUGH INTEGRATION WITH TECHNOLOGY

CONTENTS

CORPORATE PROFILE

Advancer Global's Vision is to be the pre-eminent solutions provider, known for our technology innovations, professional and excellent services and best practices.

Listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on 11 July 2016, Advancer Global Limited (前进集团有限公司) and together with its subsidiaries and associated companies ("**Advancer Global**" or the "**Group**"), is a leading integrated solutions provider that specialises in providing workforce solutions and facilities management services through the Group's Employment Service and Facilities Management Service divisions.

The Employment Services division operates through its well-recognised brand, "Nation" and "Enreach" to offer integrated and comprehensive employment solutions including sourcing, recruitment, training and deployment of Foreign Domestic Workers ("**FDWs**") to households and foreign workers to corporations. Nation has been operating as one of the largest and most respected FDW employment agency since year 2010, in serving the community which had entrusted us to create an amicable atmosphere in their households and give them a peace of mind in caring for their loved ones.

The Facilities Management Services division, which encompasses the Building Management Services and Security Services business, have been on the path of transformation with the objective to provide an impetus of growth by integrating technology with a holistic and integrated set of solutions for our customers.

The Group's value proposition is derived from its expertise and specialisation in providing consistent and quality services to our wide and diverse base of employment service customers and facilities management customers.

Our broad-based capabilities range from property management, security services, pest control, cleaning and stewarding, gardening and landscaping to waste management and recycling services for customers in real estate and building management sectors covering residential, commercial and industrial premises.

Amidst the changing landscape in the industries in which we operate, the Group's vision is to be the pre-eminent solutions provider known for our technology innovations, professional and excellent services and best practices.

Visit us at https://advancer.sg

LETTER TO SHAREHOLDERS

MR. DESMOND CHIN
Executive Chairman

MR. GARY CHIN
Chief Executive Officer & Executive Director

Dear Shareholders

On behalf of the Board of Directors (the "**Board**") of Advancer Global Limited (前进集团有限公司) and together with its subsidiaries and associated companies ("**Advancer Global**" or the "**Group**"), we are pleased to present to you our annual report for the financial year ended 31 December 2018 ("**FY2018**").

TECHNOLOGY & INNOVATION

In the year of review, the Employment Services division retained its position as one of the leading employment agencies in Singapore, with one of the highest number of placements of Foreign Domestic Workers ("**FDWs**").

As the world shifts to a greater adoption of the Internet of Things (IoT), the Group's Facilities Management Services division has continued to focus on integrating technology in its operations, improving productivity and bringing greater benefits for our customers. Another key trend is the increasing demand for cloud-based facility management solutions which the Group is currently exploring.

The Group's Smart Toilet System had successfully undergone 'proof of concept' at several key facilities with heavy traffic movements and we are pleased to report that the system will be progressively deployed at more locations in 2019.

In a press release dated 8 February 2018 jointly issued by the Building and Construction Authority ("**BCA**") and the Council for Estate Agencies[1], it was mentioned that the Real Estate Industry Transformation Map initiatives will focus on transforming the Facilities Management sector by adopting Smart Facilities Management solutions such as real-time monitoring, predictive maintenance and automation that improves a building's operational efficiency. Subsidiaries under the Facilities Management Services division such as managing agents, cleaning, landscape and pest control services stand to benefit from such initiatives.

The Security Services division also had a significant year as the Industry Transformation Map[2] extended to develop the industry into a more vibrant, technologically advanced and competitive sector, so it can move in tandem with the demands of a smart urban living. This is in line with the Singapore Government's strategy for pushing security agencies to adopt technology, boost productivity and reduce reliance on headcount.

1 https://www.bca.gov.sg/newsroom/others/PR_REITM.pdf

2 https://www.mha.gov.sg/newsroom/speeches/news/launch-of-the-security-industry-transformation-map-and-skills-framework-for-security-speech-by-mrs-josephine-teo-minister-prime-minister-s-office-second-minister-for-home-affairs-second-minister-for-manpower

LOOKING AHEAD – OUR STRATEGY

The year ahead remains challenging in view of the soft economic growth. The Group aims to continue to invest in innovation and technology to improve its operations while managing its costs prudently.

In the coming year, the Employment Services division will focus on improving the quality of our FDWs, and continue to target new growth sectors (such as the ageing population) through a series of outreach programmes to better appreciate our key customers. We will continue to grow the outreach of our brand by leveraging on social media platforms and digital mobile devices to assist in employers' search for FDWs and household solutions. The Group is also exploring to develop and expand its employment business in Japan, in view of its strategic alliance with Fullcast Holdings Co., Ltd..

The ability to respond quickly to changing market conditions is critical to managing the Facilities Management Services division's business efficiently. The acquisitions have allowed the Group to scale operations substantially while maintaining a core presence in different market segments and to provide services for separate sets of clienteles.

We are clear on the role of technology and innovation can play in driving our Facilities Management Services division's business. In our pursuit of innovation, we are guided by our intent to improve users' experience through simplifying processes, enhancing operations efficiency and enabling measurable return on investments. The Group also practises the sharing of best practices across the subsidiaries, and particularly between newly acquired and existing subsidiaries of the Group to enhance the quality and consistency of our service offerings.

The Facilities Management Services division recorded high retention rates of customers because the Group's offerings have inspired high levels of confidence, trust and assurance of quality service. With synergy and support from subsidiaries, we have confidence in our ability and the competitive advantage to go for bigger contracts and a larger share of the market.

REWARDING SHAREHOLDERS

The Facilities Management Services division fared well in the financial year under review, contributing to a 5.2% increase in revenue from $52.1 million in FY2017 to $54.8 million in FY2018 but this was offset by the reduced number of FDW placements in the Employment Services division. The higher cost of sales attributable to rising manpower costs, for the Facility Management Services and higher recruitment costs paid for the Employment Services, which had affected the Group's gross profit for FY2018 and caused a decrease by 8.5% from $18.9 million in FY2017 to $17.3 million in FY2018.

The Directors are pleased to recommend a final one-tier tax exempt dividend of 0.15 Singapore cent per share for FY2018. An interim one-tier tax exempt interim dividend of 0.25 Singapore cent per share has been paid on 28 September 2018. Subject to shareholders' approval for the final one-tier tax exempt dividend of 0.15 Singapore cent per share, the full year dividend for FY2018 would be 0.40 Singapore cent per share.

A WORD OF APPRECIATION

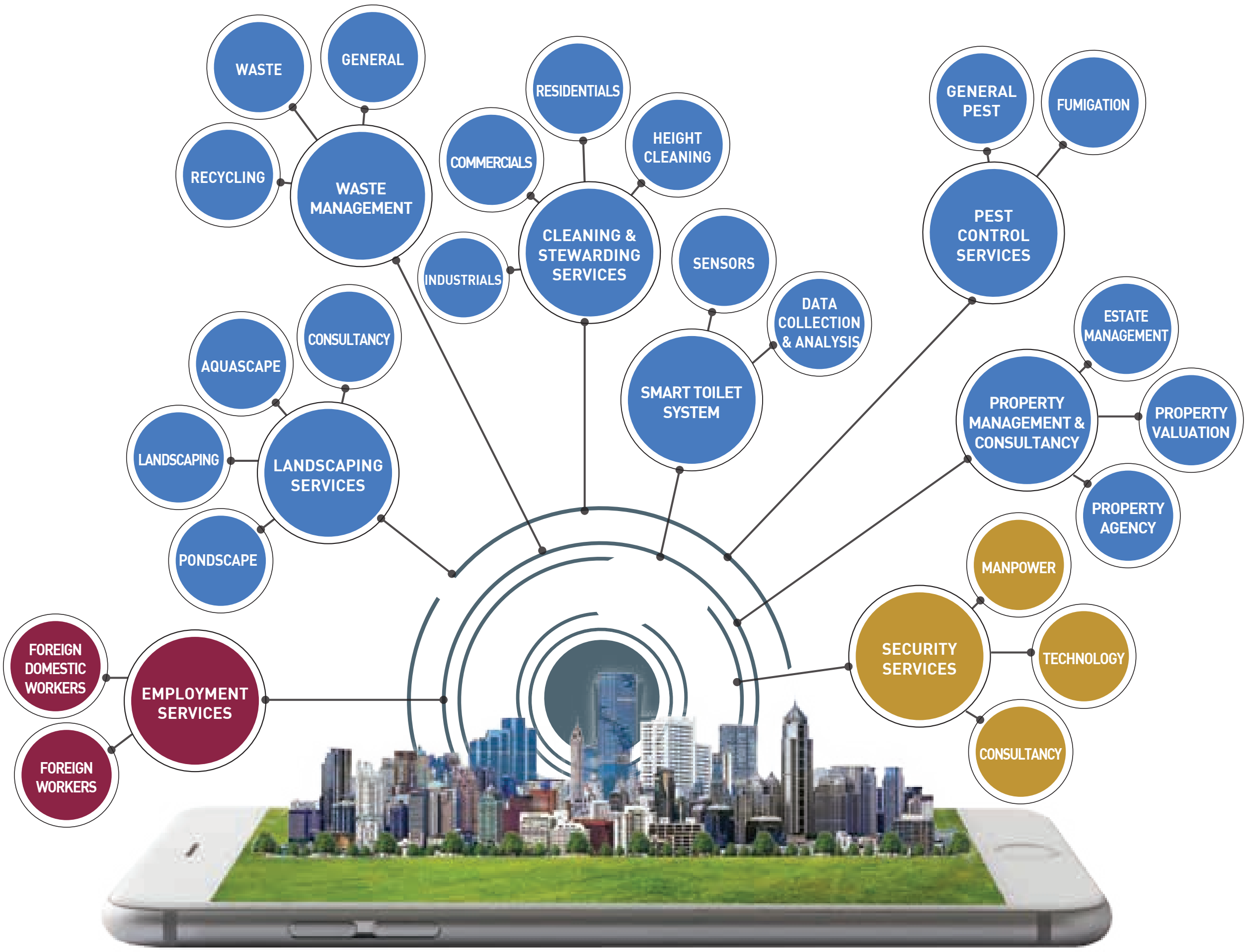
The continually evolving business environment presents a range of challenges and opportunities. The Group has been able to sustain and grow, thanks to the hard work, dedication and commitment of management and staff. I would also like to extend my appreciation to all business associates, partners, suppliers, loyal customers and shareholders for your patience and continuous support.

Lastly, I would like to thank all the members of the Board for their counsel and guidance as we walk together on the journey of progress.

DESMOND CHIN
Executive Chairman

GARY CHIN
Chief Executive Officer and
Executive Director

BUSINESS SEGMENTS



OUR BUSINESS MODEL

Advancer Global's business model was developed by reviewing the potential opportunities in the markets which we operate in order to generate the greatest positive impact on the Group's revenue, business continuity as well as sustainability in the long run.

The Group has two core business segments: (i) Employment Services division and (ii) Facilities Management Services division which encompasses the Building Management and Security Services.

Employment Services	One-stop service for the sourcing, recruitment, training and deployment of FDWs for households, as well as sourcing and employment of foreign workers to, amongst others, corporate organisations and institutions.
Building Management Services	Integrated building facility management services, including property consultancy, property and facilities management services, property valuation and investment sales, cleaning and stewarding, waste management and recycling, gardening and landscaping, pest control and fumigation services to, amongst others, hospitals, hotels, schools, residential, commercial and industrial properties.
Security Services	Security solutions and services equiped a pool of well-trained security officers with a fully-integrated smart security system to, amongst others, commercial, industrial and residential properties, as well as security escort services, remote surveillance, centralised command centre for live monitoring and security consultancy services such as crisis management.

EMPLOYMENT SERVICES

The Group is one of the pioneers and market leaders in the employment services industry in Singapore. Through its well-entrenched subsidiaries with established brand names, "Nation" and "Enreach", the Employment Services division provides integrated and comprehensive employment solutions and services including sourcing, recruitment, training, and deployment of foreign domestic workers to households and foreign workers to corporations.

As Singapore moves towards an ageing population, the demand for caregivers for ageing parents and/or elderly relatives have increased. In view of this, the Group had during the financial year, formed strategic alliances with a caregiver training provider to enhance our basic elderly care training programme. Employers can send their FDWs for additional elderly care training. Trainees get practical hands-on training under simulated learning environments and enhanced knowledge through theoretical teachings.

The Group has also re-aligned its marketing strategy to focus on digital media to target the changing demographics (children with elderly parents) and users' behavior in the search for FDWs (increasing trend of using mobile devices and social media platforms).

Eldercare Training Programme

Nation 力業 Lic. No.: 12C5507

Enreach Employment Lic. No.: 09C4745

BUSINESS SEGMENTS

Foreign Domestic Workers (FDWs) receiving Certificates after successfully completed the 3-days Elderly Care Training Programme conducted by industry partner, Aaxxon.

BUILDING MANAGEMENT SERVICES

The Group strives to be a key player, providing a full spectrum of integrated facilities management solutions and value-add services to meet the needs of our customers in the residential, commercial and industrial premises.

The Group's subsidiaries and associated companies offer: (i) cleaning and stewarding services (namely Master Clean Facility Services Pte. Ltd., World Clean Facility Services Pte. Ltd. and First Stewards Private Limited); (ii) property consultancy, property and facilities management services (Newman & Goh Property Consultants Pte Ltd and Newman & Associates Pte. Ltd.); (iii) specialised pest control services such as fumigation and elimination of pest infestations (Premier Eco-Care Pte. Ltd. and Prestige Enviro-Care Pte. Ltd.); (iv) gardening and landscaping (Envirocare Landscape (S) Pte. Ltd. and Country Cousins Pte. Ltd.) and (v) waste management and recycling solutions (TEE Environmental Pte. Ltd., TEE Recycling Pte. Ltd. and Envotek Engineering Pte. Ltd.).

Technological development is propelling the facilities management industry to stay abreast of the changing landscape. The Group has responded by infusing our business with technology and innovation.

Cleaning

Pest Control

Landscaping

Property Management

Our Smart Integrated Facilities Management initiative has paid off with the successful development and implementation of the Smart Toilet System and supported by data analytics, a series of mobile applications and cloud-based solutions.

During the financial year under review, Building Management Services maintained its high retention rates of 87.9% which is an indication of customers' satisfaction with the high quality of service and professionalism of our team.

Faced with the manpower crunch and rising wage costs as a result of the Progressive Wage Model, we will continue to stay in the forefront of the industry trends and support our customers' core business by anticipating their various needs, whether for better service management and delivery, while taking into consideration the processes as well as users' experience in our service offerings.

SECURITY SERVICES

The private security industry in Singapore is also transforming as customers are moving towards outcome-based contracts specifying the result that the customer wants to achieve and leaving the security agencies free to innovate and compete on how best to achieve this outcome instead of output-based contracts stipulating the headcount required.

To meet the new challenges, the Group's Security business segment has restructured and enhanced its physical security resources with integrated smart security solutions, supported by four subsidiaries, namely KC Security & Investigation Services Pte. Ltd., KH Security Agency Pte. Ltd., Ashtree International Pte. Ltd. and AGS Integration Pte. Ltd.. The Group has also made the move towards further integrating technology such as intelligent surveillance cameras, live monitoring via the centralised command centre, biometric systems and backend AI based platforms to help customers mitigate risks under their business continuity plans. Adopting technology is a necessary step as the industry is staffed by a mature workforce, increasing training costs to upgrade skills, and fulfilling government regulations such as the Progressive Wage Model to provide an equitable income for workers in this category over the next two years.

Overall, the Security business segment has done well with high retention rate of 85.8% in the year under review.

Security

CORPORATE SOCIAL RESPONSIBLITY

Advancer Global believes that, as a good corporate citizen, it's our obligations to contribute to the enhancements of the society at large, including economic, social and the environment. We do this through a series of Corporate Social Responsibility ("**CSR**") programmes, such as participating in meaningful causes, philanthropy and volunteering activities.

OUR COMMITMENT TO STAKEHOLDERS

The Group is committed to giving back to the community it serves, and also encourages active participation by its employees to make a difference to the community by volunteering and supporting worthy causes.

The Group is an ardent advocate of fair treatment and empowering FDWs to lead meaningful lives during their stay in Singapore. We partnered with NGOs (non-government organisations) such as the Centre for Domestic Employees, Foreign Domestic Worker Association for Social Support and Training and Humanitarian Organisation for Migration Economics and support their initiatives to build a better working environment for FDWs.

Our Group's Executive Chairman, Mr. Desmond Chin also sits on the Board of Trustees of the Domestic Employees Welfare Fund set up by National Trades Union Congress to help distressed domestic employees.

The Group organises the bi-annual Nation Cooking Competition where employers and their FDWs pair up to create healthy dishes in an hour-long cookout. The aim is to foster closer relationship and create trust in each other through interaction and effective communication.

MAKING A DIFFERENCE TO THE COMMUNITIES WE SERVE

Giving back to the community is in our DNA and we actively encourage our staff to be involved in a variety of ways.

- From time to time, there may be FDWs who had to return home for medical reasons. The Group engaged in fund raising through Nation Human Resources Pte. Ltd. to help these FDWs meet the costs of medical treatment and/or support the families during the hardship period.

- Employees from Nation Human Resources Pte. Ltd. also participated at the Pink Ribbon Walk 2018 in support of Breast Cancer Awareness.

Employees participated at the Pink Ribbon Walk 2018

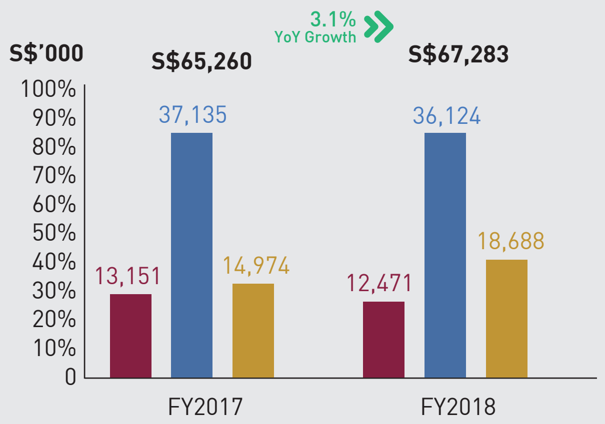
FINANCIAL HIGHLIGHTS

For the financial year ended 31 December

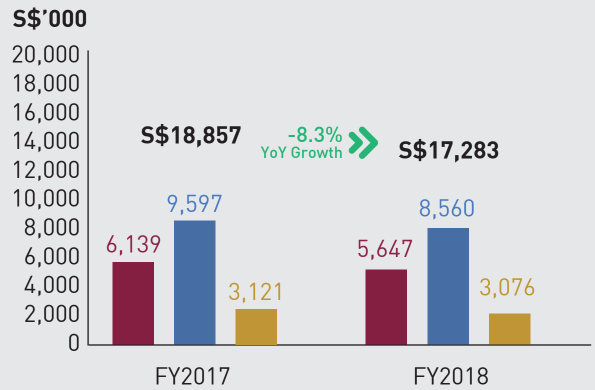
Income Statement (S$'000)	2018	2017
Revenue	67,283	65,260
Gross profit	17,283	18,857
Profit before tax	1,516	3,375
Profit attributable to owners of the Company	1,336	3,056
Balance Sheet (S$'000)		
Shareholders' equity	43,751	21,621
Total assets	53,259	34,391
Total liabilities	9,149	12,326
Net asset value	43,751	21,621
Net tangible asset value	37,250	14,535
Cash and bank balances	26,006	8,033
Net loans and borrowing	Net Cash	Net Cash
Per Share (Singapore Cents)		
Basic earnings[1]	0.64	1.69
Net asset value[2]	17.41	11.64
Net tangible asset value[2]	14.82	7.83
Dividends[2][3]	0.40	0.83
Financial Ratios		
Return on equity	3.1%	14.13%
Return on assets	3.05%	9.73%
Dividend payout ratio	75.50%	50.43%

Notes:
(1) For illustrative purposes, basic earnings per share was computed based on the weighted average number of ordinary shares of 180,980,808 and 208,030,230 for FY2017 and FY2018 respectively.
(2) For illustration purposes, net asset value per share, net tangible asset per share and dividends per share were computed based on the number of Company's ordinary shares (excluding treasury shares) of 185,672,589 and 251,348,691 at the end of FY2017 and FY2018 respectively.
(3) An interim dividend of S$0.0025 per share was paid in September 2018. A final one-tier tax-exempt dividend of S$0.0015 per share for the second half of FY2018 is recommended, subject to the approval of the shareholders at the forthcoming annual general meeting to be held on 29 April 2019.

REVENUE BY BUSINESS SEGMENTS



GROSS PROFIT BY BUSINESS SEGMENTS



Employment Services | Building Management Services | Security Services

PERFORMANCE REVIEW

Training in infant care.

Face-to-face interview with potential employers.

Advancer Global achieved revenue of S$67.3 million for FY2018, an increase of S$2.0 million or 3.1% over FY2017, attributed by the increase in service income from the Facilities Management Services division, comprising (i) new and on-going security projects, (ii) property management services and (iii) gardening and landscaping services. However, the increase was offset by the decrease in (i) the number of FDWs that the Group has placed out to Singapore households, and (ii) service income from cleaning services and pest control services.

The Group maintained its high retention rate from existing customers, at 87.9% for its Building Management Business and 85.8% for its Security Services Business. As at 31 December 2018, the Group had service contracts (with varying contract periods) amounting to approximately S$3.7 million monthly from its facility management projects.

BUSINESS SEGMENTAL REVIEW

FYE 31 Dec (S$'000)	Revenue			Gross Profit			Gross Margin	
	FY2018	FY2017	YoY Change	FY2018	FY2017	YoY Change	FY2018	FY2017
Employment Services	12,471	13,151	(5.2%)	5,647	6,139	(8.0%)	*45.3%*	*46.7%*
Building Management Services	36,124	37,135	(2.7%)	8,560	9,597	(10.8%)	*23.7%*	*25.8%*
Security Services	18,688	14,974	24.8%	3,076	3,121	(1.4%)	*16.5%*	*20.8%*
Total	**67,283**	**65,260**	**3.1%**	**17,283**	**18,857**	**(8.3%)**	**25.7%**	**28.9%**

PERFORMANCE REVIEW

The Group's cost of sales increased by 7.8% from S$46.4 million in FY2017 to S$50.0 million in FY2018 mainly due to increase in direct labour costs for the Security Services Business. The decrease in gross profit margin was mainly due to the (i) higher average recruitment cost to overseas recruiters for the Employment Services Business, (ii) increase direct labour cost of the pest control services for the Building Management Business, and (iii) increase in average salaries of security guards for the Security Services Business.

The Group's other operating income has also gone upwards to S$1.7 million in FY2018 compared to S$1.3 million in FY2017, due to (i) an increase in the amount from government credit schemes such as Wage Credit Scheme as a result of under-accrual in FY2017, (ii) reversal of loss allowance for trade receivables in FY2017 and (iii) interest income from fixed deposits placed with the banks.

The Group's administrative expenses increased by 4.4% from S$16.7 million in FY2017 to S$17.4 million in FY2018 mainly as a result of (i) higher administrative staff costs, (ii) increased bad debt written-off arising from Group's cleaning and pest controls businesses of which 93.2% was due to bankruptcy of a hotel's owner and (iii) increased advertising fees, professional fees, depreciation, amortisation expenses of intangible assets, loss on fair value re-measurement of contingent consideration payable in relation to the acquisition and impairment of an unquoted China investment. This is partially offset by the decrease in operating lease expenses for motor vehicles, office premises and staff accomodation as well as a subsidiary's director's remuneration.

The effective tax rate of 8.0% in FY2018 was slightly higher than 7.8% in FY2017 mainly due to the expiration of Productivity and Innovation Credit Scheme which allowed 400% tax deductions for qualifying expenditure in FY2017. Consequently, net profit after tax decreased by 55.2% to S$1.4 million in FY2018, down from S$3.1 million in FY2017. Earnings per share based on weighted average number of 208,030,230 shares decreased from 1.69 Singapore cents in FY2017 to 0.64 Singapore cents in FY2018.

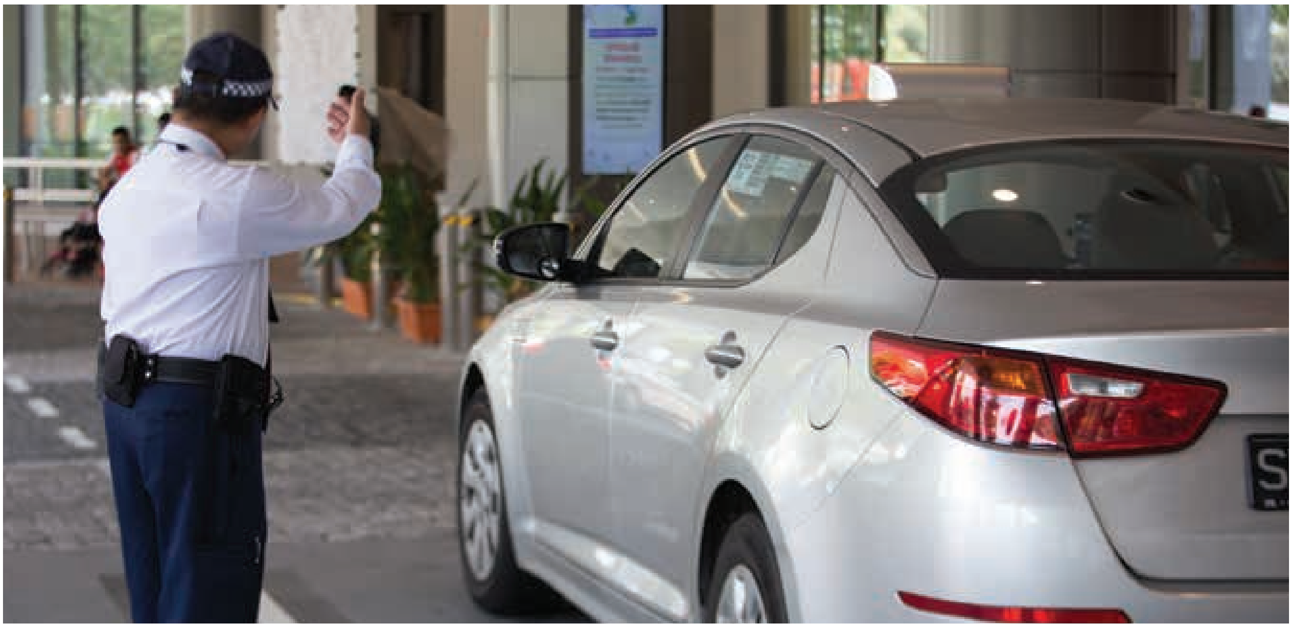
FINANCIAL POSITION

The Group's current assets increased by S$19.3 million to S$44.0 million as at 31 December 2018, mainly due to an increase of (i) trade receivables of S$743,000 and other receivables of S$98,000, (ii) cash and cash equivalents of S$18.0 million and (c) inventory of S$509,000 comprising mainly electronic products for security related projects and cleaning projects.

The increase in trade receivables was in line with the increase in revenue for FY2018. The increase in other receivables was mainly due to (i) deposits on investments, (ii) deposit paid for software development in relation to cleaning business, (iii) prepayment of remuneration to a subsidiary's director (who is an independent and unrelated third party to the Directors and controlling shareholders of the Company) for his continuing employment with the Group, and (iv) increase in receivables from government credit schemes. This was partially offset against (i) the repayment of loan from Group's associate company, G3 Environmental Private Limited, and (ii) decrease in advances to recruiters for the Employment Service Business, (iii) advances to staff (who are independent and unrelated third parties to the Directors and controlling shareholders of the Company), and (iv) prepayment and deposits in relation to operations.

The Group's non-current assets decreased by S$455,000 or to S$9.2 million as at 31 December 2018, mainly due to the amortisation of the Group's intangible assets and fair value loss arising from the impairment of the Unquoted Investment in Beijing Singapore Technology and Facility Management Co., Ltd.. The decrease was partially offset by increase in capital expenditures and investment in associated companies (comprising G3 Environmental Private Limited and its subsidiaries) arising from its share of profits for FY2018.

The Group's current liabilities decreased by S$3.0 million to S$7.9 million as at 31 December 2018, mainly due to (i) absence of the contingent consideration payables for the acquisition, (ii) decrease of other payables related to provision of unutilised leaves, and (iii) repayment of bank borrowings. The decrease was offset by the increase in (i) trade payables as a result of the increase in costs of sales for Group's Security Services Business, (ii) other payables related to employees' remuneration, (iii) deferred income



related to advance payments received from customers of Employment Services Business and government grants received to be recognised as income over the periods to match with their related costs, and (iv) credit notes to customers and GST payables.

The Group's non-current liabilities decreased by S$209,000 to S$1.2 million as at 31 December 2018, mainly due to the decrease of deferred tax liabilities, finance lease payables and bank borrowings in FY2018.

Net asset value of the Group increased by S$22.0 million to S$44.1 million as at 31 December 2018 due to the reasons set out above.

CASH FLOW

The Group's net cash generated from operating activities amounted to S$2.3 million for FY2018, which resulted from the operating cash flows before movements in working capital of S$3.3 million and the increase in (i) inventories of S$0.5 million, (ii) trade and other receivables of S$1.2 million, and decrease in trade and other payables of S$1.1 million as well as payment of income tax of S$0.4 million.

Net cash used in investing activities amounted to S$3.9 million for FY2018, which was mainly due to payment of remaining consideration for the acquisitions in FY2017 of S$3.1 million and S$68,000 respectively, payment of deposits on investments of S$371,000 for the acquisition of Country Cousins Pte. Ltd. and a group of companies, purchase of property, plant and equipment of S$0.7 million, development of an operational web portal for Employment Service Business (i.e. intangible asset) of S$32,000 and payment of share issue expenses of S$36,000. The investing cash outflow is partially offset by proceeds from disposal of property, plant and equipment of S$42,000 and repayment from an associate company of S$382,000.

Net cash generated from financing activities amounted to S$19.6 million for FY2018, mainly due to proceeds from issuance of new shares of S$22.1 million pursuant to the share subscription by Fullcast Holdings Co., Ltd. that was completed on 31 August 2018, proceeds from bank borrowings of S$0.1 million, which is partially offset by payment of dividends of S$0.9 million, interest payment of S$71,000 in relation to bank borrowings and finance lease payables, purchases of treasury shares of S$0.2 million, repayment of bank borrowings of S$0.7 million and finance lease payables of S$0.1 million, repayment to directors of S$0.2 million and payment of share issue expenses of S$0.4 million.

BOARD OF DIRECTORS

Top row: (L-R) Desmond Chin, Gary Chin, Ong Eng Tiang
Second row: (L-R) Loy Soo Chew, Francis Yau Thiam Hwa, Vincent Leow, Takehito Hirano

DESMOND CHIN
Executive Chairman

Desmond Chin has over 20 years of experience in the employment services business and has been instrumental in spearheading the growth and development of our Group since 1992. He is responsible for ensuring the effective operation of our Group and the Board of Directors. From 1990 to 1992, Desmond Chin was employed as a Sales Engineer at UMW Engineering Ltd, where he was involved in the sale of auto retriever systems for store management, and Suntze Communication Engineering Pte Ltd, where he was involved in the sale of computer and peripheral devices and IT network solutions. In 1992, Desmond Chin co-founded Nation Employment Agency, to offer employment services in Singapore. In 1994, Nation Employment Agency partnership ceased and Nation Employment Pte Ltd was incorporated to offer the same services.

He currently serves as a member of the Board of Trustees of the Domestic Employees Welfare Fund (DEWF), an initiative of the National Trade Union Congress (NTUC).

Desmond Chin graduated with a Bachelor of Engineering from the National University of Singapore in 1990 and subsequently obtained a Master of Business Administration from the National University of Singapore in 2012.

GARY CHIN
Executive Director and
Chief Executive Officer

Gary Chin has more than 20 years of experience in the Employment Services and Facilities Management Business and is responsible for the overall administration, operation and development of the Group, as well as the key liaison with relevant authorities.

He has held various executive positions in the employment business sector since he began his career in 1996. He was tasked with spearheading business growth through acquisitions and mergers to achieve strategic, business and financial objectives. In 2009, he was appointed as the Director of Nation Employment Pte Ltd. Throughout the years, he successfully negotiated and formed strategic alliances with business partners, both locally and overseas. He was also able to synergise various business units to improve business efficiency, create complementary businesses, and achieve greater competitive advantage.

At Advancer Global Limited, he leads the acceleration of its business strategy for organic and vertical growth in the Facilities Management Services Division. He strongly believes in value creation through innovation and technology and via the integrated facility management model to bring the Group to the next phase of continued sustainable growth.

Gary Chin graduated with a Bachelor of Electrical & Electronic Engineering (Hons) from the University of Aberdeen, Scotland in 1995.

ONG ENG TIANG
Executive Director

Ong Eng Tiang is the Executive Director and Head of Building Management and Security Services of the Company. Ong Eng Tiang has an aggregate of more than 15 years of experience in the cleaning and stewarding services and the security services business segments. He is responsible for heading the Group's Facilities Management Services division as well as overseeing the daily operations which include marketing strategies, manpower deployment and cash flow management.

Ong Eng Tiang began his career at Intrapac Investments Ltd. as a marketing executive in 1994, where he serviced major customer accounts and coordinated with the paper mills in Singapore and Malaysia for order requirements and shipment arrangements. From 1995 to 1998, Ong Eng Tiang joined Muda Packaging Industries (Qing Yuan) Ltd. as a marketing manager, where he was responsible for the Marketing Department. In 1998, Ong Eng Tiang joined United Paper Industries Pte Ltd as an assistant sales manager and rose through the ranks to become its deputy marketing manager in 1999. In 2001, he joined First Stewards and became a shareholder of First Stewards in 2004.

Ong Eng Tiang graduated with a Bachelor of Business Administration from the University of Wisconsin-Madison in the United States of America in 1993.

LOY SOO CHEW
Lead Independent Director

Loy Soo Chew is the Lead Independent Director of the Company. Loy Soo Chew began his career with Lee Kim Tah Holdings Limited in 1991 before leaving in 1996 as an accountant. He was primarily responsible for preparing and monitoring budgets, cash flow and profit and loss projections for office, construction and property development projects. In 1996, he joined Kian Ann Engineering Ltd (now known as Kian Ann Engineering Pte. Ltd.), a former SGX-ST Mainboard-listed company, as Finance Manager. In 2007, Loy Soo Chew was promoted to General Manager and was subsequently promoted to Executive Director and General Manager in 2009, and he was responsible for overseeing the daily operations and expansion of Kian Ann. Following the privatisation of Kian Ann in 2013 by way of a scheme of arrangement, Loy Soo Chew continued to be involved in the business of the Kian Ann Group and was promoted to Group Managing Director in 2014. As Group Managing Director, his responsibilities include exploring and evaluating new business opportunities for the Kian Ann Group.

Loy Soo Chew graduated with a Bachelor of Business (major in Professional Accounting) from the University of Southern Queensland in 1996 and a Master of Business Administration from the University of Leeds in 2000. He is an Associate of the Australian Society of Certified Practising Accountants.

FRANCIS YAU THIAM HWA
Independent Director

Francis Yau serves as the Chairman of the Audit Committee and a member of the Remuneration Committee. His experience spans over 29 years across a wide spectrum of expertise ranging from corporate banking, corporate finance, financial and risk management, strategic planning to the management of the corporate affairs in a public listed company and has good knowledge of corporate governance, investor relations and sustainability. He is currently the Chief Financial Officer of Megachem Ltd since 2007, a public listed company in Singapore, and serves as an independent director in one other Singapore listed company.

He holds a bachelor degree in Business Administration from the National University of Singapore, majoring in finance and is also a member of the Institute of Singapore Chartered Accountants.

VINCENT LEOW
Independent Director

Vincent Leow began his career serving as a Justices' Law Clerk in the Singapore Legal Service in 2002. He was subsequently posted as Magistrate in 2003 and then Deputy Public Prosecutor and State Counsel in 2005. In 2007, Vincent Leow joined Allen & Gledhill LLP as a Senior Associate, where he handles dispute resolution and financial regulatory and compliance work. He was made Partner in 2010. Vincent Leow also taught at the National University of Singapore as an Adjunct Faculty member from 2004 to 2013, and has been teaching at the Singapore Management University as an Adjunct Faculty member since 2011.

Vincent Leow graduated from the National University of Singapore in 2002 with a Bachelor of Laws (Honours) and was admitted to act as an advocate and solicitor of the Singapore Supreme Court in 2005. He has obtained a Master of Laws from Harvard Law School in 2009.

TAKEHITO HIRANO
Non-Executive Non-Independent Director

Takehito Hirano was appointed to the Board on 16 October 2018. He has over 28 years of experience in the human outsourcing business. In 1990, he established Fullcast Holdings Co., Ltd. (formerly known as Resort World Co., Ltd.) as one of the founders, where he was responsible for its overall administration, operation and management as a Representative Director. Fullcast Holdings Co., Ltd. has been engaging in the human outsourcing business for various industries and occupations as well as a forerunner of short-term human outsourcing companies in Japan, meeting the human resource needs of a wide variety of companies ranging from leading Japanese corporations to small and medium-sized firms. The company is listed on the First Section of the Tokyo Stock Exchange.

He is currently the Director and Chairman of Fullcast Holdings Co., Ltd. and is also a Representative Director and Chairman of F-PLAIN Corporation (formerly known as Fullcast Marketing Co., Ltd. and a subsidiary of Fullcast Holdings Co., Ltd.).

Takehito Hirano graduated with a Bachelor of Economics from the Kanagawa University in Japan in 1984.

KEY MANAGEMENT

(L-R) Francis Chin, Michelle Li

FRANCIS CHIN
Head of Employment Services

Francis Chin is our Head of Employment Services. He is responsible for the operations and management of the Employment Services Business to achieve desirable objectives, quality services and profitability.

Francis began his career in 1978 as a technician and a tooling planner with Dupont Electronic Pte Ltd, where he was responsible for assisting engineers in performing operations, modification tooling and costing planning. He then co-founded Nation Employment Pte Ltd in 1994 and has since been responsible for the daily operations and management of the Group's Employment Services Business.

Francis was conferred the Pingat Bakti Masyarakat (Public Service Medal) for commendable community service in Singapore in 2005.

MICHELLE LI YING
Chief Financial Officer

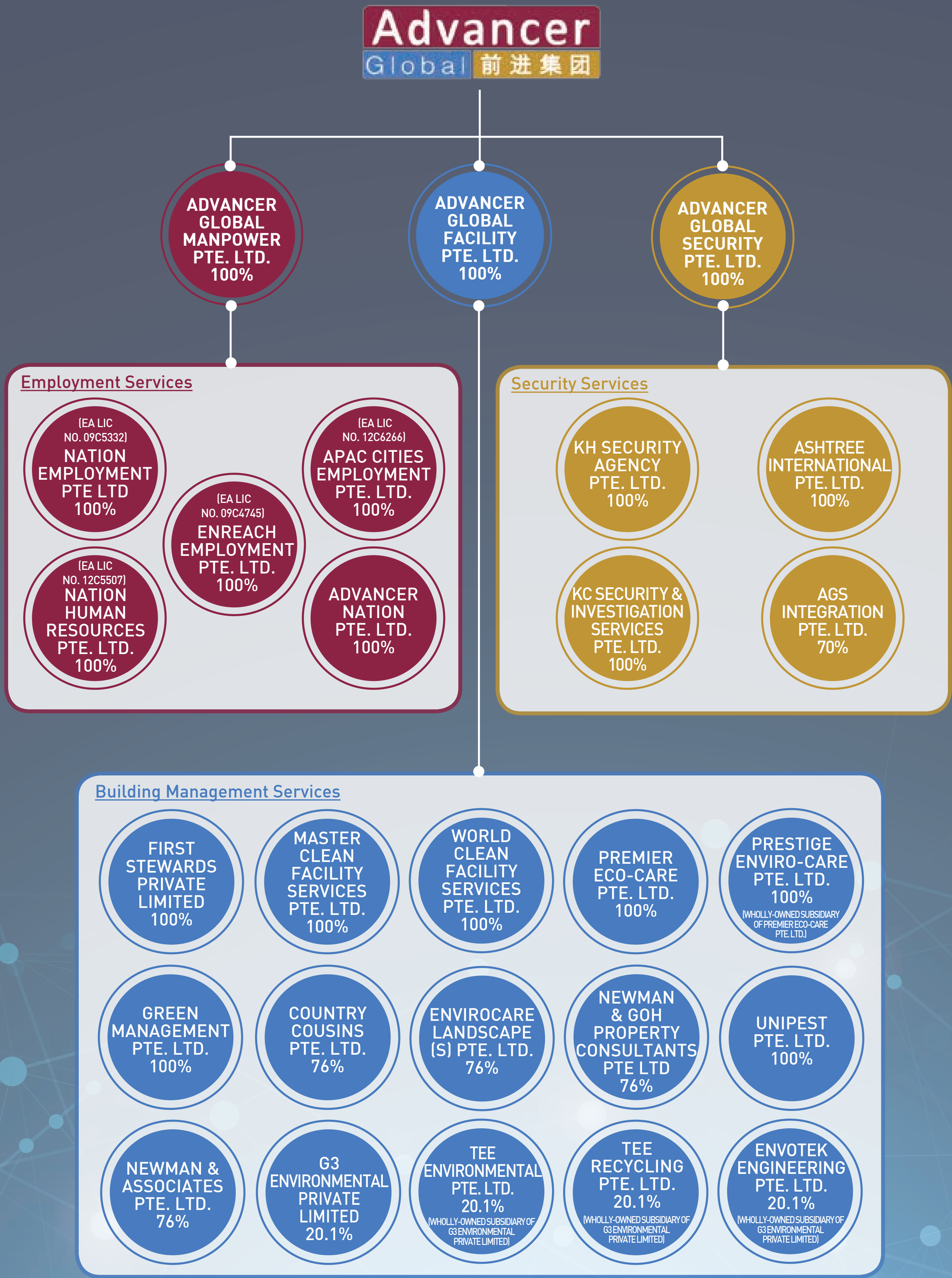
Michelle Li Ying is our Chief Financial Officer and is responsible for our Group's internal controls, financial and accounting functions.

She has over 15 years of experience in accounting and financial management in listed and non-listed companies, before joining our Group as Chief Financial Officer in 2015. Upon graduation, Michelle worked at Pacific International Lines (Pte) Ltd from 1999 to 2005, where she joined as an account officer and was over time promoted to an assistant accounting executive, where she led a finance team to review revenue reporting and collections from overseas agents and subsidiaries. In 2005, she joined BDO LLP as an audit assistant, before leaving the firm as an audit senior in 2008. From 2008 to 2010, Michelle was a finance manager at JES International Holdings Limited, where she was responsible for statutory reporting and financial results announcements, and she also assisted the chief financial officer in financial, accounting, internal controls, taxation matters and investor relations of the group. From 2010 to 2011, she was a finance manager at Ferrell International Limited, and led the finance department of the company. From 2011 to 2013, she was the financial controller of SGX-ST Mainboard listed, AVIC International Maritime Holdings Limited, where she oversaw its internal controls, finance and accounting functions, including statutory and SGX-ST reporting, banking, tax and audit related matters and investor relations. Subsequently, she joined Goyes Group Holdings Company Ltd as chief financial officer in 2014, where she was responsible for overseeing the group's internal controls, financial functions and accounting matters.

Michelle is a member of the Institute of Singapore Chartered Accountants (previously known as Institute of Certified Public Accountants of Singapore), a Fellow of the Association of Chartered Certified Accountants, United Kingdom, and a Certified Internal Auditor of the Institute of Internal Auditors.

Michelle graduated from Oxford Brookes University with a Bachelor of Science in Applied Accounting in 2008 and subsequently obtained a Master of Business Administration from the University of Manchester in 2015.

GROUP STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Desmond Chin Mui Hiong
Executive Chairman

Mr. Gary Chin Mei Yang
Chief Executive Officer and Executive Director

Mr. Ong Eng Tiang
Executive Director

Mr. Loy Soo Chew
Lead Independent Director

Mr. Francis Yau Thiam Hwa
Independent Director

Mr. Vincent Leow
Independent Director

Mr. Takehito Hirano
Non-Executive Non-Independent Director

AUDIT COMMITTEE

Mr. Francis Yau Thiam Hwa (Chairman)
Mr. Loy Soo Chew
Mr. Vincent Leow

REMUNERATION COMMITTEE

Mr. Loy Soo Chew (Chairman)
Mr. Francis Yau Thiam Hwa
Mr. Vincent Leow

NOMINATING COMMITTEE

Mr. Vincent Leow (Chairman)
Mr. Loy Soo Chew
Mr. Gary Chin Mei Yang

COMPANY SECRETARY

Ms. Sin Chee Mei, ACIS and PMP
Ms. Koo Wei Jia, ACIS

REGISTERED OFFICE

135 Jurong Gateway Road #05-317
Singapore 600135
Website: https://advancer.sg
Tel: (65) 6665 3855
Fax: (65) 6665 0969

SHARE REGISTRAR

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

AUDITORS

Mazars LLP
135 Cecil Street
#10-01 MYP Plaza
Singapore 069536

Partner-in-charge:
Mr. G Arull (Fellow Chartered Accountant of Singapore)
Date of appointment: 2 June 2016

PRINCIPAL BANKERS

DBS Bank Ltd.
12 Marina Boulevard
Marina Bay Financial Centre, Tower 3
Singapore 018982

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
#09-00 OCBC Centre
Singapore 049513

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Standard Chartered Bank SG Ltd
6 Battery Road
Singapore 049909

CONTINUING SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542
Tel: (65) 6232 3210

Registered Professional:
Mr. David Yeong

CORPORATE GOVERNANCE REPORT

Advancer Global Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance by adhering to the principles and guidelines set out in the Code of Corporate Governance 2012 (the "**2012 Code**"), where appropriate. These principles and guidelines reflect the Board's commitment in having effective corporate practices to safeguard against, amongst others, fraud and dubious financial transactions, with the aim of protecting shareholders' interests as well as maximising long-term success of the Company and Group.

The Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") requires all listed companies to describe in their annual reports their corporate governance practices, with specific reference to the principles of the 2012 Code. For easy reference, sections of the 2012 Code under discussion in this report on corporate governance (the "**Report**") are specifically identified and the Report sets out the Group's corporate governance practices with specific references to each of the principles and guidelines of the 2012 Code. This Report should be read as a whole as other sections of this Report may also have an impact on the specific disclosures.

The Monetary Authority of Singapore had on 6 August 2018 issued the revised Code of Corporate Governance 2018 (the "**2018 Code**") which supersedes the 2012 Code and will take effect for annual reports covering financial years commencing 1 January 2019. The Board will review and set out the appropriate corporate practices to comply with the 2018 Code in the next annual report covering the financial year ending 31 December 2019.

1. THE BOARD'S CONDUCT OF AFFAIRS

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

The Board comprises the following members, all of whom have the appropriate core competencies and provide a diversity of experience to enable them to effectively contribute to the Group.

Chin Mui Hiong ("**Desmond Chin**")	Executive Chairman
Chin Mei Yang ("**Gary Chin**")	Chief Executive Officer and Executive Director
Ong Eng Tiang	Executive Director
Loy Soo Chew	Lead Independent Director
Yau Thiam Hwa ("**Francis Yau**")	Independent Director
Vincent Leow	Independent Director
Takehito Hirano	Non-Executive Director

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

(i) overseeing and approving strategic formulation of the Group's overall long-term objectives and directions, taking into consideration sustainability issues, e.g. environmental and social factors;

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

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

(iv) identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(v) setting the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;

CORPORATE GOVERNANCE REPORT

(vi) ensuring compliance with the Code of Corporate Governance, the Companies Act (Chapter 50) of Singapore, the Company's Constitution, the Catalist Rules, accounting standards and other relevant statutes and regulations; and

(vii) responsible for the overall corporate governance of the Group.

All Directors exercise due diligence and independent judgment, and are obliged to act in good faith and in the best interest of the Company to enhance the long term value of the Group to its shareholders.

Other matters specifically reserved for the Board's approval are those involving corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, major corporate actions such as share issuance, share buy backs, the release of the Group's half-year and full-year results, declaration of dividends and interested person transactions.

Non-Executive Directors may request to visit the Group's operating facilities and meet with the Group's management (the "**Management**") to gain a better understanding of the Group's business operations and corporate governance practices.

Newly appointed Directors will receive a formal letter explaining their duties and responsibilities, and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge. During the financial year, Mr. Takehito Hirano was appointed as Company's Non-Executive Director in October 2018 and had attended relevant training conducted by a professional body in areas such as corporate governance, board structure, duties of a director of a listed company as well as Catalist Rules.

In accordance with the Catalist Rules as amended on 1 January 2019, the NC will ensure that any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST.

The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and courses and seminars of relevance to the responsibilities of the Directors will be arranged and funded by the Company. During FY2018, the Directors had attended courses, seminars and updates on the laws and regulations applicable to Group's operation. The external auditors update the Directors on the new or revised financial reporting standards on an annual basis or as and when required. Regulatory releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority that affect the Company and/or directors in discharging their duties are circulated to the Board on a timely basis.

To assist in the execution of its responsibilities, the Board has, without abdicating its responsibility, established three Board Committees, comprising an Audit Committee (the "**AC**"), a Nominating Committee (the "**NC**") and a Remuneration Committee (the "**RC**"). These committees function within clearly defined written terms of reference and operating procedures. The Board accepts that while these Board Committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lie with the Board.

CORPORATE GOVERNANCE REPORT

The Board meets regularly on a half-yearly basis and ad-hoc Board Committee or Board meetings are convened when they are deemed necessary. The number of Board Committee and Board meetings held in FY2018 is set out below:

	No. of Meetings held and attended in FY2018							
	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Desmond Chin	3	3	–	–	–	–	–	–
Gary Chin	3	3	–	–	2	2	–	–
Ong Eng Tiang	3	3	–	–	–	–	–	–
Loy Soo Chew	3	3	2	2	2	2	4	4
Francis Yau	3	3	2	2	–	–	4	4
Vincent Leow	3	3	2	2	2	2	4	4
Takehito Hirano#	0	0	–	–	–	–	–	–

Mr. Takehito Hirano was appointed to the Board on 16 October 2018.

The Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Ad-hoc meetings are also convened whenever circumstances require. The Constitution of the Company provides for Board and Board Committee meetings to be held by way of telephonic and videoconferencing.

2. BOARD COMPOSITION AND GUIDANCE

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

The Board comprises seven Directors, three of whom are independent. The Independent Directors are Mr. Loy Soo Chew, Mr. Francis Yau and Mr. Vincent Leow. Mr. Takehito Hirano is the Non-Executive and Non-Independent Director of the Company.

The Board considers an "Independent" Director to be one who has no relationship (including immediate familial relationships) with the existing Directors, existing executive officers, the Company, its related corporations, the substantial shareholders of the Company or any of its principal subsidiaries that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. Although the Independent Directors of the Company do not make up half of the Board, there is presently a strong independent element on Board. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. In addition, the AC and RC are made up of all Independent Directors while the NC comprises majority Independent Directors. Decision are made by the Board collectively without any individual or small group of individuals dominating the Board's decision making. All Independent Directors have direct access to Management so they can seek clarifications before and/or the Board meetings. The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group and the requirements of the Group's business. With three Independent Directors, the Board is able to exercise independent and objective judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues.

The independence of each Director is assessed and reviewed annually by the NC and the Board. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the 2012 Code and the Catalist Rules. Each of the Independent Directors also confirmed that they are independent and have no relationships as identified in the 2012 Code and the Catalist Rules. In addition, none of them are employed by the company or its related corporations for the past 3 financial years or has an immediate family member who is employed or has been employed by the Company and its related corporations for the current or the past 3 financial years. Through the NC, the Board considers, Mr. Loy Soo Chew, Mr. Francis Yau and Mr. Vincent Leow to be independent.

CORPORATE GOVERNANCE REPORT

The independence of any Director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board. None of the Independent Directors have served on the Board for a period exceeding nine years from the date of their appointments.

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

The Non-Executive Directors met among themselves without the presence of the Management at least once a year. The Non-Executive Directors communicate regularly to discuss matters related to the Group, including, *inter alia*, the performance of the Management.

The profiles of the Directors are set out on pages 12 to 13 of this annual report.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The positions of Chairman and Chief Executive Officer ("**CEO**") are held by two separate individuals to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision-making.

The Chairman's roles in relation to Board matters are as follows:

(i) lead the Board to ensure its effectiveness on all aspect of its role;

(ii) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

(iii) promote a culture of openness and discussion at the Board;

(iv) encourage constructive relations between the Board and Management;

(v) exercise control over quality, quantity and timeliness of the flow of information between Management and the Board;

(vi) ensure effectiveness communication with shareholders;

(vii) facilitate the effective contribution of Non-Executive Directors in particular; and

(viii) promote high standards of corporate governance.

The CEO is responsible for the day-to-day operations of the Group, as well as to carry out the Board's decisions.

There is clear division between the leadership of the Board and the CEO.

As the Chairman, Mr. Desmond Chin, and the CEO, Mr. Gary Chin, are brothers, the Board has appointed Mr. Loy Soo Chew as Lead Independent Director in accordance with Guideline 3.3 of the 2012 Code. As our Lead Independent Director, Mr. Loy Soo Chew is available to Shareholders in situations where they have concerns or issues which communication with our Executive Chairman, CEO and/or Chief Financial Officer has failed to resolve or where such communication is inappropriate.

CORPORATE GOVERNANCE REPORT

4. BOARD MEMBERSHIP

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

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

The NC comprises Mr. Vincent Leow, Mr. Loy Soo Chew and Mr. Gary Chin. The chairman of the NC is Mr. Vincent Leow. A majority of the NC, including the chairman, is independent, in accordance with Guideline 2.3 of the 2012 Code.

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

(a) nominate directors for appointment and re-appointment (including Independent Directors and alternate Directors) taking into consideration each Director's contribution, performance and ability to commit sufficient time, resources and attention to the affairs of our Group taking into account the Director's respective commitments outside our Group including their principal occupation and board representations in other companies;

(b) review and recommend to the Board the composition of the AC and RC;

(c) determine annually whether or not a director of the Company is independent having regard to the 2012 Code and any other salient factors;

(d) develop a process for evaluating the effectiveness and performance of the Board and its committees; and propose objective performance criteria, as approved by the Board, that allow comparison with the industry peers (if available) and address how the Board has enhanced long term shareholders' value;

(e) assess the performance of the Board as a whole and contribution of each Director to the effectiveness of the Board;

(f) review of succession plans for Directors, in particular, for the Chairman and the CEO;

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

(h) determine and recommend to the Board on the maximum number of listed company board representations which any director may hold;

(i) review of training and professional development programs for the Board;

(j) review and approve any new employment of persons related to the director(s) and substantial shareholder(s), and the proposed terms of their employment; and

(k) other acts as may be required by the SGX-ST and the Code of Corporate Governance from time to time.

Having made its review on an annual basis, taking into consideration the checklist provided by the Independent Directors as mentioned above, the NC is of the view that Mr. Loy Soo Chew, Mr. Francis Yau and Mr. Vincent Leow are independent.

CORPORATE GOVERNANCE REPORT

The Company does not have a formal selection criteria for the appointment of new directors to the Board. When a vacancy arises under any circumstance, either as part of the Board renewal process or where it is considered that the Board would benefit from the services of a new director with particular skills, the NC, in consultation with the Board, will determine the selection criteria and will select candidates with the appropriate expertise and experience for the position. In its search and nomination process for new directors, the NC may rely on search companies, personal contacts and recommendations for the right candidates. The NC will make reference checks, meet up with the candidates and assess their suitability prior to making recommendations to the Board. Shortlisted candidates will then meet up with the other Board members before the Board approves the appointment.

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

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

The dates of initial appointment together with their directorships in other listed companies, are set out below:

Director	Position	Date of Initial Appointment	Date of last re-appointment	Current directorships in listed companies	Past directorships in listed companies (in last three years)	Other Principal Commitments
Desmond Chin	Executive Chairman	9 June 2016	27 April 2018	–	–	Nil
Gary Chin	Chief Executive Officer and Executive Director	2 February 2016	28 April 2017	–	–	Nil
Ong Eng Tiang	Executive Director	9 June 2016	28 April 2017	–	–	Nil
Loy Soo Chew	Lead Independent Director	9 June 2016	28 April 2017	–	–	Kian Ann Engineering Pte. Ltd.
Francis Yau	Independent Director	9 June 2016	27 April 2018	Abundance International Limited	–	Megachem Limited
Vincent Leow	Independent Director	9 June 2016	28 April 2017	–	–	Allen & Gledhill LLP
Takehito Hirano	Non-Executive Director	16 October 2018	–	Fullcast Holdings Co., Ltd. (Listed on Tokyo Stock Exchange)	–	Nil

CORPORATE GOVERNANCE REPORT

The Board has accepted the NC's recommendation for the re-election of Mr. Gary Chin and Mr. Vincent Leow pursuant to Regulation 117 of the Company's Constitution, and retirement of Mr. Takehito Hirano pursuant to Regulation 122 of the Company's Constitution at the Company's forthcoming annual general meeting ("**AGM**"). In making the recommendation, the NC had considered the Directors' overall contribution and performance. Details of the Directors seeking re-election are set out on page 35 of this Annual Report.

Mr. Gary Chin and Mr. Desmond Chin are brothers and controlling shareholders of the Company. Mr. Desmond Chin holds 14.95% direct interest in the Company (excluding treasury shares and subsidiary holdings) while Mr. Gary Chin holds 12.31% direct interest in the Company (excluding treasury shares and subsidiary holdings).

Mr. Gary Chin and Mr. Desmond Chin are brothers of Mr. Francis Chin (Chin Swee Siew @ Chen Yin Siew), who is an executive officer and a controlling shareholder of the Company. Mr. Francis Chin holds 15.14% direct interest in the Company (excluding treasury shares and subsidiary holdings).

Mr. Ong Eng Tiang is a substantial shareholder of the Company and is interested in 7.95% of the Company's shares (excluding treasury shares and subsidiary holdings).

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that only two of the Directors, Mr. Francis Yau and Mr. Takehito Hirano has multiple board representations in listed companies. The NC is of the view that the matter relating to multiple board representations should be left to the judgement of each Director given that time requirements for different board representations vary. As such, the NC and the Board have decided that there is no necessity to determine the maximum number of listed company board representations which a Director may hold at this point in time.

Each member of the NC has abstained from reviewing and voting on any resolution relating to the assessment of his performance and independence, or his re-nomination as Director, or in any matter where he has an interest.

The Company does not have any alternate Director on Board.

Key information regarding the Directors, are set out on pages 12 to 13 and pages 36 to 41 of this annual report. None of the Directors hold shares in the subsidiaries of the Company.

5. BOARD PERFORMANCE

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

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

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board Committees, and for assessing the contribution of the Chairman and each individual Director to the effectiveness of the Board. The NC has established a review process by coming up with a set of proposed performance criteria which are set out in an assessment checklist ("**Board Assessment Checklist**") to be completed by the individual Directors and are to be approved by the Board. The NC assesses the Board's effectiveness as a whole by collating and analysing the results of the Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the Management. The NC also assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance. The NC assesses the individual Director's performance through self-assessment and peer review by completing the Individual Director Assessment Checklist and Director Peer Performance Evaluation Forms, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors.

CORPORATE GOVERNANCE REPORT

In view of the size and composition of the Board, whereby at least two or all Independent Directors sit in the various Board Committees, the Board deems that there would be no value add for the NC to assess the effectiveness of each Board Committee.

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

The Board and the NC have endeavoured to ensure that Directors appointed to the Board possess the background, experience, business knowledge, finance and management skills critical to the Group's business. They also ensure that each Director, with his unique skillsets, contributes to the Board by bringing with him an independent and objective perspective of matters to enable balanced and well-considered decisions to be made.

The Company did not engage any external facilitator for the evaluation process during FY2018. Where necessary, the NC will consider such an engagement.

6. ACCESS TO INFORMATION

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

Directors are furnished with detailed, adequate and timely information concerning the Group from the Management, to support their decision-making process and allow them to discharge their duties and responsibilities by acting in the best interest of the Group and its shareholders. Upon request, the Management will promptly provide any additional information needed for the Directors to make informed decisions.

Prior to each Board meeting, the members of the Board are each provided with the relevant documents such as Board papers, strategic plans, financials forecast and all other information necessary for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.

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

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

7. REMUNERATION MATTERS

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

The RC makes recommendations to the Board on the framework of remuneration, and the specific remuneration packages for each Director. The RC comprises Mr. Loy Soo Chew, Mr. Francis Yau and Mr. Vincent Leow, all of whom are Independent Directors. The chairman of the RC is Mr. Loy Soo Chew.

CORPORATE GOVERNANCE REPORT

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

(a) recommend to the Board a framework of remuneration for the Directors and Key Management;

(b) determine specific remuneration packages for each Executive Director and Key Management;

(c) review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages (including bonuses, pay increments and promotions) are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

(d) review the Company's obligations arising in the event of termination of the Executive Directors and Key Management's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous with an aim to be fair and avoid rewarding poor performance;

(e) administer the Advancer Global Employee Share Option Scheme (the "**Advancer Global ESOS**") and Advancer Global Performance Share Plan (the "**Advancer Global PSP**"); and

(f) other acts as may be required by the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance from time to time.

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other senior positions and directorships. The RC has access to expert advice regarding executive compensation matters, if required.

The RC's recommendations will be submitted for endorsement by the Board. No member of the RC or any Director is involved in deciding his own remuneration.

The RC review the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of services, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous with an aim to be fair and avoid rewarding poor performance.

8. LEVEL AND MIX OF REMUNERATION

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

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

The Non-Executive and Independent Directors receive directors' fees for their effort and time spent, responsibilities and level of contribution to the Board and Board Committees, and are subject to shareholders' approval at AGM. The RC also ensures that the Independent Director should not be over-compensated to the extent that their independence is compromised.

CORPORATE GOVERNANCE REPORT

The Company has entered into fixed-term service agreements with the Executive Directors, namely Mr. Desmond Chin, Mr. Gary Chin and Mr. Ong Eng Tiang. The service agreements are valid for an initial period of three years with effect from the date of admission of the Company to the Catalist. Upon the expiry of the initial period of three years, the employment of Mr. Desmond Chin, Mr. Gary Chin and Mr. Ong Eng Tiang shall be automatically renewed on a yearly basis on the same terms or otherwise on such terms and conditions as the parties may agree in writing. Following the initial period of three years, either party may terminate the service agreements at any time by giving the other party not less than six months' notice in writing.

The Company has also entered into separate employment contracts with the Key Management Personnel which provides for remuneration payable to them, annual leave entitlement and termination arrangements.

Remuneration for the Executive Directors comprises a basic salary component and a variable incentive bonus component that is based on the performance of the Group as a whole and the ability to meet certain profit targets. Key Management Personnel are paid basic salary and performance bonus is based on a yearly appraisal. All revisions to the remuneration packages for the Directors and Key Management Personnel are subjected to the review by and approval of the RC and the Board. Directors' fees are further subjected to the approval of the shareholders at the AGM.

Both the Advancer Global ESOS and the Advancer Global PSP form an integral component of the compensation plan and are designed primarily to reward and retain the Executive Directors, Non-Executive Directors (including the Independent Directors) and employees whose services are vital to Group's well-being and success.

Having reviewed the remuneration packages for the Directors and Key Management Personnel, which are considered to be moderate, the RC is of the view that there is no need to institute contractual provisions to allow the Company to reclaim incentive components in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss or fraud by Key Management Personnel.

9. DISCLOSURE ON REMUNERATION

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

The Board is of the view that full disclosure of the specific remuneration of each individual Director is not in the best interests of the Company, taking into account the sensitive nature of the subject, the high competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group, and that the current disclosure on a named basis and in bands of S$250,000 including the provision of a breakdown in percentage terms is sufficient.

CORPORATE GOVERNANCE REPORT

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

Remuneration bands	Salary & CPF %	Bonus & CPF %	Director's Fee[1] %	Other Benefits %	Total %
Directors					
S$250,000 to below S$500,000					
Desmond Chin	76	24	–	–	100
Gary Chin	76	24	–	–	100
Ong Eng Tiang	76	24	–	–	100
Below S$250,000					
Loy Soo Chew	–	–	100	–	100
Francis Yau	–	–	100	–	100
Vincent Leow	–	–	100	–	100
Key Management					
Below S$250,000					
Francis Chin	75	25	–	–	100
Li Ying	100	–	–	–	100

Note:

(1) Directors' fees have been approved by the shareholders of the Company at the AGM held on 27 April 2018.

The aggregate remuneration paid to the Key Management Personnel of the Company (who are not Directors or CEO) in FY2018 amounted to approximately S$459,912.

There are no termination, retirement or post-employment benefits that are granted to the Directors, CEO and the Key Management Personnel of the Group.

Save as disclosed below, there were no employees of the Company or its subsidiaries who were immediate family members of any Director or the CEO and whose remuneration exceeded S$50,000 during FY2018.

Remuneration bands	Salary & CPF %	Bonus & CPF %	Other Benefits %	Total %
S$50,000 to below S$100,000				
Seah Peet Yong[1]	89	11	–	100
Irene Chin Mui Nyuk @ Yin Mui Nyuk[2]	92	8	–	100
S$200,000 to below S$250,000				
Francis Chin[2]	75	25	–	100
Chin Chwee Hwa[2]	96	4	–	100

Notes:

(1) Seah Peet Yong is the spouse of Gary Chin.

(2) Chin Chwee Hwa, Irene Chin Mui Nyuk @ Yin Mui Nyuk, Francis Chin, Desmond Chin and Gary Chin are sibilings.

The Company had adopted the Advancer Global ESOS and Advancer Global PSP. The RC's duties include the administration of the Advancer Global ESOS and Advancer Global PSP.

CORPORATE GOVERNANCE REPORT

The aggregate number of shares over which the RC may grant options on any date, when added to the number of shares issued and issuable or transferred and to be transferred in respect of all options granted under the Advancer Global ESOS and the number of shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option schemes or share schemes of our Company, shall not exceed 15% of the total number of issued shares (excluding shares held by our Company as treasury shares and subsidiary holdings) on the day immediately preceding the date on which an offer to grant an option is made.

The exercise price of the options shall be fixed by the RC at:

(a) the Market Price (as defined below); or

(b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the RC in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20% of the Market Price in respect of that option.

Market Price is the average of the last dealt prices for a share determined by reference to the daily Official List published by the SGX-ST for a period of 5 consecutive market days immediately prior to the relevant offer date provided always that in the case of a market day on which the shares are not traded on the SGX-ST, the last dealt price for shares on such market day shall be deemed to be the last dealt price of the shares on the immediately preceding market day on which the shares were traded.

Under the Advancer Global PSP, the maximum number of shares issuable or to be transferred by our Company pursuant to awards granted under the Advancer Global PSP on any date, when aggregated with the aggregate number of shares over which options or awards are granted under any other share option schemes or share schemes of our Company, will be 15% of our Company's total number of issued shares (excluding shares held by our Company as treasury shares and subsidiary holdings) on the day preceding that date.

During FY2017, there were 1,156,500 share options granted to the employees (not being a director or substantial shareholder) of which 71,000 was lapsed as at 31 December 2018 due to resignation of employees who were granted such share options. Further details on the options or awards granted pursuant to the Advancer Global ESOS can be found in the Directors' Statement and Notes to the Financial Statements.

Since the commencement of the Advancer Global ESOS, there were no share options granted to the Directors, controlling shareholders and their associates, nor did any participant receive 5% or more of the total number of options available under the Advancer Global ESOS.

The RC from time to time and where necessary will seek advice from the external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for Directors and Key Management personnel. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2018. None of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation or any form of benefits to be granted to him.

10. ACCOUNTABILITY

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

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

CORPORATE GOVERNANCE REPORT

The Board keep itself abreast and is kept informed by Management of legislative and regulatory requirements. It is also guided by the Company's Catalist sponsor of any regulatory changes in the Catalist Rules.

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

11. RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

The internal auditors conduct annual reviews of the effectiveness and have presented their internal audit plan to the AC and the Board in FY2018, to assist the AC and the Board in their review of the Group's key risk management and internal control systems, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Board has received assurance from the CEO and the Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2018 give a true and fair view of the Company's operations and finances, and (b) regarding the effectiveness of the Company's risk management and internal control systems.

Based on the assurance from the CEO and Chief Financial Officer referred to in the preceding paragraph, the various internal controls put in place by the Group, the work performed and reports submitted by the internal auditors of the Group and the reviews carried out by the Board and the AC, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems of the Group, addressing financial, operational, compliance and information technology controls, were adequate and effective as at 31 December 2018.

The Board did not establish a separate Board risk committee as the Board is currently assisted by the AC, internal and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies.

CORPORATE GOVERNANCE REPORT

12. 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 AC comprises Mr. Francis Yau, Mr. Loy Soo Chew and Mr. Vincent Leow, all of whom are Independent Directors. The chairman of the AC is Mr. Francis Yau. No former partner or Director of the Company's existing audit firm or auditing corporation is a member of the AC. The members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions.

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

(a) review with the external auditors the audit plans, their evaluation of the system of internal controls, their audit report, their management letter and the management's response thereto;

(b) review with the internal auditors the internal audit plans, which includes a review of the interested person transactions including the guidelines and procedures for the monitoring of all such transactions, and their evaluation of the adequacy of our internal control (including the effectiveness of the procedures in relation to compliance with the rules and regulations applicable to the Group's operations), accounting system and the management's response before submission of the results of such review to the Board for approval prior to the incorporation of such results in the Company's annual report (where necessary);

(c) review and report to the Board, at least annually, the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and discuss issues and concerns, if any, prior to the incorporation of such results in the annual report;

(d) review the internal control and procedures and ensure co-ordination between the external and internal auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, and any matters which the auditors may wish to discuss in the absence of the Management, where necessary;

(e) review the half yearly and annual, and quarterly if applicable, consolidated financial statements and any formal announcements relating to the Group's financial performance, and discuss on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, significant financial reporting issues and judgments, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements, concerns and issues arising from audits including any matters which the auditors may wish to discuss in the absence of the Management to ensure the integrity of the consolidated financial statements and the announcements relating the Group's financial performance, where necessary, before submission to the Board for approval;

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

(g) review the independence and objectivity of the external and internal auditors, taking into account the non-audit services provided by them, as well as consider the appointment or re-appointment of the external and internal auditors and matters relating to resignation or dismissal of the auditors, including approving the remuneration and terms of engagement of the external and internal auditors;

(h) make recommendations to the Board on the proposals to the Shareholders with regard to the appointment, re- appointment and removal of external and internal auditors, and approve the remuneration and terms of engagement of the auditors;

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(i) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any), and approve any interested person transactions where the value thereof amount to 3% or more of the latest audited net tangible asset of our Group (either individually or as part of a series or are aggregated with other transactions involving the same interested person during the same financial year), or any agreement or arrangement with an interested person that is not in the ordinary course of business of the Group, prior to the Group's entry into the transaction, agreement or arrangement;

(j) review potential conflicts of interests (if any) and to set out a framework to resolve or mitigate any potential conflicts of interest;

(k) review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, immediately announced via SGXNET;

(l) review all hedging policies and instruments, if any, to be implemented by the Group;

(m) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(n) generally undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;

(o) review the policy and procedures by which the employees may, in confidence, raise concerns to the chairman of the AC on possible improprieties in matters of financial reporting or other matters, and ensure that there are arrangements in place for the independent investigations of such matter and for appropriate follow-up in relation thereto;

(p) review and discuss with investigators, any suspected fraud, irregularity, or failure of internal controls or suspected infringement of any relevant laws, rules or regulations of the jurisdictions in which the Group operates, which has or is likely to have a material impact on our Group's operating results or financial position, and our Management's response thereto;

(q) review the effectiveness and adequacy of our administrative, operating, internal accounting and financial control procedures; and

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

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

The AC meets with the external and internal auditors without the presence of the Management, at least annually. The external auditors were also invited to be present at AC meetings, as and when required, held during FY2018 to, *inter alia*, answer or clarify any matter on accounting and auditing or internal controls.

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

The fees paid and payable by the Company to the external auditors in FY2018 for audit and non-audit services amounted to S$298,441 and S$42,444 respectively. The AC, having undertaken a review of all non-audit services provided by the external auditors which relate to taxation services provided to the Group, is of the opinion that such services would not affect the independence of the external auditors.

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

The Group has implemented a whistle-blowing policy. The policy aims to provide an avenue for employees and external parties to raise concerns about misconduct or improprieties in the Group and at the same time assure them that they will be protected from victimisation for whistle-blowing in good faith. Cases that are significant are reviewed by the AC for adequacy of investigation actions and resolutions. The Company's Whistle-blowing policy is available on the Company's website at http://advancer.sg/our-company/whistleblow/.

The AC reviewed the financial statements of the Group and the Company before submitting them to the Board for its approval and the announcement of the financial results. The AC also reviewed and monitored the Group's and the Company's financial condition, internal and external audits, and the effectiveness of the Group's and the Company's system of accounting and internal controls.

The following key audit matters were discussed between external auditors and Management, and reviewed by the AC.

Key Audit Matter	How the AC reviewed these matters and what decisions were made
Impairment Assessment on Goodwill and Intangible Assets	The AC has considered and is satisfied with the approach and methodology applied to the valuation model in goodwill impairment assessment as well as the assessment for indicators of impairment of intangible assets. The external auditors shared their approach to the impairment review as part of their presentation of the detailed audit plan and final audit findings. The impairment review is an area of focus for the external auditors. The external auditors has included it as a key audit matter in the independent auditors' report for the financial year ended 31 December 2018. Please refer to page 48 of this Annual Report.
Allowance for receivables	The AC has considered and is satisfied with the approach and methodology applied to the evaluation of allowance for trade receivables. The external auditors shared their approach to the impairment review as part of their presentation of the detailed audit plan and final audit findings. The impairment review is an area of focus for the external auditors. The external auditors has included it as a key audit matter in the independent auditors' report for the financial year ended 31 December 2018. Please refer to page 49 of this Annual Report.

13. INTERNAL AUDIT

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

The Board recognises the importance of maintaining a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. The Company outsources the internal audit function externally to Nexia TS Risk Advisory Pte. Ltd, an internationally recognised third party professional firm, to perform the internal audit function, review and test of controls of the Group's processes. The AC approves the appointment of the internal auditors, given its adequate resources and experience and is satisfied that the internal audit work is carried out in accordance with the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors report directly to the chairman of the AC and has full access to the Company's documents, records, properties and personnel.

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

The AC is satisfied with the adequacy, effectiveness and independence of the Company's internal audit function, which is reviewed by the AC annually.

14. SHAREHOLDER RIGHTS

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

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

Shareholders are informed on a timely basis of general meetings through notices published in the newspapers and through reports or circulars sent to all shareholders. The Board strongly encourages shareholders' participation during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures.

The Constitution of the Company allows a member who is a relevant intermediary to appoint more than two proxies to attend AGMs, so that shareholders who hold shares through a relevant intermediary can attend and participate in general meetings as proxies.

15. COMMUNICATION WITH SHAREHOLDERS

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

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

The Company has its internal corporate affairs team, who facilitates communications with shareholders and analysts, attend to their queries or concerns and keep them apprised of the Group's corporate developments and financial performance.

The Company currently does not have a fixed dividend policy. The form, frequency and amount of future dividends that the Directors may recommend or declare in respect of any particular year or period will be subject to the factors outlined below as well as any other factors deemed relevant by the Directors:

- the Company's financial position, results of operations and cash flow;
- the ability of the subsidiaries to make dividend payments to the Company;
- the expected working capital requirements to support the Group's future growth;
- the ability to successfully implement the Group's future plans and business strategies;

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- the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of, existing laws and regulations governing the operations;
- general economic conditions and other factors specific to the industry or specific projects; and
- any other factors deemed relevant by the directors at the material time.

The Company had, in its IPO Prospectus dated 7 July 2016, stated that it intends to declare and distribute dividends of at least 50.0% of the Company's net profit after tax attributable to owners of the Group in each of FY2017 and FY2018 to its Shareholders. During FY2018, the Board proposed an interim dividend and a final dividend of S$0.0025 per share and S$0.0015 per share respectively, amounting in aggregate to a full year dividend of S$0.0040 per share. The full year dividend payout for FY2018 constitutes 75.5% of net profit after tax attributable to owners of the Company in FY2018. The final dividend will be subject to shareholders' approval at the forthcoming AGM.

16. CONDUCT OF SHAREHOLDER MEETINGS

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

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

For the time being, the Company has decided not to allow for absentia voting methods such as by mail, email and fax at the general meetings due to concern over the authentication of shareholders' identity and is also subject to legislative amendment to recognise electronic voting.

The Company also ensures that there are separate resolutions at general meetings on each distinct issue. The Board supports the 2012 Code's principle of encouraging shareholder participation. The Constitution of the Company currently allows a member of the Company to appoint up to two proxies to attend and vote at general meetings. The Company will put all resolutions to vote by poll and announce the detailed results after the conclusion of the AGM.

DEALINGS IN SECURITIES

In compliance with the Catalist Rules on dealings in securities, Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company shall not deal in and prohibits dealings in its shares by its Directors, officers and employees of the Group, who are in possession of unpublished price sensitive information, during the period commencing one month before the announcement of the Company's half-year and full-year financial statements and ending on the date of the announcement of the results.

INTERESTED PERSON TRANSACTIONS

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

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During FY2018, the Group did not enter into any interested person transactions of S$100,000 and more. The Group does not have a general mandate pursuant to Rule 920 of the Catalist Rules for interested person transactions.

MATERIAL CONTRACTS

There were no material contracts of the Group involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of FY2018 or if not then subsisting.

NON-SPONSOR FEES

For FY2018, the non-sponsor fees paid to its sponsor, SAC Capital Private Limited, was S$355,475 as introducer fees for the subscription of Shares in the capital of the Company by Fullcast Holdings Co., Ltd..

USE OF NET SUBSCRIPTION PROCEEDS

As at the date of this report, the utilisation of the net subscription proceeds from the Company's issue and allotment of 65,000,000 make subscription shares on 31 August 2018 is set out as below:

	Amount allocated S$ million	Amount utilised S$ million	Balance of net proceeds S$ million
Expansion of business operations	16.30	(0.37)	15.93
General corporate and working capital purposes of the Group, mainly to support administrative and operational expenses[1]	5.44	(1.82)	3.62
	21.74	(2.19)	19.55

Note:

(1) Breakdown of the general and corporate working capital requirement:

	S$'000
Professional and listing related expenses	156
Administrative expenses-staff costs	86
Administrative expenses-others	3
Purchase of inventory for a subsidiary	170
Repayment of loan incurred by a subsidiary	300
Advances to subsidiaries for operational expenses	1,100
	1,815

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Chin Mei Yang, Mr. Vincent Leow and Mr. Takehito Hirano are the Directors seeking re-election at the forthcoming AGM of the Company to be convened on 29 April 2019 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

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

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	MR. CHIN MEI YANG	MR. VINCENT LEOW	MR. TAKEHITO HIRANO
Date of Appointment	2 February 2016	9 June 2016	16 October 2018
Date of last re-appointment	28 April 2017	28 April 2017	N.A.
Age	49	42	57
Country of principal residence	Singapore	Singapore	Japan
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 past contribution and suitability of Mr. Chin Mei Yang ("**Mr. Gary Chin**") for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Mr. Gary Chin possess the experience, expertise, knowledge and skills to continue contribute towards the existing businesses of the Group.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the past contribution and suitability of Mr. Vincent Leow for re-appointment as Independent Director of the Company. The Board have reviewed and concluded that Mr. Vincent Leow possess the experience, expertise, knowledge and skills to continue contribute towards the core competencies of the Board.	Pursuant to the completion of the share subscription of shares by Fullcast Holdings Co., Ltd ("**Fullcast**"), Fullcast has nominated Mr. Takehito Hirano ("**Mr. Hirano**") as Non-Executive Director to the Company. The Board of Directors of the Company has considered, among others, the recommendation of the NC and has evaluated Mr. Hirano's qualification and work experience for re-appointment as a Non-Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr. Hirano possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Mr. Gary Chin is responsible for the overall administration, operation and management of the Group.	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer	Independent Director Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee	Non-Independent Non-Executive Director
Professional qualifications	Bachelor of Engineering (Hons) from the University of Aberdeen, Scotland	Master of Laws at Harvard Law School Bachelor of Laws (Honours) from National University of Singapore, Singapore	Bachelor of Economics from Kanagawa University, Kanagawa, Japan

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	MR. CHIN MEI YANG	MR. VINCENT LEOW	MR. TAKEHITO HIRANO
Working experience and occupation(s) during the past 10 years	January 2009 to July 2015: Director of Nation Employment Pte Ltd September 2009 to September 2011: Director of Global E2C Pte. Ltd. February 2016 to present: CEO of Advancer Global Limited	January 2009 to December 2010: Senior Associate, Allen & Gledhill LLP January 2010 to present: Partner, Allen & Gledhill LLP	F-PLAIN Corporation – Representative Director and Chairman: April 2017 to present – Representative Director: July 2006 to April 2017 Fullcast Holdings Co., Ltd. – Director and Chairman: March 2015 to present – Director and Senior Advisor: December 2009 to March 2015 – Director: September 2007 to December 2005
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 30,931,018	None	Deemed interest: 65,000,000 shares held by Fullcast in the Company.
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.	Mr. Gary Chin is brother of Mr. Desmond Chin (Executive Chairman) and Mr. Francis Chin (Executive Officer and substantial shareholder).	None	Mr Hirano and his family have 100% ordinary shares in Hirano Associates Co., Ltd. (of which Mr. Hirano himself holds 20% of its ordinary shares). Hirano Associates Co., Ltd. holds 33.34% ordinary shares in Fullcast which in turn holds 25.86% of Advancer Global Limited. In addition, Mr. Hirano is a director and the chairman of Fullcast.
Conflict of Interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships			
Past (for the last 5 years)	Nation Employment Pte Ltd First Noble Pte. Ltd. Arise Team Pte. Ltd. Global E2C Pte. Ltd. Reacher Group Pte. Ltd. (Struck off) Reacher Consultancy Services Pte. Ltd. (Struck off) Nationgroup Facility Services Pte. Ltd. (Struck off) Innovus International Pte. Ltd. (Struck off)	Partner, Allen & Gledhill LLP	Director and Chairman, Fullcast Holdings Co., Ltd. Representative Director and Chairman, F-PLAIN Corporation
Present	AGS Integration Pte. Ltd. First Noble Pte. Ltd. Arise Team Pte. Ltd.	Partner, Allen & Gledhill LLP	Director and Chairman, Fullcast Holdings Co., Ltd. Representative Director and Chairman, F-PLAIN Corporation

CORPORATE GOVERNANCE REPORT

	MR. CHIN MEI YANG	MR. VINCENT LEOW	MR. TAKEHITO HIRANO
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 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 any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or whether that entity is the trustee of a business trust, that business trust, on the group of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgement against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud of 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

CORPORATE GOVERNANCE REPORT

	MR. CHIN MEI YANG	MR. VINCENT LEOW	MR. TAKEHITO HIRANO
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law of 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 of dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

CORPORATE GOVERNANCE REPORT

	MR. CHIN MEI YANG	MR. VINCENT LEOW	MR. TAKEHITO HIRANO
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes (refer to page 209 and 210 of Company's Offer Document dated 30 June 2016)	No	Yes. 1. Fullcast received orders on 3 August 2007 by the Tokyo Labor Bureau to suspend its worker dispatching business and to improve its worker dispatching operations, on the grounds that it has violated the Law for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers. In response, Fullcast implemented disciplinary actions against the people involved, including directors and executive of control systems. 2. On 3 October 2008, additional sanctions were imposed on Fullcast by the Tokyo Labor Bureau to suspend its worker dispatching business for a month (from 10 October 2008 to 9 November 2009) and to improve its worker dispatching operations due to its violation of the earlier suspension order issued on 3 August 2007.

CORPORATE GOVERNANCE REPORT

	MR. CHIN MEI YANG	MR. VINCENT LEOW	MR. TAKEHITO HIRANO
			Subsequent to the lifting of the one-month suspension, Fullcast announced on 16 January 2009, its completion of the improvements required under the operational improvement order. The above incidences were publicly disclosed through Fullcast's press releases and all suspension orders and improvements have been concluded with no reoccurrences of lapses.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere 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
(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

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of Advancer Global Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2018 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2018.

1. Opinion of the directors

In the opinion of the directors,

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

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

2. Directors

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

Executive directors
Chin Mui Hiong (Chairman)
Chin Mei Yang (Chief Executive Officer)
Ong Eng Tiang

Non-executive director
Takehito Hirano (Appointed on 16 October 2018)

Independent directors
Loy Soo Chew (Lead)
Vincent Leow
Yau Thiam Hwa

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects 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, except as disclosed in paragraphs 4 and 5 below.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as disclosed below:

	Direct interest		Deemed interest	
	As at 1 January 2018 or date of appointment	As at 31 December 2018	As at 1 January 2018 or date of appointment	As at 31 December 2018
The Company				
Ordinary shares				
Chin Mui Hiong	37,138,249	37,573,963	–	–
Chin Mei Yang	30,572,337	30,931,018	–	–
Ong Eng Tiang	19,753,682	19,985,436	–	–
Takehito Hirano	–	–	65,000,000	65,000,000

Takehito Hirano and his famiy hold 100% ordinary shareholdings in Hirano Associates Co., Ltd. of which Takehito Hirano holds 20% ordinary shares. Hirano Associates Co., Ltd. holds 33.34% ordinary shares in Fullcast Holdings Co., Ltd., which in turn holds 25.86% ordinary shares of Advancer Global Limited (excluding treasury shares).

Hence, Takehito Hirano and Hirano Associates Co., Ltd. are deemed interested in the 65,000,000 shares held by Fullcast in the Company by virtue of Section 7 of the Act.

The directors' interests in the shares of the Company on 21 January 2019 were the same as at 31 December 2018.

5. Advancer Global Employee Share Option Scheme

The Employee Share Option Scheme (the "**ESOS**") of the Company was approved and adopted on 6 June 2016. The ESOS is administered by the Company's Remuneration Committee, which comprises three independent directors:

Loy Soo Chew (Chairman)
Yau Thiam Hwa
Vincent Leow

The ESOS entitles the option holder to subscribe for a specific number of ordinary shares in the Company at a subscription price per share determined with reference to the market price of the share at the time of grant of option.

Other information regarding the ESOS is set out below:

1. Group employees (including Directors of the Company) who have attained the age of 21 years and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have been in the employment of the Group for a period of at least 12 months, or such shorter period as the Remuneration Committee may determine, are eligible to participate in the ESOS.

2. The maximum discount shall not exceed 20% of the market price on the date of the grant of the options.

3. The options granted with the exercise price set at market price should only be exercised after the first anniversary from the grant date and before the tenth anniversary of the grant date.

DIRECTORS' STATEMENT

5. Advancer Global Employee Share Option Scheme (Continued)

4. The option granted with exercise price set at a discount to market price should only be exercised after the second anniversary from the grant date and before the tenth anniversary of the grant date.

5. The option shall immediately lapse and become null and void when the participant cease to be in employment of the Group.

6. All options are settled by delivery of shares.

The details of the options movement during the financial year are as follows:

Date of grant	Balance as at 1 January 2018	Lapsed	Balance as at 31 December 2018	Exercise price per share	Exercisable period
				(S$)	
20 April 2017	1,126,500	(41,000)	1,085,500	0.40	19 April 2019 to 19 April 2022

Since the commencement of the ESOS, no options have been granted to the controlling shareholders and directors of the Company or their associates and no participants under the ESOS have been granted 5% or more of the total number of options available under the ESOS.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

6. Warrants

The Company issued 6,250,000 warrants (the "**Warrant Issue**") on 17 May 2017 with each warrant carrying the right to subscribe for one new ordinary in the capital of the Company (the "Warrant Share") at the exercise price of S$0.45 per Warrant Share during the period commencing on and including the date of the Warrant Issue and expiring on the market day immediately preceding the third anniversary of the date of the Warrant Issue.

As at 31 December 2018, the details of the warrants issued by the Company are set out as below:

Date of issue	Warrants issued	As at 31 December 2018	Exercise price per share	Expiry date
			(S$)	
17 May 2017	6,250,000	6,250,000	0.45	16 May 2020

7. Audit Committee

The Audit Committee ("**AC**") of the Company comprises three independent directors and at the date of this report, they are:

Yau Thiam Hwa (Chairman)
Loy Soo Chew
Vincent Leow

The AC has convened two meetings during the financial year with key management and the internal and external auditors of the Company.

DIRECTORS' STATEMENT

7. Audit Committee (Continued)

The AC carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, the SGX Listing Manual and the Code of Corporate Governance. In performing those functions, the AC:

(i) reviewed the audit plan and results of the external audit, the independence and objectivity of the external auditors, including, where applicable, the review of the nature and extent of non-audit services provided by the external auditors to the Group, and the assistance given by the Group's and the Company's management to the external auditors;

(ii) reviewed the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls, and the assistance given by the Group's and the Company's management to the internal auditors;

(iii) reviewed the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the Board of Directors;

(iv) reviewed the half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company including significant adjustments resulting from audit, significant financial reporting issues and judgements as well as compliance with accounting standards;

(v) reviewed the effectiveness of the Group's and the Company's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems via reviews carried out by the internal auditors;

(vi) met with the external auditors, internal auditors, other committees, and management in separate executive sessions to discuss suspected fraud or irregularity (if any), potential conflicts of interests (if any), and any matters that these groups believe should be discussed privately with the AC;

(vii) reviewed and checked the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

(viii) reviewed interested person transactions in accordance with SGX listing rules;

(ix) reviewed the nomination of external auditors and gave approval of their compensation; and

(x) submitted of report of actions and minutes of the AC to the Board of Directors with any recommendations as the AC deemed appropriate.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC has recommended to the Board of Directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

8. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Chin Mui Hiong
Director

Chin Mei Yang
Director

Singapore
20 March 2019

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVANCER GLOBAL LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Advancer Global Limited (the "**Company**") and its subsidiaries (the "**Group**") which comprise the statements of financial position of the Group and of the Company as at 31 December 2018, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgment in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current year's financial statements, we performed full scope audit of all 23 components as the appointed statutory auditors, and we identified 9 significant components, either because of their size or/and their risk characteristics.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVANCER GLOBAL LIMITED

Report on the Audit of Financial Statements (Continued)

Areas of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors.

We will elaborate on the salient areas of focus as follows:

- Impairment Assessment on Goodwill and Intangible Assets; and
- Allowance for Receivables

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters include the aforementioned salient areas of focus in our audit and do not represent all the risks identified by our audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Impairment Assessment on Goodwill and Intangible Assets
Refer to Note 3 for critical accounting judgments and key sources of estimation uncertainty, and Note 11 (Goodwill on Consolidation) and Note 12 (Intangible Assets) for disclosures relating to the impairment assessment.</td></tr>
<tr><th>Key Audit Matter</th><th>Audit Response</th></tr>
<tr><td>As at 31 December 2018, the Group reported goodwill and intangible assets arising from the acquisition of subsidiaries with carrying values approximately S$5.5 million and S$1.0 million respectively.

Management is required to assess at the end of each reporting period whether there is any indication that the intangible assets may be impaired. If any such indication exists, the management shall estimate the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, the management is required to perform an impairment assessment of goodwill annually.

The recoverable amounts are determined based on estimates of forecasted revenues, growth rates and discount rates. These estimates require judgement and the determination of the recoverable amounts is a key focus area in our audit.</td><td>Our audit procedures include, and are not limited to, the following:

• Discussed with management on their planned strategies around business expansion, revenue stream growth strategies and cost initiatives, the progress of negotiations with target customers, and obtained the list of secured and lost contracts;

• Assessed the achievability of the forecast based on actual results with previous forecast;

• Evaluated the reasonableness of management's estimate of expected future cash flows and challenged management's estimates applied in the value-in-use models, with comparison to recent performance, trend analysis and market expectations;

• Involvement of internal valuation expert on the assessment of value-in-use model;

• Reviewed the sensitivity analysis to assess the impact on the recoverable amount of the cash-generating-units subsequent to reasonably possible changes to the key assumptions for adequacy of disclosure in the financial statements; and

• Critically assessed the management's assessment of definite life intangibles for indicators of impairment.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVANCER GLOBAL LIMITED

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

Allowance for Receivables

Refer to Note 2.15 for Financial Instruments accounting policy, Note 3 for critical accounting judgments and key sources of estimation uncertainty, Note 19 (Trade and Other Receivables) and Note 31 (Financial Instruments and Financial Risks) for disclosures relating to the loss allowance for trade receivables.

Key Audit Matter	Audit Response
As at 31 December 2018, the Group reported trade receivables with carrying values approximately S$11.0 million. During the financial year then ended, the Group recorded expected credit losses of approximately S$36,000 for trade receivables. The Group adopted SFRS (I) 9 *Financial Instruments* during the year which introduces a new, forward-looking, expected credit losses ("**ECL**") impairment model which takes into account reasonable and supportable forward-looking information, which will generally result in the earlier recognition of impairment provisions. This requires a number of significant judgments from management. The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed through the age analysis, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. The Group utilised the "simplified approach" for the trade receivables. Trade receivables that are collectively evaluated for impairment are based on historical loss experience for receivables with similar credit risk characteristics. The methodology and assumptions used for estimating potential impairment loss are reviewed regularly to reduce any differences between loss estimates and actual loss experience.	Our audit procedures include, and are not limited to, the following: • Read the Group's updated accounting policies that addressed measurement and impairment provisioning policy and compared them with the requirements of the standard; • Held discussions with management and corroborated the data inputs and forward-looking quantitative and qualitative information such as assessment of the latest financial performance of the debtor, adjusted for the Group's outlook of the industry which the debtor operates; • Assessed and tested calculation of the ECL based on the historical loss rate for the past 3 financial years; • Recalculated the loss rate for the different aging buckets; • Tested the application of any specific provisions for customers which required one; • Performed background checks on major customers' financial standing and researched whether there is adverse news relating to their operations or financial position; • Performed subsequent receipts testing for major customers; and • Reviewed past payment trends for the relevant debtors of long-outstanding debts and reviewed evidence of payments made during the financial year.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVANCER GLOBAL LIMITED

Report on the Audit of Financial Statements (Continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVANCER GLOBAL LIMITED

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ADVANCER GLOBAL LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary entities incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is G Arull.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
20 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group	
	Note	2018	2017
		S$'000	S$'000
Revenue	4	**67,283**	65,260
Cost of sales		**(50,000)**	(46,403)
Gross profit		**17,283**	18,857
Other operating income	5	**1,668**	1,320
Administrative expenses		**(17,438)**	(16,701)
Finance expenses	6	**(73)**	(101)
Share of profit from equity-accounted for associate		**76**	–
Profit before income tax	7	**1,516**	3,375
Income tax expense	9	**(121)**	(262)
PROFIT FOR THE FINANCIAL YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**1,395**	3,113
Profit for the financial year attributable to:			
Owners of the Company		**1,336**	3,056
Non-controlling interests		**59**	57
Profit for the financial year		**1,395**	3,113
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	10	**0.64**	1.69

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 2018 S$'000	Group 2017 S$'000	Company 2018 S$'000	Company 2017 S$'000
ASSETS					
Non-current assets					
Goodwill on consolidation	11	**5,489**	5,489	**–**	–
Intangible assets	12	**1,012**	1,597	**–**	–
Investments in subsidiaries	13	**–**	–	**11,454**	11,404
Investment in an associate	14	**78**	2	**–**	–
Other investments	15	**–**	99	**–**	–
Property, plant and equipment	16	**2,645**	2,511	**–**	–
Deferred tax assets	17	**19**	–	**–**	–
Total non-current assets		**9,243**	9,698	**11,454**	11,404
Current assets					
Inventories	18	**547**	38	**–**	–
Trade and other receivables	19	**17,463**	16,622	**9,941**	6,740
Cash and bank balances	20	**26,006**	8,033	**19,624**	1,182
Total current assets		**44,016**	24,693	**29,565**	7,922
Total assets		**53,259**	34,391	**41,019**	19,326
EQUITY AND LIABILITIES					
Equity					
Share capital	21	**40,607**	18,378	**40,607**	18,378
Treasury shares	21	**(223)**	–	**(223)**	–
Retained earnings		**6,237**	6,163	**453**	635
Other reserves	22	**(2,870)**	(2,920)	**86**	36
Equity attributable to owners of the Company		**43,751**	21,621	**40,923**	19,049
Non-controlling interests		**359**	444	**–**	–
Total equity		**44,110**	22,065	**40,923**	19,049
Non-current liabilities					
Deferred tax liabilities	17	**218**	319	**–**	–
Finance lease payables	24	**401**	485	**–**	–
Bank borrowings	27	**625**	649	**–**	–
Total non-current liabilities		**1,244**	1,453	**–**	–
Current liabilities					
Finance lease payables	24	**134**	135	**–**	–
Trade and other payables	25	**6,869**	9,123	**96**	277
Contract liabilities from contracts with customers	26	**577**	485	**–**	–
Bank borrowings	27	**24**	630	**–**	–
Income tax payable		**301**	500	**–**	–
Total current liabilities		**7,905**	10,873	**96**	277
Total liabilities		**9,149**	12,326	**96**	277
Total equity and liabilities		**53,259**	34,391	**41,019**	19,326

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Note	Share capital	Treasury shares	Retained earnings	Share options reserve	Capital reserve	Merger reserve	Total	Non-controlling interests	Total equity
		Attributable to owners of the Company								
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2017		13,562	–	4,761	–	–	(2,603)	15,720	457	16,177
Profit for the financial year, representing total comprehensive income for the financial year		–	–	3,056	–	–	–	3,056	57	3,113
Issuance of ordinary shares	21	5,000	–	–	–	–	–	5,000	–	5,000
Share issuance expenses	21	(184)	–	–	–	–	–	(184)	–	(184)
Share options expenses pursuant to the ESOS	7	–	–	–	36	–	–	36	–	36
Acquisition of remaining non-controlling interest in a subsidiary		–	–	–	–	(353)	–	(353)	(124)	(477)
Acquisition of a subsidiary		–	–	–	–	–	–	–	18	18
Non-controlling interests investment in a subsidiary		–	–	–	–	–	–	–	180	180
Dividends declared to non-controlling interests		–	–	–	–	–	–	–	(144)	(144)
Dividends declared	35	–	–	(1,654)	–	–	–	(1,654)	–	(1,654)
Balance at 31 December 2017		18,378	–	6,163	36	(353)	(2,603)	21,621	444	22,065
Profit for the financial year, representing total comprehensive income for the financial year		–	–	1,336	–	–	–	1,336	59	1,395
Issuance of ordinary shares pursuant to Share Subscription[1]	21	22,148	–	–	–	–	–	22,148	–	22,148
Issuance of ordinary shares pursuant to FY2017 Scrip Dividend[2]	21	490	–	(490)	–	–	–	–	–	–
Purchase of treasury shares	21	–	(223)	–	–	–	–	(223)	–	(223)
Share issue expenses pursuant to the Share Subscription	21	(409)	–	–	–	–	–	(409)	–	(409)
Share options expenses pursuant to the ESOS	7	–	–	–	50	–	–	50	–	50
Dividends declared to non-controlling interests		–	–	–	–	–	–	–	(144)	(144)
Dividends declared	35	–	–	(772)	–	–	–	(772)	–	(772)
Balance at 31 December 2018		**40,607**	**(223)**	**6,237**	**86**	**(353)**	**(2,603)**	**43,751**	**359**	**44,110**

Notes:

(1) The Company issued and allotted 65,000,000 subscription shares to Fullcast Holdings Co., Ltd., a listed company in Japan who through its subsidiaries provides a range of human resource services to companies in Japan that was completed on 31 August 2018 (the "Share Subscription").

(2) The Company issued and allotted 1,691,002 new shares, on 29 June 2018, at an issue price of S$0.2898 per new share to the shareholders of the Company who were entitled to the final dividend for the financial year ended 31 December 2017 and have elected to participate in the Advancer Global Limited Scrip Dividend Scheme ("FY2017 Scrip Dividend").

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Company	Note	Share capital	Treasury shares	Retained earnings	Share options reserve	Total
		S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2017		13,562	–	848	–	14,410
Profit for the financial year, representing total comprehensive income for the financial year		–	–	1,441	–	1,441
Issuance of ordinary shares	21	5,000	–	–	–	5,000
Share issuance expenses	21	(184)	–	–	–	(184)
Share options expenses pursuant to the ESOS	7	–	–	–	36	36
Dividends declared	35	–	–	(1,654)	–	(1,654)
Balance at 31 December 2017		18,378	–	635	36	19,049
Profit for the financial year, representing total comprehensive income for the financial year		–	–	1,080	–	1,080
Issuance of ordinary shares pursuant to Share Subscription[1]	21	22,148	–	–	–	22,148
Issuance of ordinary shares pursuant to FY2017 Scrip Dividend[2]	21	490	–	(490)	–	–
Purchase of treasury shares	21	–	(223)	–	–	(223)
Share issue expenses pursuant to the Share Subscription	21	(409)	–	–	–	(409)
Share options expenses pursuant to the ESOS	7	–	–	–	50	50
Dividends declared	35	–	–	(772)	–	(772)
Balance at 31 December 2018		**40,607**	**(223)**	**453**	**86**	**40,923**

Notes:

(1) The Company issued and allotted 65,000,000 subscription shares to Fullcast Holdings Co., Ltd., a listed company in Japan who through its subsidiaries provides a range of human resource services to companies in Japan that was completed on 31 August 2018 (the "Share Subscription").

(2) The Company issued and allotted 1,691,002 new shares, on 29 June 2018, at an issue price of S$0.2898 per new share to the shareholders of the Company who were entitled to the final dividend for the financial year ended 31 December 2017 and have elected to participate in the Advancer Global Limited Scrip Dividend Scheme ("FY2017 Scrip Dividend").

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018	Group 2017
		S$'000	S$'000
Operating activities			
Profit before income tax		**1,516**	3,375
Adjustments for:			
Amortisation of intangible assets	12	**617**	599
Bad debts recovered	5	**–**	(*)
Bad debts written-off	7	**354**	7
Depreciation of property, plant and equipment	16	**620**	556
Fair value loss arising from financial assets at FVTPL	7	**99**	–
Gain on disposal of property, plant and equipment, net	5, 7	**(21)**	(19)
Interest expense	6	**73**	101
Interest income	5	**(42)**	(15)
Loss allowances for receivables (trade)	19	**23**	71
Loss on fair value re-measurement of contingent consideration payable	7	**80**	–
Property, plant and equipment written-off	7	**6**	3
Reversal of loss allowance for receivables (trade)	5, 19	**(46)**	–
Share issue expenses	7	**36**	–
Share options expenses pursuant to the ESOS	7	**50**	36
Share of profit from equity-accounted for associate	14	**(76)**	–
Operating cash flows before movements in working capital		**3,289**	4,714
Changes in working capital:			
Inventories		**(509)**	(12)
Trade and other receivables		**(1,183)**	(1,893)
Trade and other payables		**1,010**	443
Contract liabilities		**91**	(4)
Cash generated from operations		**2,698**	3,248
Interest received		**42**	15
Income taxes paid		**(440)**	(349)
Net cash generated from operating activities		**2,300**	2,914
Investing activities			
Acquisition of non-controlling interests in a subsidiary	13(e)	**–**	(477)
Deposits on acquisition		**(371)**	–
Final payment of contingent consideration for previously acquired subsidiaries	13(a), (b)	**(3,168)**	–
Net cash outflow on acquisition of subsidiaries	13	**–**	(1,152)
Investment in an associate company	14	**–**	(2)
Repayment from/(Loan to) an associate company	19	**382**	(3,719)
Non-controlling interests arising from investment in a subsidiary	13(f)	**–**	180
Proceeds from disposal of property, plant and equipment		**42**	54
Purchase of intangible asset	12	**(32)**	–
Share issuance expenses	7	**(36)**	–
Purchase of property, plant and equipment	16	**(732)**	(886)
Net cash used in investing activities		**(3,915)**	(6,002)

* *Denotes amount less than S$1,000*

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018	Group 2017
		S$'000	S$'000
Financing activities			
Dividends paid to:			
Owners of the Company	35	**(772)**	(1,654)
Non-controlling interests of subsidiaries		**(144)**	–
Interest paid		**(71)**	(98)
Purchase of treasury shares	21	**(223)**	–
Proceeds from bank borrowings		**100**	600
Proceeds from issuance of new shares	21	**22,148**	5,000
Share issue expenses	21	**(409)**	(184)
Repayment of bank borrowings		**(730)**	(606)
Repayment of finance lease payables		**(136)**	(164)
Repayment to directors		**(175)**	(11)
Net cash generated from financing activities		**19,588**	2,883
Net increase/(decrease) in cash and cash equivalents		**17,973**	(205)
Cash and cash equivalents at beginning of financial year		**8,028**	8,233
Cash and cash equivalents at end of financial year	20	**26,001**	8,028

Reconciliation of liabilities arising from financing activities not disclosed in notes:

	As at 1 January 2018	Financing cash outflows: Interest paid	Financing cash outflows: Repayment made, net	Non-cash movements: Purchase of property, plant and equipment[1]	Non-cash movements: Interest expense	As at 31 December 2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Liabilities						
Bank borrowings	1,279	(40)	(630)	–	40	649
Finance lease payables	620	(31)	(136)	49	33	535
Amount due to director	307	–	(175)	–	–	132

	As at 1 January 2017	Financing cash outflows: Interest paid	Financing cash outflows: Repayment made, net	Non-cash movements: Purchase of property, plant and equipment[2]	Non-cash movements: Interest expense	As at 31 December 2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Liabilities						
Bank borrowings	597	(61)	(6)	688	61	1,279
Finance lease payables	781	(37)	(164)	–	40	620
Amount due to director	318	–	(11)	–	–	307

Notes:

(1) S$49,000 worth of property, plant and equipment was acquired by means of finance lease.

(2) S$688,000 worth of property, plant and equipment was acquired by means of bank loan.

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

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

Advancer Global Limited (the "Company") (Registration Number 201602681W) is a limited liability company incorporated and domiciled in Singapore and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The registered office and principal place of business of the Company is located at 135 Jurong Gateway Road, #05-317, Singapore 600135.

The principal activity of the Company is that of investment holding.

The principal activities of the respective subsidiaries are disclosed in Note 13 to the financial statements.

The financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company for the financial year ended 31 December 2018 were authorised for issue by the Board of Directors on 20 March 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I) ("SFRS(I) INT") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("$'000"), unless otherwise indicated.

Singapore Financial Reporting Standards (International)

In December 2017, the Accounting Standards Council (the "ASC") issued SFRS(I) as the new accounting framework to be mandatorily applied by qualifying entities, which include Singapore-incorporated entities whose debt or equity instruments are traded in a public market in Singapore, in the preparation and presentation of their general purpose financial statements for annual reporting periods beginning on or after 1 January 2018.

This first volume of SFRS(I) contains the equivalent of consolidated text of IFRS as issued by the International Accounting Standards Board ("IASB") at 31 December 2017 that are applicable for annual reporting periods beginning on 1 January 2018. Simultaneous to its compliance with SFRS(I), the Group can hence elect to include an explicit and unreserved statement of compliance with SFRS(I) in its first and subsequent SFRS(I) financial statements.

In its initial adoption of this first set of SFRS(I) financial statements, the Group has applied SFRS(I) 1 *First-Time Adoption of Singapore Financial Reporting Standards (International)* ("SFRS(I) 1") which is equivalent to IFRS 1 *First-Time Adoption of International Financial Reporting Standards*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Singapore Financial Reporting Standards (International) (Continued)

The effects of applying SFRS(I) 1 is disclosed in Note 37.

SFRS(I) and SFRS(I) INT issued but not yet effective

At the date of authorisation of these statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but not yet effective:

SFRS (I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-1, SFRS(I) 1-8	Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of Material*	1 January 2020
SFRS(I) 1-19	Amendments to SFRS(I) 1-19: *Plan Amendment, Curtailment or Settlement*	1 January 2019
SFRS(I) 1-28	Amendments to SFRS(I) 1-28: *Long-term Interests in Associates and Joint Ventures*	1 January 2019
SFRS(I) 3	Amendments to SFRS(I) 3: *Definition of a Business*	1 January 2020
SFRS(I) 9	Amendments to SFRS(I) 9: *Prepayment Features with Negative Compensation*	1 January 2019
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
SFRS(I) 16	Leases	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019
Various	Annual Improvements to SFRS(I)s 2015-2017 Cycle – Amendments to SFRS(I) 3 *Business Combinations: Additional guidance for applying the acquisition method to particular types of business combinations* – Amendments to SFRS(I) 11 *Joint Arrangements: Accounting for acquisition of interests in joint operations* – Amendments to SFRS(I) 1-12 *Income taxes: Measurement, Recognition of current and deferred tax and borrowing costs* – Amendments to SFRS(I) 1-23 *Borrowing costs: Borrowing costs eligible for capitalisation*	1 January 2019
Various	Amendments to References to the Conceptual Framework in SFRS(I) Standards Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements	1 January 2020

Consequential amendments were also made to various standards as a result of these new or revised standards.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

The Group and the Company do not intend to early adopt any of the above new or revised standards, interpretations and amendments to the existing standards. Other than the following standards, management anticipates that the adoption of the aforementioned new or revised standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Lease*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) 1-15 *Operating Leases – Incentives*, and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and introduces a single, on-balance sheet accounting model for lessees.

The Group plans to apply SFRS(I) 16 on 1 January 2019 and will apply the modified retrospective approach to recognise the cumulative effect of initially applying SFRS(I) 16 on 1 January 2019. Accordingly, the comparative financial statements will not be restated.

Lessee

SFRS(I) 16 requires, with limited exceptions, the lessee to recognise, at initial recognition, lease liabilities, measured at the present value of lease payments that are not paid as of that date to reflect the present value of the future lease payment, and right-of-use assets at cost, comprising elements including the amount of the initial measurement of the lease liabilities, initial direct costs incurred by the lessee and estimates of other contracted costs to be incurred by the lessee, for its lease contracts. Leases of "low-value" assets and qualifying short-term leases entered into by lessees can be exempted from the new recognition criteria.

The Group plans to elect to use the exemption proposed by the standard on lease contracts for which the underlying asset is of low value and where the lease is short-term. The Group also plans to elect not to recognise right-of-use assets and lease liabilities of leases for which the lease term ends within 12 months as of 1 January 2019. In the determination of the lease term as a lessee, the Group plans to apply the practical expedient to use hindsight for contracts which contains options to extend or terminate the lease.

Preliminarily, based on the currently known and reasonably estimable information relevant to its assessment, as at 1 January 2019, the Group expects an increase in right-of-use assets and an increase in lease liabilities.

Lessor

The Group does not expect any significant impact on its financial statements as a lessor in the initial adoption of SFRS(I) 16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquire at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed off.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

2.4 Revenue recognition

The Group is principally in the business of providing employment services, building management services and security services (Note 34), sales of electronic products and provision of related installation services. Revenue from contracts with its customers is recognised when or as the Group satisfies a performance obligation by transferring a promised goods or service generated in the ordinary course of the Group's activities to its customer, at a transaction price that reflects the consideration the Group expects to be entitled in exchange for the goods or service and that is allocated to that performance obligation. The goods or service is transferred when or as the customer obtains control of the goods or service.

<u>Service income</u>

(a) Building Management Services and Security Services

Revenue from a contract to provide Building Management Services and Security Services is recognised over time, using the output method to measure progress towards complete satisfaction of the service, as the customer simultaneously receives and consumes the benefits provided by the Group. In the application of the output method, the Group has used appraisals of resulted achieved method. Accordingly, in view of the nature of the service income on contract basis, management considers that this output method is most appropriate in measuring the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Revenue from adhoc Building Management Services and Security Services is recognised at a point of time when the service has been provided and the right to consideration has been earned.

Advance consideration received from customers for services not yet provided is recognised as a contract liability (Note 26).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition (Continued)

Service income (Continued)

(b) Employment Services

Revenue from Employment Services is recognised at a point in time when the service has been provided and the right to consideration has been earned.

Advance consideration received from customers for services not yet provided is recognised as a contract liability (Note 26).

Sales of electronic products

The Group sells a range of electronic products in relation to provision of security services to its customers. Revenue is recognised at a point in time when control of the goods is transferred to the end customers (i.e. when the goods are delivered in accordance with the terms and conditions and significant risks and rewards of ownership of the goods have been transferred to the customer).

Installation services

The Group provides installation services, which includes running of electrical cables, for security systems that are either sold separately or bundled together with the sale of electronic products in relation to provision of security services to customers. The installation service can be obtained from other providers and does not significantly customise or modify the electronic products.

The bundled sale of installation services and electronic products comprises two performance obligations because the promises to provide the installation services and to transfer the electronic products are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the installation services and electronic products.

Revenue from the installation service is recognised at a point in time upon completion of installation and acceptance by customers.

The customer is invoiced on a milestone payment schedule. If the value of the goods or services transferred by the Group exceeds the payment, an accrued receivable is recognised. If the payment exceeds the value of the goods transferred, an advance consideration from customer is recognised under contract liabilities from contract with customers.

2.5 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.7 Employee leave entitlements

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 end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value of the equity instruments (excluding the effect of non market-based resting conditions) at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 23. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest and adjusted for the effect of non-market-based vesting conditions. At the end of each financial year, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the equity-settled share options reserve.

The policy described above is applied to all equity-settled share-based payments that were granted after 17 May 2017. No amount has been recognised in the financial statements in respect of other equity-settled share-based payments.

The transfer of the balance in the share option reserve to share capital or treasury shares upon exercise of the option and the transfer of the balance in the share option reserve to accumulated profits upon expiry of the option are not mandatory and may be kept as a separate reserve upon expiry or exercise of the option.

2.9 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in Singapore where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Income tax (Continued)

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.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

2.10 Dividends

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Property, plant and equipment

Leasehold buildings held for use in the production or supply of goods or services, or for administrative purposes, are shown at cost less any subsequent accumulated depreciation, and where applicable, accumulated impairment losses.

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs 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. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment 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.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

• Leasehold building	46 years
• Equipment	5 years
• Motor vehicles	3 to 5 years
• Computers and office equipment	3 to 5 years
• Renovation, furniture and fittings	3 to 5 years

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

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets

Acquired intangible assets

Acquired intangible assets are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. Subsequent to initial recognition, the intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Acquired intangible assets have either finite or indefinite useful life.

Intangible assets with finite useful life are amortised over its useful life, using its straight-line method, over the following bases:

• Customer contracts and contractual customer relationships	3 to 5 years
• Non-contractual customer relationships	2 to 10 years

The amortisation charge is recognised in profit or loss and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Intangible assets with indefinite useful life are not amortised, but tested for impairment annually, and whenever there is an indication that the intangible asset may be impaired. The indefinite useful life of an intangible asset is reviewed at the end of each financial year and where events and circumstances do not continue to support the indefinite useful life assessment for that asset, a change from indefinite to finite useful life is accounted for as a change in accounting estimate and adjusted prospectively.

The intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal, with any gain or loss arising from the derecognition of an intangible asset, being the difference between the net disposal proceeds and the carrying amount of the asset, recognised in profit or loss.

Operational web portal

Operational web portal is initially measured at cost. Following initial recognition, operational web portal is measured at cost less accumulated amortisation and accumulated impairment losses. The operation web portal is amortised to profit or loss over its estimated useful lives of 3 years.

2.13 Investment in an associate

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not control or of joint control of these policies, and generally accompanying a shareholding of 20% or more of the voting power.

On acquisition of the associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the reporting period in which the investment is acquired. Investment in an associate is carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Investment in an associate (Continued)

The results, assets and liabilities of an associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under SFRS(I) 5 from the date on which the investee become an associate. Under the equity method, investment in an associate is carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. The Group's share of losses in an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from the associate reduce the carrying amount of the investment. Any goodwill arising on the acquisition of the Group's interest in an associate is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions (see above).

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The Company has accounted for its investment in an associate at cost in its separate financial statements.

2.14 Impairment of tangible and intangible assets excluding goodwill

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

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

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Financial instruments from 1 January 2018

These accounting policies are applied on and after the initial application date of SFRS(I) 9, (i.e. 1 January 2018).

Financial assets

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 in Note 2.4.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). The classification at initial recognition depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets held at FVTOCI

A financial asset that is an investment in debt instrument is subsequently measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains or losses and interest which are recognised in profit or loss.

At initial recognition, the Group may make an irrevocable election to classify its investment in equity instruments, for which the equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3, as subsequently measured at FVTOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis.

Upon derecognition, other than the aforementioned equity instruments for which their subsequent cumulative fair value changes would be transferred to accumulated profits, the cumulative fair value changes recognised in other comprehensive income is recycled to profit or loss.

Dividends from equity instruments are recognised in profit or loss only when the Group's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial instruments from 1 January 2018 (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group uses a practical expedient to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 31.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial instruments from 1 January 2018 (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.5 above). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial instruments from 1 January 2018 (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities (Continued)

Financial guarantee contracts

The Company has issued corporate guarantees to banks for banking facilities granted by them to certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I) 15 *Revenue from Contracts with Customers* or FRS 18 *Revenue* previously.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments

A financial asset and a financial liability shall be offset, and the net amount presented in the statements of financial position when and only when, an entity:

(a) currently has a legally enforceable right to set-off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets before 1 January 2018

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale ("AFS") financial assets. The classification at initial recognition depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

A financial asset is classified as loans and receivables if the financial asset is non-derivatives with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise trade and other receivables, bank balance, cash on hand and fixed deposits. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial assets before 1 January 2018 (Continued)

AFS financial assets

Certain equity instruments held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, with the exception of unquoted equity instruments that are not carried at fair value as the fair value cannot be reliably measured, AFS are measured at fair value and changes therein are recognised directly in the AFS reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses arising from monetary items.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the AFS reserve is included in profit or loss for the financial year.

In the previous financial year, the Group's unquoted AFS are accounted for at cost less impairment losses, if any, whose fair value cannot be reliably measured.

Impairment of financial assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Inventories

Inventories, comprising mainly chemical products, electronic products for sales and other materials used for the daily operation, are stated at the lower of cost and net realisable value. Cost comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out and weighted average methods. Net realisable value represents the net amount that the Group expects to realise from the sale of inventories in the ordinary course of business.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with financial institutions which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statements of cash flows, cash and cash equivalents exclude deposits pledged with the financial institutions as collateral which form an integral part of the Group's cash management.

2.18 Leases

Finance leases

Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction of production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see Note 2.5).

Operating leases

Lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which it is incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (Continued)

Operating leases (Continued)

Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as it arises.

2.20 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.21 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Contingencies (Continued)

A contingent liability is: (Continued)

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statements of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group made judgments, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgments made in applying the Group's accounting policies

Impairment of loan to an associate company

At the end of each financial year, an assessment is made on whether there is indicator that the Group's loan to an associate company is impaired. The Group also considers the forward-looking factors specific to the associate and the economic environment which could affect the ability of the associate to settle the loan. If the financial conditions of the associate were to deteriorate, resulting in an impairment of its ability to make payments, allowances may be required. The carrying amount of the loan to an associate company as at 31 December 2018 was S$3,337,000 (2017: S$3,719,000) (Note 19).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of investments in subsidiaries and associate

At the end of each financial year, an assessment is made on whether there are indicators that the Group's and the Company's investments are impaired. Where applicable, the Group's and the Company's assessment are based on the estimation of the value-in-use of the assets defined in SFRS(I) 1-36 *Impairment of Assets* by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 31 December 2018 was S$11,454,000 (2017: S$11,404,000) (Note 13). The Group's carrying amount of investment in an associate as at 31 December 2018 was S$78,000 (2017: S$2,000) (Note 14).

Impairment of goodwill

The Group tests goodwill for impairment at least on an annual basis. Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. No impairment loss was recognised during the financial year. The carrying amount of goodwill as at 31 December 2018 was S$5,489,000 (2017: S$5,489,000) (Note 11).

Impairment of intangible assets

At the end of each financial year, an assessment is made on whether there are indicators that the Group's intangible assets are impaired. The valuation and useful life of the intangible assets are based on management's best estimates of future performance and periods over which value from the intangible asset will be realised. Management reassesses the estimated useful life at each period end, taking into account the period over which the intangible asset is expected to generate future economic benefits. The carrying amount of the Group's intangible assets as at 31 December 2018 was S$1,012,000 (2017: S$1,597,000) (Note 12).

Measurement of ECL of trade receivables

The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed through the age analysis, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. The Group adjusts the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The carrying amount of the Group's trade receivables as at 31 December 2018 were S$11,019,000 (2017: S$10,276,000) (Note 19). The expected loss allowance on the Group's trade receivables as at 31 December 2018 is S$36,000 (2017: S$115,000) (Note 19).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's property, plant and equipment as at 31 December 2018 was S$2,645,000 (2017: S$2,511,000) (Note 16).

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory, if any. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's and the Company's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2018 was S$547,000 (2017: S$38,000). There was no allowance made on inventory for the year ended 31 December 2018 and 2017 (Note 18).

Provision for income taxes

The Group has exposure to income taxes in Singapore of which a portion of these taxes arose from certain transactions and computations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities of expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made. The carrying amount of the Group's current tax payable as at 31 December 2018 was S$301,000 (2017: S$500,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. REVENUE (CONTRACTS WITH CUSTOMERS)

	Group	
	2018	2017
	S$'000	S$'000
Service income (point in time)		
– Employment Services	**12,471**	13,151
– Building Management Services	**3,960**	4,263
– Security Services	**11**	8
	16,442	17,422
Service income (over time)		
– Building Management Services	**32,145**	32,867
– Security Services	**18,159**	14,966
	50,304	47,833
Installation services (point in time)	**191**	–
Sales of goods (point in time)	**346**	5
	67,283	65,260

Transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations on 31 December 2018 and expected to be realised in the following financial years is approximately S$21,415,000. This may be recognised as revenue subject to the complete satisfaction of the services with acceptance by customers and termination clauses within the contracts. The amount disclosed above does not include variable consideration which is constrained.

As permitted under the SFRS(I) equivalent of IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed for (i) all other contracts which are for periods of one year or less, or are billed based on time incurred, and (ii) as of 31 December 2017.

5. OTHER OPERATING INCOME

	Group	
	2018	2017
	S$'000	S$'000
Administrative fees received from subcontractors	**71**	27
Bad debts recovered	**–**	*
Gain on disposal of property, plant and equipment	**21**	21
Government credit schemes and government grants	**1,407**	1,146
Income from supplies to subcontractors	**23**	14
Interest income from advances to subcontractors	**14**	15
Interest income from fixed deposit	**28**	–
Rental income	**57**	65
Reversal of loss allowance for receivables (trade)	**46**	–
Others	**1**	32
	1,668	1,320

Government credit schemes and government grants consists of special employment credit, wage credit scheme, temporary employment credit, national serviceman relief, Absentee Payroll funding from Singapore Workforce Development Agency, grant under WorkPro programme from Singapore National Employers Federation, Skill Future funding from Skills Future Singapore Agency in connection to certifiable skills training courses, Capability Development Grant and Productivity Solutions Grant from Enterprise Singapore.

* *Denotes amount less than S$1,000*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6. FINANCE EXPENSES

	Group 2018	Group 2017
	S$'000	S$'000
Interest expenses on:		
– Factoring of receivables	**27**	57
– Finance leases	**33**	40
– Property loan	**12**	4
– Term loan	**1**	–
	73	101

7. PROFIT BEFORE INCOME TAX

The following charges were included in the determination of profit before income tax:

	Note	Group 2018	Group 2017
		S$'000	S$'000
Included in cost of sales:			
Cost of inventories recognised as an expense	18	**487**	346
Insurance		**619**	608
Operating lease expenses		**289**	229
Provision for warranties	25	*****	1
Recruitment expenses		**4,842**	4,961
Staff costs (excluding key management personnel remuneration)	8	**30,760**	27,527
Subcontractors' fees		**10,990**	10,762
Included in administrative expenses:			
Audit fees to auditors of the Company:			
– Current financial year		**274**	268
– Under-provision in previous financial year		**24**	–
Non-audit fees to auditors of the Company		**42**	59
Advertising expenses		**477**	432
Loss allowance for receivables (trade)	19	**23**	71
Amortisation of intangible assets	12	**617**	599
Bad debts written-off		**354**	7
Depreciation of property, plant and equipment	16	**620**	556
Directors' fees	30	**114**	114
Fair value loss arising from financial assets at FVTPL		**99**	–
Insurance		**276**	284
Key management personnel remuneration	30	**3,101**	3,593
Loss on disposal of property, plant and equipment		**–**	2
Loss on fair value re-measurement of contingent consideration payable		**80**	–
Operating lease expenses		**1,519**	1,670
Property, plant and equipment written-off		**6**	3
Share issue expenses		**36**	–
Share option expenses		**50**	36
Staff costs (excluding key management personnel remuneration)	8	**7,092**	6,429

** Denotes amount less than S$1,000*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. STAFF COSTS (EXCLUDING KEY MANAGEMENT PERSONNEL REMUNERATION)

	Group	
	2018	2017
	S$'000	S$'000
Cost of sales		
Salaries, allowances and other benefits	**28,130**	25,128
Defined contribution plan	**2,630**	2,399
	30,760	27,527
Administrative expenses		
Salaries, allowances and other benefits	**6,417**	5,797
Defined contribution plan	**675**	632
	7,092	6,429
Total staff costs	**37,852**	33,956

9. INCOME TAX EXPENSE

	Group	
	2018	2017
	S$'000	S$'000
Current income tax		
– Current financial year	**286**	493
– Over-provision in prior financial years	**(45)**	(118)
	241	375
Deferred income tax (Note 17)		
– Origination and reversal of temporary differences	**(109)**	(95)
– Over-provision in prior financial years	**(11)**	(18)
Total tax expense	**121**	262

The Group is incorporated in Singapore and accordingly is subject to income tax rate of 17%. There were no changes in the enterprise income tax rate in the current financial year from the last financial year.

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

9. INCOME TAX EXPENSE (CONTINUED)

Reconciliation of effective tax rate is as follows:

	Group	
	2018	2017
	S$'000	S$'000
Profit before income tax	**1,516**	3,375
Share of profits from equity-accounted for an associate, net of taxation	**76**	–
Profit before taxation and share of profits from equity-accounted for an associate, net of taxation	**1,592**	3,375
Income tax at statutory rate	**271**	574
Tax effects of:		
– Expenses not deductible for tax purposes	**280**	378
– Income not subject to tax	**(32)**	(11)
– Tax incentive and special allowance	**(126)**	(301)
– Tax exemptions and rebates	**(168)**	(196)
– Over-provision in prior financial years	**(56)**	(136)
– Unrecognised deferred tax benefits	**60**	28
– Deferred tax assets recognised	**(5)**	–
– Others	**(103)**	(74)
Total tax expense	**121**	262

The Singapore Government has announced that companies will receive 20% Corporate Income Tax ("CIT") rebate that is subject to a cap of S$10,000 for the Year of Assessment ("YA") 2019 and 40% CIT rebate that is subject to a cap of S$15,000 for the YA 2018.

10. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. The following table reflects the profit and share data used in the computation of basic earnings per share:

	Group	
	2018	2017
Earnings for the purposes of basic and diluted earnings per share (profit for the financial year attributable to owners of the Company) (S$'000)	**1,336**	3,056
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	**208,030**	180,981
Basic and diluted earnings per share (cents)	**0.64**	1.69

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. EARNINGS PER SHARE (CONTINUED)

The basic and diluted earnings per share is the same as there were no potentially dilutive instruments.

Whilst there were 6,250,000 warrants outstanding as at 31 December 2018 (31 December 2017: 6,250,000 warrants), the warrants are, given their exercise price of S$0.45, not considered to be dilutive for the financial year ended 31 December 2018.

Whilst there were 1,085,500 share options outstanding as at 31 December 2018 (31 December 2017: 1,126,500 share options), the share options were granted at an exercise price of S$0.40 per share and are not considered to be dilutive for the financial year ended 31 December 2018.

The weighted average number of ordinary shares for financial year ended 31 December 2018 was computed based on the issue and allotment of:

(i) 1,691,002 new shares pursuant to the FY2017 Scrip Dividend on 29 June 2018;

(ii) 65,000,000 new shares pursuant to Share Subscription on 31 August 2018; and

(iii) the purchase of 14,900 and 1 million treasury shares by the Company on 5 October 2018 and 11 October 2018 respectively.

The weighted average number of ordinary shares for FY2017 was computed based on the issue and allotment of 12,500,000 placement shares on 17 May 2017.

11. GOODWILL ON CONSOLIDATION

	Group	
	2018	**2017**
	S$'000	**S$'000**
Cost:		
At 1 January	**5,489**	5,343
Additions	**–**	146
At 31 December	**5,489**	5,489

Goodwill acquired through business combinations is allocated, at acquisition, to the cash-generating units ("CGU") that are expected to benefit from those business combinations. The carrying amount of goodwill had been allocated as follows:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Ashtree International Pte. Ltd.	**115**	115
Envirocare Landscape (S) Pte. Ltd.	**146**	146
Newman & Goh Property Consultants Pte Ltd	**1,115**	1,115
Newman & Associates Pte. Ltd.	**66**	66
World Clean Facility Services Pte. Ltd.	**33**	33
Premier Group[1]	**4,014**	4,014
	5,489	5,489

(1) Premier Group – Green Management Pte. Ltd., Premier Eco-Care Pte. Ltd. and Prestige Enviro-Care Pte. Ltd. has been allocated as one CGU (Note 13(b)).

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

11. GOODWILL ON CONSOLIDATION (CONTINUED)

Impairment testing of goodwill

The Group tests CGU for impairment annually, or more frequently when there is an indication for impairment.

The Group has measured the recoverable amount of the CGU based on 3 to 5-years cash flows projections approved by the Board of Directors. Key assumptions on which management has based its cash flow projections for the respective periods of the significant CGU are as follows:

	Premier Group		Newman & Goh Property Consultants Pte Ltd	
	2018	**2017**	**2018**	**2017**
Growth rates	**0% to 1.3%**	0% to 2.5%	**Actual contracts**	Actual contracts
Pre-tax discount rate	**10.71%**	14.45%	**9.92%**	9.28%

Key assumptions used in the value-in-use calculations

Growth rates – The forecasted revenue growth rates used are based on contractual customers wherein contracts are mostly with a one to two-years term and automatic renewal clause relevant to the CGUs and regular customers, taking into account of the forecasted revenue growth rate relevant to the environment where the CGUs operate in.

Discount rates – The discount rate used is based on the weighted average cost of the CGU's capital (the "WACC"), adjusted for the specific circumstances of the CGU and based on management's experience, and re-grossed back to arrive at the pre-tax rate.

Management is of the view that any reasonable possible change in any of the above key assumptions is not likely to materially cause the CGU's carrying amount to exceed its recoverable amount.

No impairment loss was recognised during the financial years ended 31 December 2018 and 2017.

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

12. INTANGIBLE ASSETS

Group	Customer contracts and contractual customer relationships[1]	Non-contractual customer relationships[2]	Operational web portal[3]	Total
	S$'000	S$'000	S$'000	S$'000
Cost				
At 1 January 2017	2,480	293	–	2,773
Acquisition of subsidiaries (Note 13)	26	11	–	37
At 31 December 2017	2,506	304	–	2,810
Additions	–	–	32	32
At 31 December 2018	2,506	304	32	2,842
Accumulated amortisation				
At 1 January 2017	608	6	–	614
Amortisation for the financial year	560	39	–	599
At 31 December 2017	1,168	45	–	1,213
Amortisation for the financial year	566	40	11	617
At 31 December 2018	1,734	85	11	1,830
Carrying amount				
At 31 December 2018	772	219	21	1,012
At 31 December 2017	1,338	259	–	1,597

[1] Customer contracts and contractual customer relationships were acquired in business combinations in prior financial years. As explained in Note 2.12, the useful lives are estimated to be 3 to 5 years (2017: 3 to 5 years).

[2] Cost of non-contractual customer relationships is attributable to long-term relationship with its customers. As explained in Note 2.12, the useful lives are estimated to be 2 to 10 years (2017: 2 to 10 years).

[3] Cost is attributable to the development of an operational web portal for Group's Employment Services Business. As explained in Note 2.12, the useful life is estimated to be 3 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. INVESTMENTS IN SUBSIDIARIES

	Company 2018	Company 2017
	S$'000	S$'000
Investments in subsidiaries, at cost	**11,371**	11,371
Deemed investment arising from employees share options provided to employees of subsidiaries	**83**	33
	11,454	11,404

The details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Effective equity held by the Company 2018	Effective equity held by the Company 2017
		%	%
Held directly by the Company			
Advancer Global Manpower Pte. Ltd.[1]	Investment holding	**100**	100
Advancer Global Facility Pte. Ltd.	Business and management consultancy services/Investment holding	**100**	100
Advancer Global Security Pte. Ltd.[1]	Investment holding	**100**	100
Held through Advancer Global Manpower Pte. Ltd.			
Advancer Nation Pte. Ltd.[1] ("Advancer Nation")	Business and management consultancy services/Investment holding	**100**	100
APAC Cities Employment Pte. Ltd.[1]	Maid agencies/Employment agencies (excluding maid agencies)	**100**	100
Enreach Employment Pte. Ltd.	Maid agencies/Employment agencies (excluding maid agencies)	**100**	100
Nation Human Resources Pte. Ltd.	Maid agencies	**100**	100
Nation Employment Pte Ltd	Maid agencies/Building-cleaning services (including janitorial service)	**100**	100
Held through Advancer Global Facility Pte. Ltd.			
Envirocare Landscape (S) Pte. Ltd. ("Envirocare")	Landscape planting, care and maintenance services	**76**	76 (Note a)
First Stewards Private Limited	Building-cleaning services (including janitorial service)	**100**	100
Green Management Pte. Ltd.[1]	Pest control services not in connection with agriculture (pest control, fumigation and other ecological care services)	**100**	100 (Note b)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows (Continued):

Name of subsidiary	Principal activities	Effective equity held by the Company 2018	2017
		%	%
Held through Advancer Global Facility Pte. Ltd. (Continued)			
Master Clean Facility Services Pte. Ltd.	Building-cleaning services (including janitorial service)/Business management and consultancy services	**100 (Note c)**	100
Newman & Associates Pte. Ltd. ("NAPL")	Real estate agents and property management	**76**	76
Newman & Goh Property Consultants Pte Ltd ("NGPC")	Valuers, property agents, consultants and property management	**76**	76
Premier Eco-Care Pte. Ltd.	Pest control and fumigation services, landscape care and related maintenance services	**100**	100 (Note b)
Prestige Enviro-Care Pte. Ltd. (Wholly-owned subsidiary of Premier Eco- Care Pte. Ltd.)	Pest control and fumigation services, landscape care and related maintenance services	**100**	100 (Note b)
World Clean Facility Services Pte. Ltd. ("World Clean")	Building-cleaning services (including janitorial service)/Landscape care and maintenance service activities (landscaping and grass cutting services)	**100**	100 (Note d)
Unipest Pte. Ltd.[1] ("Unipest")	Pest control services not in connection with agriculture (Integrated pest management)/Housekeeping and Building-cleaning services (including janitorial service)/Sanitation improvement	**100**	100 (Note e)
Held through Advancer Global Security Pte. Ltd.			
AGS Integration Pte. Ltd. ("AGSI")	Security services/Computer system integration activities	**70**	70 (Note f)
Ashtree International Pte. Ltd.	Business and management consultancy services	**100**	100
KC Security & Investigation Services Pte. Ltd.	Security and investigation activities NEC/ Building-cleaning services (including janitorial service)	**100**	100
KH Security Agency Pte. Ltd.	Security services/Building-cleaning services (including janitorial service)	**100**	100

[1] The subsidiaries are dormant.

NOTES TO THE FINANCIAL STATEMENTS

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13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

All subsidiaries are incorporated and operating in Singapore, and are audited by Mazars LLP, Singapore.

Interest in subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiaries which have NCI that are material to the Group:

	Proportion of ownership interest held by NCI		Profit/(Loss) allocated to NCI during the financial year		Accumulated NCI at the reporting date		Dividends payable to NCI	
Name of subsidiaries	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	%	**%**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
AGSI	**30**	30	**(67)**	(35)	**78**	145	**–**	–
NGPC	**24**	24	**59**	52	**93**	161	**127**	144

There is no significant restriction on the Group's ability to access or use the assets and settle the liabilities of the Group.

Summarised financial information (before intercompany eliminations):

	AGSI		NGPC	
	2018	**2017**	**2018**	**2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Assets:				
Non-current assets	**1,354**	1,307	**42**	162
Current assets	**919**	276	**2,324**	1,793
Liabilities:				
Non-current liabilities	**625**	649	**–**	–
Current liabilities	**1,387**	449	**1,968**	1,280
Net assets	**261**	485	**398**	675
Results:				
Revenue	**735**	93	**10,103**	9,487
(Loss)/Profit before income tax	**(224)**	(115)	**242**	231
(Loss)/Profit for the financial year	**(224)**	(115)	**246**	217
Net cash flow (used in)/generated from operations	**(516)**	(124)	**424**	194

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Acquisition of Envirocare

On 4 July 2017, Advancer Global Facility Pte. Ltd. acquired 76% equity interest in Envirocare, a company incorporated in Singapore, to expand the range of services within the Group's facilities management division and to further strengthen the services offerings by providing a holistic suite of facilities management solutions and services to wide base of customers. The fair value of the identifiable assets and liabilities of Envirocare as at the acquisition date were:

	Fair value recognised on acquisition
	S$'000
Property, plant and equipment	43
Customer contracts and contractual customer relationships	26
Non-contractual customer relationships	11
Deferred tax liabilities	(6)
Total identifiable net assets at fair value	74
Non-controlling interest measured at the non-controlling interest's proportionate share of Envirocare's net identifiable assets	(18)
Goodwill arising from acquisition	146
Total consideration	202
Effect of the acquisition of Envirocare on cash flows	
Total consideration for 76% of equity interest acquired	202
Less: Cash and cash equivalents of subsidiary acquired	–
Fair value of contingent consideration payable	(50)
Net cash outflow on acquisition	152

Transaction costs

No transaction costs related to the acquisition was recognised in the Group's profit or loss for the financial year ended 31 December 2017.

Goodwill arising from acquisition

Goodwill of S$146,000 arising from the acquisition is attributable to the expected synergies from combining the operations of the Group with Envirocare and increasing in Group's pool of corporate customers in relation to the Building Management Services Business, which provides opportunity of cross-selling the facility management services from other subsidiaries within the Group. None of the goodwill is expected to be deductible for tax purposes.

Consideration

The 76% of initial consideration of S$152,000 was paid on 4 July 2017. The 76% of remaining consideration will be a maximum amount of S$76,000 payable by 30 September 2018, at an amount to be determined based on the total service fee generated from Envirocare's fixed and recurring service contracts during the twelve months from 4 July 2017. The fair value of the remaining consideration of S$50,000 is measured at the date of acquisition.

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

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) *Acquisition of Envirocare (Continued)*

Intangible assets
Intangible assets identified relate to contractual and non-contractual customer relationships which are attributable to long-term relationships with its major customers. The useful life is estimated at two to three years.

Impact of the acquisition on profit or loss
From the date of acquisition, Envirocare has contributed S$200,000 and S$29 to the revenue and the profit after tax of the Group respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue would increase by S$400,000 and profit after tax would decrease by S$10,000.

Update in financial year ended 31 December 2018
On 12 July 2018, Advancer Global Facility Pte. Ltd. paid the remaining consideration of S$68,058 in cash to complete the acquisition.

(b) *Acquisition of Green Management Pte. Ltd., Premier Eco-Care Pte. Ltd. and Prestige Enviro-Care Pte. Ltd. (collectively, the "Premier Group")*

On 1 November 2016, Advancer Global Facility Pte. Ltd. acquired 100% equity interest in Premier Group, companies incorporated in Singapore, to have a larger skilled workforce to drive the pest control business offering with more advanced treatment methods to a larger pool of customers. Consequent to the application of FRS 103, the Group recorded goodwill of S$977,000 (the "Initial Goodwill").

Disclosure of contingent consideration existing as of the Acquisition Date

The Initial Goodwill was determined on the basis that purchase consideration of S$3.0 million paid in 2016 was the fair value of the total purchase consideration as the fair value of the contingent consideration ("Contingent Consideration") was expected to be insignificant on the basis that the probability of the Value-In-Use ("VIU") exceeding S$7.0 million was remote and accordingly, the information was not included in the financial statements for the financial year ended 31 December 2016.

The fair value of the Contingent Consideration as of 31 December 2016 was determined based on the Group's assessment of the probability of payment using the following bases:

Value-in-use	**Further consideration to be paid/payable to the vendors**
	S$'000
(a) Above S$7.0 million but not exceeding S$10.0 million	3,240
(b) Above S$10.0 million	3,500

In estimating the VIU of the Premier Group, the management has made the key assumptions and inputs disclosed below. Based on the calculated VIU, management expected that the VIU exceed S$7.0 million would be remote.

The key assumptions on which management used in the determination of the VIU includes revenue streams growth rate of 0% to 2.5% (2016: 0% to 2.5%), terminal growth rate of 0% (2016: 0%) and pre-tax discount rate of 14.45% (2016: 13.25%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Acquisition of Green Management Pte. Ltd., Premier Eco-Care Pte. Ltd. and Prestige Enviro-Care Pte. Ltd. (collectively, the "Premier Group") (Continued)

Measurement period adjustment

Additional information relating to facts and circumstances existing as of the Acquisition Date, specifically the existence of ship fumigation revenue stream that was not known to the management team and surfaced during the measurement period (i.e. one year subsequent to the Acquisition Date). Should the additional information be known as of Acquisition Date, the VIU and the probability of pay-out of Contingent Consideration would have been adjusted upwards. Accordingly, the fair value of the Contingent Consideration would have been different with a consequential impact on the goodwill as of the Acquisition Date.

In 2017, management has since finalised the purchase price allocation exercise and determined the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition. Accordingly, as required by SFRS(I) 3, the comparative figures have been restated retrospectively.

The fair value of the identifiable assets and liabilities of Premier Group as at the acquisition date were:

	Previously stated	Re-measurement adjustment	Restated
	S$'000	S$'000	S$'000
Property, plant and equipment	228	–	228
Customer contracts and contractual customer relationships	647	–	647
Non-contractual customer relationships	293	–	293
Inventories	48	–	48
Trade and other receivables	1,414	–	1,414
Cash and cash equivalents	233	–	233
Trade and other payables	(540)	–	(540)
Finance lease payables	(141)	–	(141)
Deferred tax liabilities	(159)	–	(159)
Total identifiable net assets at fair value	2,023	–	2,023
Goodwill arising from acquisition	977	3,037	4,014
Total consideration	3,000	3,037	6,037
Effect of the acquisition of Premier Group on cash flows			
Total consideration for 100% of equity interest acquired	3,000	3,037	6,037
Less: Cash and cash equivalents of subsidiaries acquired	(233)	–	(233)
Fair value of contingent consideration payable	–	(3,037)	(3,037)
Net cash outflow on acquisition	2,767	–	2,767

Transaction costs

No transaction costs related to the acquisition was recognised in the Group's profit or loss for the financial year ended 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) *Acquisition of Green Management Pte. Ltd., Premier Eco-Care Pte. Ltd. and Prestige Enviro-Care Pte. Ltd. (collectively, the "Premier Group") (Continued)*

Trade and other receivables acquired

Trade and other receivables acquired comprise of trade receivables and other receivables with fair values at S$890,000 and S$524,000, respectively. Their gross amounts are S$1,396,000 and S$524,000, respectively. At the acquisition date, S$506,000 of the contractual cash flows pertaining to trade receivables was not expected to be collected.

Goodwill arising from acquisition

Goodwill of S$4,014,000 arising from the acquisition is attributable to the expected synergies from combining the operations of the Group with Premier Group and increasing in Group's pool of corporate customers in relation to the Building Management Services Business, which provides opportunity of cross-selling the facility management services from other subsidiaries within the Group. None of the goodwill is expected to be deductible for tax purposes.

Consideration

The contingent consideration is the fair value of the remaining consideration payable for the acquisition of Premier Group.

Intangible assets

Intangible assets identified relate to contractual and non-contractual customer relationships which are attributable to long-term relationships with its major customers. The useful life is estimated at three to ten years.

Impact of the acquisition on profit or loss

From the date of acquisition to the financial year ended 31 December 2016, Premier Group has contributed S$740,000 and S$379,000 to the revenue and profit after tax of the Group respectively. If the combination has taken place at the beginning of the financial year ended 31 December 2016, the contribution to the Group's revenue and profit after tax would have been approximately S$4,272,000 and S$538,000 respectively.

For the financial year ended 31 December 2017, Premier Group has contributed S$5,615,000 and S$927,000 to the Group's revenue and profits after tax respectively.

Update in financial year ended 31 December 2018

On 1 February 2018, Advancer Global Facility Pte. Ltd. paid an additional consideration of S$3.1 million in cash to complete the acquisition.

(c) *Additional investment in a subsidiary – Master Clean*

On 23 May 2018, Advancer Global Facility Pte. Ltd. increased its issued and paid-up capital in its wholly-owned subsidiary, Master Clean, from S$250,000 comprising 250,000 ordinary shares to S$300,000 comprising 300,000 ordinary shares through the allotment and issuance of 50,000 ordinary shares of S$1 per share.

On 4 October 2018, Advancer Global Facility Pte. Ltd. further increased its issued and paid-up capital in its wholly-owned subsidiary, Master Clean, from S$300,000 comprising 300,000 ordinary shares to S$500,000 comprising 500,000 ordinary shares through the allotment and issuance of 200,000 ordinary shares of S$1 per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(d) Additional investment in a subsidiary – World Clean

On 6 June 2017, Advancer Global Facility Pte. Ltd. increased its issued and paid-up capital in its wholly-owned subsidiary, World Clean, from S$180,000 comprising 180,000 ordinary shares to S$250,000 comprising 250,000 ordinary shares, through the allotment and issuance of 70,000 ordinary shares of S$1 per share.

(e) Acquisition of non-controlling interests in a subsidiary – Unipest

On 31 March 2017, Advancer Global Facility Pte. Ltd. acquired an additional 20% equity interest in Unipest, comprising 22,000 ordinary shares from its non-controlling interests for a cash consideration of S$477,000. As a result of this acquisition, Unipest became a wholly-owned subsidiary of the Group (Note 22).

From 1 August 2017 onwards, all contracts from Unipest had been novated to Premier Eco-Care Pte. Ltd.. Following which, Unipest became inactive as at the end of the financial year ended 31 December 2017.

(f) Incorporation of a subsidiary – AGSI

On 25 April 2017, Advancer Global Security Pte. Ltd. ("AGS") has incorporated a wholly-owned subsidiary, AGSI, for an initial issued and paid-up share capital of S$1.

On 31 May 2017, AGS entered into an arrangement with an independent unrelated third party and subscribed 419,999 new ordinary shares in the capital of AGSI at the subscription price of S$419,999 in cash whereas the independent unrelated third party subscribed 180,000 new ordinary shares in the capital of AGSI at the subscription price of S$180,000 in cash.

14. INVESTMENT IN AN ASSOCIATE

	Group	
	2018	**2017**
	S$'000	**S$'000**
Investment in an associate, at cost	**2**	2
Share of associate's results	**76**	*
Carrying amount	**78**	2

* *Denotes amount less than S$1,000*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. INVESTMENT IN AN ASSOCIATE (CONTINUED)

The details of the associates are as follows:

Name of associates	Country of incorporation and principal place of business	Principal activities	Effective equity interest held by the Group 2018	2017
			%	%
Held through Advancer Global Facility Pte. Ltd.				
G3 Environmental Private Limited ("G3")	Singapore	Commercial and industrial real estate management/Recycling of metal waste and scrap	**20.1**	20.1
Held through G3				
TEE Environmental Pte. Ltd. (previously known as Chiang Kiong Environmental Pte. Ltd.)	Singapore	Commercial and industrial real estate management/Recycling of metal waste and scrap	**20.1**	20.1
TEE Recycling Pte. Ltd. (previously known as Chiang Kiong Resources (Paper) Pte. Ltd.)	Singapore	Recycling of metal waste and scrap/Collection of waste	**20.1**	20.1
Envotek Engineering Pte. Ltd.	Singapore	Installation of industrial machinery and equipment, mechanical engineering works/General contractors	**20.1**	20.1

The associate was audited by Deloitte & Touche LLP for the financial year ended 31 May 2018.

The activities of the associate are strategic to the Group's activities.

On 28 December 2017, Advancer Global Facility Pte. Ltd. subscribed 201,000 new ordinary shares in the capital of G3 amounting to S$2,010 in cash, representing 20.1% of entire equity interests in G3, at S$0.01 per ordinary share. Accordingly, G3 became an associated company of the Group.

On 29 December 2017, G3 completed the acquisition of 100% equity interests in TEE Environmental Pte. Ltd. (previously known as Chiang Kiong Environmental Pte. Ltd.), TEE Recycling Pte. Ltd. (previously known as Chiang Kiong Resources (Paper) Pte. Ltd.) and Envotek Engineering Pte. Ltd. at an aggregate consideration of S$18,500,000, of which S$3,718,500 was provided as a loan by Advancer Global Facility Pte. Ltd. in proportion to its shareholding in G3.

The financial statements of G3 are made up to 31 May each year. This was the financial reporting date established when G3 was incorporated, and a change of reporting date is not made because the reporting date is required to be the same as G3's parent company, TEE Infrastructure Private Limited, who holds 50.1% equity interest in G3.

The associate, together with its ultimate holding company, have provided a corporate guarantee to a bank for total facilities of $4,500,000 granted to a wholly-owned subsidiary of the associate. The bank facilities are secured by a charge over the present and future assets (excluding fixed assets under finance leases charged to existing lenders), charge of future earnings and charge over ordinary shares of the associate's wholly-owned subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. INVESTMENT IN AN ASSOCIATE (CONTINUED)

Summarised financial information for associated company

The summarised financial information based on its unaudited SFRS(I) financial statements as follows:

	2018	2017
	S$'000	S$'000
Assets and liabilities:		
Non-current assets	**10,349**	10,851
Current assets	**13,853**	14,609
Total assets	**24,202**	25,460
Non-current liabilities	**1,196**	855
Current liabilities	**22,776**	23,125
Total liabilities	**23,972**	23,980
Net assets	**230**	1,480
Group's share of associate's net assets	**46**	297
Carrying amount of the investment as at 31 December	**78**	2
Results:		
Revenue	**42,600**	–
Profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year	**377**	(*)
Group's share of associate's profit/(loss) for the financial year	**76**	(*)

* *Denotes amount less than S$1,000*

15. OTHER INVESTMENTS

	Group	
	2018	2017
	S$'000	S$'000
Available-for-sale asset		
Unquoted equity instruments – AFS, at cost	**–**	99
Financial assets held at FVTPL		
Unquoted equity instruments – at FVTPL	**–**	–
	–	99

The investment in unquoted equity instruments classified at FVTPL (2017: AFS) relates to investment in Beijing Singapore Technology & Facility Management Co., Ltd, a company incorporated in People's Republic of China, held through its subsidiary, Newman & Goh Property Consultants Pte Ltd, with shareholding at 10% (2017: 10%) ("China Investment").

It is denominated in Chinese Renminbi.

As at 31 December 2017, the AFS investment was carried at cost less impairment loss, if any, as its fair value could not be measured reliably.

As at 31 December 2018, the fair value of the equity instrument was determined based on net assets of the investee. The carrying amounts of most assets and liabilities of the investee approximate their respective fair values due to relative short-term maturity of these assets and liabilities. The Group has recognised fair value loss on China Investment amounting to S$99,000 during the financial year.

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

16. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold building	Equipment	Motor vehicles	Computers and office equipment	Renovation, furniture and fittings	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Cost						
At 1 January 2017	–	154	1,249	823	491	2,717
Additions	883	55	50	474	112	1,574
Disposals	–	(6)	(113)	(4)	–	(123)
Write-offs	–	(2)	(3)	(79)	(15)	(99)
Acquired on acquisition of subsidiaries (Note 13)	–	–	43	–	–	43
At 31 December 2017	883	201	1,226	1,214	588	4,112
Additions	–	367	62	288	64	781
Disposals	–	–	(113)	(*)	–	(113)
Write-offs	–	(3)	–	(23)	(8)	(34)
At 31 December 2018	883	565	1,175	1,479	644	4,746
Accumulated depreciation						
At 1 January 2017	–	41	409	517	262	1,229
Depreciation	–	45	262	145	104	556
Disposals	–	(4)	(80)	(4)	–	(88)
Write-offs	–	(2)	(3)	(76)	(15)	(96)
At 31 December 2017	–	80	588	582	351	1,601
Depreciation	11	62	256	192	99	620
Disposals	–	–	(92)	(*)	–	(92)
Write-offs	–	(2)	–	(22)	(4)	(28)
At 31 December 2018	11	140	752	752	446	2,101
Carrying amount						
At 31 December 2018	872	425	423	727	198	2,645
At 31 December 2017	883	121	638	632	237	2,511

* *Denoted amount less than S$1,000*

Property, plant and equipment of the Group with carrying amount of S$521,000 (2017: S$572,000) were acquired under finance lease arrangements (Note 24).

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S$781,000 (2017: S$1,574,000) of which S$49,000 (2017: S$Nil) and S$Nil (2017: S$688,000) were acquired by means of finance leases (Note 24) and bank borrowings (Note 27) respectively. Cash payments of S$732,000 (2017: S$886,000) were made to purchase property, plant and equipment.

The Group's leasehold building with carrying amount of S$872,000 (2017: S$883,000) is mortgaged to secure the Group's bank borrowings (Note 27).

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

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Details of the leasehold building held by the Group as at 31 December are set out below:

	2018		2017	
Description and location	**Tenure**	**Unexpired lease term**	**Tenure**	**Unexpired lease term**
18 Boon Lay Way #03-138 Tradehub 21, Singapore 609966 (the "Tradehub21 Property")	**45 years 4 months**	**45 years**	46 years 4 months	46 years

17. DEFERRED TAX

	Group 2018 S$'000	Group 2017 S$'000
Deferred tax assets	**19**	–
Deferred tax liabilities	**(218)**	(319)

Deferred tax assets and liabilities principally arise as a result of difference between carrying amount and tax written down value of property, plant and equipment.

The movements in deferred tax position for the financial year are as follows:

Deferred tax assets

	Group 2018 S$'000	Group 2017 S$'000
At beginning of financial year	**–**	–
Credit to profit or loss	**19**	–
At end of financial year	**19**	–

Deferred tax liabilities

	Group 2018 S$'000	Group 2017 S$'000
At beginning of financial year	**(319)**	(426)
Charged to profit or loss	**90**	95
Over-provision in prior financial years	**11**	18
Acquisition of subsidiaries	**–**	(6)
At end of financial year	**(218)**	(319)

(a) Deferred tax assets are recognised to the extent that realisation of the related tax benefits through future taxable profits is probable.

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

17. DEFERRED TAX (CONTINUED)

(b) The following deferred income tax assets have not been recognised in the statements of financial position in respect of the tax losses and capital allowances due to uncertainty in the availability of future taxable profit against which the Group can utilise the tax benefits are as follows:

	Group	
	2018	2017
	S$'000	S$'000
Tax losses	**475**	123
Capital allowances	**–**	33
	475	156
Unrecognised deferred tax benefits at statutory rate	**81**	26

18. INVENTORIES

Inventories of the Group comprise mainly chemical products, electronic products for sales and other materials that used for the daily operation purpose. Cost of inventories recognised as expense and included in cost of sales is disclosed in Note 7 to the financial statements.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Trade receivables				
– Third parties	**10,671**	10,391	**–**	–
– Related parties	*****	–	**–**	–
– Accrued receivables	**384**	–	**–**	–
Less: loss allowance (Note 31)	**(36)**	(115)	**–**	–
Total trade receivables	**11,019**	10,276	**–**	–
Other receivables				
– Third parties	**108**	21	**29**	3
– Subsidiaries	**–**	–	**6,138**	4,484
– Loan to an associate company	**3,337**	3,719	**–**	–
– Advances to recruiters and suppliers	**388**	444	**–**	–
– Deferred cost	**106**	63	**–**	–
– Deposits	**983**	628	**–**	4
– Dividend receivable from subsidiaries	**–**	–	**3,640**	1,990
– Prepayments	**470**	477	**134**	259
– Receivable from government credit schemes	**949**	832	**–**	–
– Staff loans	**103**	162	**–**	–
Total other receivables	**6,444**	6,346	**9,941**	6,740
Total trade and other receivables	**17,463**	16,622	**9,941**	6,740

Trade receivables are non-interest bearing and the Group generally does not extend credit period to the customers except for pest control business, security consultancy business and landscape business which have credit period extended at 7 to 90 (2017: 7 to 90) days credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables of S$ Nil (2017: S$3,339,000) are secured for bank borrowings (Note 27(a)) with a financial institution.

Accrued receivables of S$384,000 (2017: S$Nil) relate to revenue recognised to date but has not been invoiced to the customer as at the financial year end. Accrued receivables for the financial year ended 31 December 2018 increased due to completion of installation services contracts but yet to invoice to the customers as at the end of financial year.

Other receivables from subsidiaries and loan to an associate company are unsecured, interest free and repayable on demand. There is repayment of loan from an associate company of S$382,000 (2017: S$ Nil) during the financial year.

Advances to recruiters represent advanced payments as at financial year end that would be offset against the costs of Foreign Domestic Workers ("FDW") arrivals in the next financial year.

Deferred costs relate to the recruitment expenses deferred till completion of the performance obligation to recruiters in the future financial period.

Deposits include (i) a refundable deposit of S$200,000 in relation to a non-binding agreement entered with third parties for acquisition of a group of companies and (ii) consideration of S$171,000 in cash paid to a third party for the acquisition of 76% of the issued and paid-up share capital of Country Cousins Pte. Ltd., which completed on 2 January 2019 (refer to Note 36).

Staff loans are unsecured, interest-free and repayable on demand.

Allowances are made in respect of estimated irrecoverable amounts and determined by reference to past default experience. If repeated reminders and letters of demand to settle overdue payments fail to yield results, the Group will make allowances or write off the debts on a case-by-case basis.

The carrying amount of trade receivables individually determined to be impaired is as follows:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Past due for 0 to 30 days	**–**	3
Past due for 31 to 60 days	**–**	1
Past due for 61 to 90 days	*****	2
Past due for more than 90 days	**36**	109
	36	115

* *Denotes amount less than S$1,000*

Movements in the loss allowance for trade receivables are as follows:

	Group	
	2018	**2017**
	S$'000	**S$'000**
At beginning of financial year	**115**	123
Charged to profit or loss	**23**	71
Written off during the financial year	**(56)**	(79)
Reversal of loss allowance	**(46)**	–
At end of financial year	**36**	115

Trade and other receivables are denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. CASH AND BANK BALANCES

	Group		Company	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Cash at banks	**7,922**	7,964	**1,624**	1,182
Cash on hand	**79**	64	*	*
Fixed deposits	**18,005**	5	**18,000**	–
	26,006	8,033	**19,624**	1,182

** Denotes amount less than S$1,000*

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Fixed deposits of the Group and the Company bear interest rates ranging from 0.25% to 1.78% (2017: 0.25% to 0.35%) per annum and 1.74% to 1.78% (2017: Nil) per annum respectively. Fixed deposits of the Group and the Company are for tenure of 12 (2017: Nil) months and 3 to 12 (2017: Nil) months respectively.

The fixed deposits of S$5,000 (2017: S$5,000) were pledged to financial institutions for banker guarantees which was issued by the banker to Group's customers as security deposits for provision of fumigation services.

Cash and bank balances are denominated in Singapore dollar.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of financial year:

	Group	
	2018	2017
	S$'000	S$'000
Cash and bank balances	**26,006**	8,033
Fixed deposits pledged	**(5)**	(5)
Cash and cash equivalents	**26,001**	8,028

21. SHARE CAPITAL

	Group and Company	
	No. of shares	
	'000	S$'000
Issued and fully paid, with no par value		
At 1 January 2017	**173,173**	13,562
Issuance of ordinary shares	**12,500**	5,000
Share issue expenses	**–**	(184)
At 31 December 2017	**185,673**	18,378
Issuance of ordinary shares pursuant to Share Subscription	**65,000**	22,148
Issuance of ordinary shares pursuant to FY2017 Scrip Dividend	**1,691**	490
Share issue expenses	**–**	(409)
At 31 December 2018	**252,364**	40,607

NOTES TO THE FINANCIAL STATEMENTS

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21. SHARE CAPITAL (CONTINUED)

On 31 August 2018, the Company issued and allotted 65,000,000 subscription shares to Fullcast Holdings Co., Ltd., a listed company in Japan (the "Share Subscription").

On 29 June 2018, the Company issued and allotted 1,691,002 new ordinary shares at an issue price of S$0.2898 per new share to the shareholders of the company who were entitled to the final dividend for the financial year ended 31 December 2017 and have elected to participate in the Advancer Global Limited Scrip Dividend Scheme ("FY2017 Scrip Dividend").

On 2 May 2017, the Company issued and allotted 12,500,0000 new ordinary shares ("Placement Shares") at an issue price of S$0.40 per Placement Share ("Placement") and 6,250,000 warrants ("Warrant Shares"), each carrying the right to subscribe for 1 new ordinary share in the capital of the Company at an exercise price of S$0.45 per Warrant Share. The Placement rise gross proceed of S$5.0 million. As at 31 December 2018, 6,250,000 (31 December 2017: 6,250,000) Warrant Shares are outstanding and have not been exercised.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Treasury shares

	Group and Company	
	No. of shares	
	'000	S$'000
Issued and fully paid, with no par value		
At 1 January 2018	–	–
Repurchased during the year	1,015	223
At 31 December 2018	**1,015**	**223**

The Company acquired 1,014,900 of its own shares through purchases on SGX during the year. The total amount paid to acquire the shares was S$223,278 and has been deducted from shareholders' equity.

22. OTHER RESERVES

Other reserves comprise of reserves as follows:

	Group		Company	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Capital reserve	**(353)**	(353)	**–**	–
Share options reserve	**86**	36	**86**	36
Merger reserve	**(2,603)**	(2,603)	**–**	–
	(2,870)	(2,920)	**86**	36

Capital reserve

The capital reserve represents the difference between the fair value of the consideration paid and the carrying amount of the non-controlling interest of Unipest for the acquisition of the remaining 20% equity interest in Unipest (Note 13(e)).

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. OTHER RESERVES (CONTINUED)

Share options reserve

The share options reserve comprises the cumulative value of employee services received for the issue of share options. When the share options are exercised, the related balance previously recognised in the share options reserve is transferred to share capital. When the share options expire, the related balance previously recognised in the share options reserve is transferred to accumulated profits. Further information about the share-based payments to employees is set out in Note 23 of the financial statements.

Merger reserve

Merger reserve represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares and net asset value of the subsidiaries acquired which is accounted for under "merger accounting".

23. SHARE BASED PAYMENT

The ESOS of the Company was approved and adopted by its members on 6 June 2016.

Information regarding the ESOS is set out below:

1. Group employees (including Directors of the Company) who have attained the age of 21 years and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have been in the employment of the Group for a period of at least 12 months, or such shorter period as the Remuneration Committee may determine, are eligible to participate in the ESOS.

2. The maximum discount shall not exceed 20% of the market price on the date of the grant of the options.

3. The options granted with the exercise price set at market price should only be exercised after the first anniversary from the grant date and before the tenth anniversary of the grant date.

4. The option granted with exercise price set at a discount to market price should only be exercised after the second anniversary from the grant date and before the tenth anniversary of the grant date.

5. The option shall immediately lapse and become null and void when the participant cease to be in employment of the Group.

6. All options are settled by delivery of shares.

On 20 April 2017, the Company granted 1,156,500 share options, at exercise price of S$0.40 for each share, to the eligible employees of the Group. The options shall be vested equally over three years, first year of vesting being two years from the grant date. The options shall be exercised (a) before the fifth anniversary of the grant date, failing which all unexercised options shall immediately lapse and become null and void, and (b) in whole and not in part, i.e. all at once, not multiple series of smaller lots.

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

23. SHARE BASED PAYMENT (CONTINUED)

Details of the share options outstanding during the financial year are as follows:

	Group and Company			
	2018		2017	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
	('000)	S$	('000)	S$
Outstanding at the beginning of the financial year	**1,127**	**0.40**	–	–
Granted during the financial year	**–**	**–**	1,157	0.40
Lapsed during the financial year	**(41)**	**0.40**	(30)	0.40
Outstanding at the end of the financial year	**1,086**	**0.40**	1,127	0.40
Exercisable at the end of the financial year	**–**	**–**	–	–

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Fair value of share options and assumptions

Date of grant of options	20 April 2017
Fair value at measurement date	S$0.128
Share price	S$0.345
Exercise price	S$0.40
Expected volatility	53.63%
Expected option life	5 years
Expected dividends yield	2.26%
Risk-free interest rate	1.62%

The expected volatility is based on the historical volatility of comparable companies (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions and non-market performance conditions associated with the share option grants. Service conditions are taken into account in the measurement of the fair value of the services to be received at the grant date.

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

24. FINANCE LEASE PAYABLES

The Group has finance leases for certain motor vehicles. These leases do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

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

	Group			
	2018		2017	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	S$'000	S$'000	S$'000	S$'000
Within one year	**160**	**134**	165	135
After one year but within five years	**436**	**387**	520	452
After five years	**15**	**14**	34	33
Total minimum lease payments	**611**	**535**	719	620
Less: Future finance charges	**(76)**	**–**	(99)	–
Present value of minimum lease payments	**535**	**535**	620	620

The finance lease terms range from 3 to 7 years.

The effective interest rates charged during the financial year range from 2.99% to 5.89% (2017: 2.99% to 6.53%) per annum. Interest rates are fixed at the contract dates, and thus are not exposed to fair value interest rate risk. As at the end of the financial year, the fair values of the Group's finance lease obligations approximate their carrying amounts.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Group, and by personal guarantee from directors of the Group.

Finance lease payables are denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Trade payables				
– Third parties	**1,350**	1,207	**–**	–
– Related party	**125**	19	**–**	–
Other payables				
– Accrued operating expenses	**3,952**	3,652	**96**	277
– Contingent consideration payables	**–**	3,087	**–**	–
– Deferred income	**200**	–	**–**	–
– Deposit received	**7**	30	**–**	–
– Dividend payables to non-controlling interests	**144**	144	**–**	–
– Credit notes to customers	**255**	188	**–**	–
– Provision for warranties	**10**	10	**–**	–
– GST payables	**826**	762	**–**	–
– Taxes withheld	**–**	24	**–**	–
Total trade and other payables	**6,869**	9,123	**96**	277

Trade payables are non-interest bearing and the average credit period on purchases of supplies and services range from 31 to 60 (2017: 31 to 60) days according to the terms agreed with the suppliers.

In the previous financial year, contingent consideration payables were the fair value of remaining consideration payable to the previous shareholders of acquired subsidiaries. It comprised (i) payable of S$3,037,000 pursuant to the acquisition of Premier Group as a result of finalisation of purchase price allocation exercise (Note 13(b)), and (ii) payable of S$50,000 pursuant to the acquisition of Envirocare (Note 13(a)).

Deferred income relates to government grant received and is recognised as income in profit or loss on a systematic basis over the period in which the related costs, for which the grant is intended to compensate.

Credit notes to customers relate to amount refundable to employers for return of FDWs placed during the financial year.

The Group provides five-year warranties relating to pest control services rendered that failed to perform satisfactorily. The provision for warranties represents the management's best estimates of total cost of corrective treatment with reference to historical trends within the warranty periods granted.

Movements in the provision for warranties are as follows:

	Group	
	2018	2017
	S$'000	S$'000
At beginning of financial year	**10**	9
Provision made (Note 7)	*****	1
Provision used (Note 7)	*****	–
At end of financial year	**10**	10

* *Denotes amount less than S$1,000*

Trade and other payables are denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. CONTRACT LIABILITIES FROM CONTRACTS WITH CUSTOMERS

	Group	
	2018	2017
	S$'000	S$'000
Contract liabilities		
Advance consideration	**577**	485

Advance consideration relates to advances received for provision of employment services and building management services. Revenue for Employment services is recognised at the point in time whereas revenue for Building Management services is recognised over time or point in time although the customer pays for the services of the contract inception date. A contract liability is recognised for the advances received from the customers and is derecognised as and when the performance obligation is satisfied. Contract liabilities for the financial year ended 31 December 2018 increased due to additional advances received from customers during the financial year.

The Group applies practical expedient and most of the contracts with customer has an original expected duration of one year or less. The Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date, thus the Group may recognise revenue in the amount to which the Group has a right to invoice.

The Group's revenue recognised in the financial years that was included in the contract liabilities balance at the beginning of the respective financial years is as follows:

	Group	
	2018	2017
	S$'000	S$'000
Amounts included in contract liabilities at the beginning of the financial year		
– Service income from Employment services	**374**	376
– Service income from Building Management services	**69**	90
	443	466

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. BANK BORROWINGS

	Group	
	2018	2017
	S$'000	S$'000
Term loan (secured) (a)	–	601
Property loan (secured) (b)	649	678
	649	1,279
Repayable:		
Within one year	24	630
Within 2 to 5 years	90	91
More than 5 years	535	558
	649	1,279

(a) Term loan

Account Receivables facility of S$1,900,000 (2017: S$1,900,000) with recourse, non-notification and on a revolving basis, which bears interest at 3.86% (2017: 3.86%) over prevailing bank's borrowing rate, and is repayable on demand.

The Account Receivable facility is secured by:

(i) The Company (2017: Joint personal guarantee by directors of the Group); and

(ii) All present and future account receivables of subsidiaries (Note 19).

(b) Property loan

The property loan is secured by first legal mortgage over the Tradehub21 Property and guaranteed by the Company and its subsidiary, Advancer Global Security Pte. Ltd.. The property loan bears interest at 1.68% in the first year, bank's prevailing enterprise financing rate ("EFR") minus 4.12% in the second year and bank's EFR in the subsequent years.

The carrying amounts of the Group's bank borrowings approximate their fair values due to either the relatively short-term maturity of these loans or the interest rates approximate the market rates prevailing at end of the financial year.

Bank borrowings are denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the financial year, the Group has commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises, office equipment, motor vehicles and other operating facilities are as follows:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Future minimum lease payments payable:		
Within one year	**1,322**	1,583
After one year but within five years	**950**	1,327
	2,272	2,910

The leases have its remaining lease terms from one month to approximately five years, with an option to renew the lease subject to certain conditions being met. Operating lease payments represent rents payable by the Group. The lease expenditure charged to profit or loss during the financial year is disclosed in Note 7 to the financial statements.

The Group as lessor

The Group sub-let its office premise under operating leases. These non-cancellable leases have remaining lease terms of five months to approximately three years.

As at the end of the financial year, future minimum rentals receivables under non-cancellable operating leases are as follows:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Future minimum lease payments receivable:		
Within one year	**50**	37
After one year but within five years	**78**	–
	128	37

The rental income recognised in profit or loss during the financial year is disclosed in Note 5 to the financial statements.

29. CONTINGENT LIABILITIES

As at 31 December 2018, the Company has given corporate guarantee amounting to S$688,000 (2017: S$688,000) to a bank in respect of a banking facility granted to a subsidiary (Note 27).

The Company has evaluated the fair value of the corporate guarantee. Consequently, the Company is of the view that the fair value of the guarantee to the bank with regard to the subsidiary is not significant. The Company has not recognised any liability in respect of the guarantee given to the bank for banking facility granted to the subsidiary as the Company's directors have assessed that the likelihood of the subsidiary defaulting on repayment is remote.

NOTES TO THE FINANCIAL STATEMENTS

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29. CONTINGENT LIABILITIES (CONTINUED)

As at the end of the financial year, the total amount of outstanding bank borrowing covered by corporate guarantee is S$649,000 (2017: S$678,000) (Note 27). Such guarantee is in the form of a financial guarantee as they require the Company to reimburse the bank if the subsidiary to which the guarantee was extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facility.

As at the end of the financial year, the Company had also given undertakings to certain subsidiaries for providing them with continued financial support. The financial support enable these subsidiaries to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly, including any director (whether executive or otherwise) of that company.

The effect of the Group's and Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Group and the Company entered into the following significant transactions with related parties:

	Group		Company	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Subsidiaries				
Dividend income	**–**	–	**1,650**	2,390
Payment on behalf by subsidiary	**–**	–	**12**	–
Payment on behalf for subsidiary	**–**	–	**164**	166
Advances to subsidiaries	**–**	–	**2,091**	4,418
Related parties				
Service income from related parties	**7**	9	**–**	–
Purchases from non-controlling interests	**685**	476	**–**	–
Payment on behalf by related parties	**171**	143	**–**	–
Lease from a related party	**77**	77	**–**	–

Key management personnel remuneration

	Group	
	2018	2017
	S$'000	S$'000
Salaries, bonuses and other employee benefits	**2,856**	3,221
Defined contribution plan	**229**	361
Employee share options	**16**	11
	3,101	3,593
Directors' fees		
Directors of the Company	**114**	114

The key management personnel comprise directors and senior management of the Company and its subsidiaries such as Head of Employment Services Business, Chief Financial Officer, and their compensation is disclosed as above.

The key management personnel also participate in the Group's ESOS. At the end of the financial year, 339,000 (2017: 326,000) share options granted to the key management personnel of the Group were outstanding.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Group's activities expose it to credit risks, market risks (including foreign currency risks and interest rate risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility 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. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

NOTES TO THE FINANCIAL STATEMENTS

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31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit risks

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's credit risk arises mainly from bank balances, trade and other receivables and other debt instruments carried at amortised cost. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risks, the Group categorises the aforementioned financial assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 365 days. Due to the nature of the industry that the Group operates in, the Group has rebutted the presumption that default has taken place when the financial asset is more than 30 days past due as per SFRS(I) 9.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risks[1]	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ≤ 365 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition[2] or financial asset is > 365 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired[3]	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount[4]	Written-off

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risks (Continued)

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 365 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are > 365 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 365 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cash flows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risks (Continued)

Note 4. Write off (Continued)

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

With reference to Note 27, the Company provides financial guarantees to certain banks in respect of bank facilities granted to certain subsidiaries. The date when the Group becomes a committed party to the guarantee is considered to be the date of initial recognition for the purpose of assessing the financial asset for impairment. In determining whether there has been a significant risk of a default occurring on the drawn-down facilities, the Group considered the change in the risk that the specified debtor (i.e. the applicable subsidiaries) will default on the contract. The Company assessed that the credit risk relating to the financial guarantees is insignificant to the Company.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Trade receivables (Note 19)

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables, where the loss allowance is equal to lifetime ECL.

The ECL for trade receivables are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by industries and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the country and the growth rates of the major industries which its customers operate in.

Trade receivables are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there are no reasonable expectations for recovering the outstanding balances.

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

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risks (Continued)

The loss allowance for trade receivables are determined as follows:

	Current	Past due more than 0 to 30 days	Past due more than 31 to 60 days	Past due more than 61 to 90 days	Past due more than 90 days	Total
31 December 2018						
Expected credit loss rates	0%	0%	0%	^	4.5%	
Trade receivables (Gross) (S$'000)	1,194	4,685	3,235	1,134	807	11,055
Loss allowance (S$'000)	–	–	–	*	36	36
1 January 2018						
Expected credit loss rates	0%	^	^	^	8.5%	
Trade receivables (Gross) (S$'000)	606	4,660	2,592	1,258	1,275	10,391
Allowance for doubtful debts (S$'000)	–	3	1	2	109	115

* *Denotes amount less than S$1,000*

^ *Denotes percentage less than 1%*

Reconciliations of the closing loss allowance for trade receivables to the opening loss allowance

	Trade receivables S$'000
At 1 January 2017	123
Allowance charged to profit or loss	71
Allowance written off during the financial year	(79)
At 31 December 2017 based on FRS 39	115
Amount restated through opening accumulated profits	–
Opening loss allowance as at 1 January 2018 based on SFRS(I) 9	115
Decrease in loss allowance recognised in profit or loss (Note 19)	(79)
At 31 December 2018	36

In the prior financial year, allowance made related to debtors with significant financial difficulties. The management estimated the irrecoverable amounts by reference to past default experience. If repeated reminders and letters of demand to settle overdue payments fail to yield results, the Group will make allowances or write off the debts on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risks (Continued)

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables and contract assets is as follows:

	Trade receivables		
Internal credit risk grading	**Note (i)**	**Category 4**	**Total**
	S$'000	**S$'000**	**S$'000**
Loss allowance			
Balance at 1 January 2018	–	115	115
Financial assets repaid	–	(46)	(46)
Written off recognised	–	(56)	(56)
New financial assets recognised	4	–	4
Impairment loss recognised	19	–	19
Balance at 31 December 2018	23	13	36
Gross carrying amount			
At 1 January 2018	10,276	115	10,391
At 31 December 2018	11,042	13	11,055
Net carrying amount			
At 1 January 2018	10,276	–	10,276
At 31 December 2018	11,019	–	11,019

Note (i) For trade receivables, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

The age analysis of trade receivables neither past due nor impaired and past due but not impaired is as follows:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Not past due	**1,194**	606
Past due for 0 to 30 days	**4,685**	4,657
Past due for 31 to 60 days	**3,235**	2,591
Past due for 61 to 90 days	**1,134**	1,256
Past due for more than 90 days	**771**	1,166
	11,019	10,276

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

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risks (Continued)

Other receivables (Note 19)

As at 31 December 2018, the Group recorded loan of S$3,337,000 (2017:S$3,719,000) to an associated company, which is non-interest bearing and repayable on demand. In their assessment of the ECL relating to the loan receivable from the associated company based on 12-month ECL (given that there has not been a significant increase on credit risk from initial recognition), given the very short period to settle the loan since the Group demands for repayment, the Group considered the ability of the associated company to settle the loan on this basis (i.e. payment on demand), with reference to also the viability of the financial support provided to the associated company by the associated company's immediate holding company through the issuance of a financial support letter by the latter to the former and where applicable, the profit or loss forecast during the expected recovery period with reference to relevant and reliable forward-looking outlook and information. Accordingly, the Group measured and determined the ECL to be insignificant.

As at 31 December 2018, the Company recorded other receivables from subsidiaries of S$6,138,000 (31 December 2017: $4,484,000) consequent to an extension of loans to the subsidiaries, which is non-interest bearing and repayable on demand. In its assessment of the ECL relating to the loan receivable from the subsidiaries based on 12-month ECL (given that there has not been a significant increase on credit risk from initial recognition), given the very short period to settle the loan since the Company demands for repayment, the Company considered the ability of the subsidiaries to settle the loan on this basis (i.e. payment on demand), with reference to also the viability of the financial support provided to the subsidiaries by the Company through the issuance of a financial support letter by the latter to the former. Accordingly, the Company measured and determined the ECL to be insignificant.

Market risks

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risks

The Group is not exposed to foreign currency risk as the transactions are denominated in Singapore dollar, which is the functional currency of the Group.

Interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risks relate to interest-bearing liabilities.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

The Group's interest rate risks arise primarily from the floating rate borrowings with financial institutions.

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

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

Interest rate risks (Continued)

The Group's exposure to interest rate risks are disclosed in the Notes 24 and 27 to the financial statements, and the interest rates are as follows:

	Group	
	2018	**2017**
Bank loans	**1.88% to 6.00%**	1.68% to 6.00%
Finance lease payables	**2.99% to 5.89%**	2.99% to 6.53%

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for both derivatives and non-derivative instruments at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole financial year. The sensitivity analysis assumes an instantaneous 1% (2017: 1%) change in the interest rates from the end of the financial year, with all variables held constant.

Group	**Increase/Decrease in Profit or Loss**	
	2018	**2017**
	S$'000	**S$'000**
Bank loans	**5**	11

Liquidity risks

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group's operations are financed mainly through equity, retained earnings and borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

The repayment terms of the finance lease payables and bank loans are disclosed in Notes 24 and 27 to these financial statements respectively.

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

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risks (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

Group	1 year or less	2 to 5 years	Over 5 years	Total
	S$'000	S$'000	S$'000	S$'000
2018				
Financial assets:				
Trade and other receivables	17,463	–	–	17,463
Less: Advances to recruiters and suppliers	(388)	–	–	(388)
Less: Deferred cost	(106)	–	–	(106)
Less: Prepayments	(470)	–	–	(470)
	16,499	–	–	16,499
Cash and cash equivalents	26,006	–	–	26,006
	42,505	–	–	42,505
Financial liabilities:				
Trade and other payables	6,869	–	–	6,869
Less: Deferred income	(200)	–	–	(200)
	6,669	–	–	6,669
Finance lease payables	160	436	15	611
Bank borrowings	49	230	783	1,062
	6,878	666	798	8,342
Total net undiscounted financial assets/(liabilities)	35,627	(666)	(798)	34,163
2017				
Financial assets:				
Trade and other receivables	16,622	–	–	16,622
Less: Advances to recruiters and suppliers	(444)	–	–	(444)
Less: Deferred cost	(63)	–	–	(63)
Less: Prepayments	(477)	–	–	(477)
	15,638	–	–	15,638
Cash and cash equivalents	8,033	–	–	8,033
	23,671	–	–	23,671
Financial liabilities:				
Trade and other payables	9,123	–	–	9,123
Finance lease payables	165	520	34	719
Bank borrowings	678	218	840	1,736
	9,966	738	874	11,578
Total net undiscounted financial assets/(liabilities)	13,705	(738)	(874)	12,093

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

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risks (Continued)

Company	On demand and within 1 year
	S$'000
2018	
Financial assets:	
Trade and other receivables	9,941
Less: Prepayments	(134)
	9,807
Cash and cash equivalents	19,624
	29,431
Financial liabilities:	
Trade and other payables	96
Total net undiscounted financial assets	29,335
2017	
Financial assets:	
Trade and other receivables	6,740
Less: Prepayments	(259)
	6,481
Cash and cash equivalents	1,182
	7,663
Financial liabilities:	
Trade and other payables	277
Total net undiscounted financial assets	7,386

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Loans and receivables				
Trade and other receivables	**–**	16,622	**–**	6,740
Less: Advances to recruiters and suppliers	**–**	(444)	**–**	–
Less: Deferred cost	**–**	(63)	**–**	–
Less: Prepayments	**–**	(477)	**–**	(259)
	–	15,638	**–**	6,481
Cash and cash equivalents	**–**	8,033	**–**	1,182
Total	**–**	23,671	**–**	7,663
Financial assets at FVTPL	**–**	–	**–**	–
Available-for-sale financial assets	**–**	99	**–**	–
Financial assets at amortised cost				
Trade and other receivables	**17,463**	–	**9,941**	–
Less: Advances to recruiters and suppliers	**(388)**	–	**–**	–
Less: Deferred cost	**(106)**	–	**–**	–
Less: Prepayments	**(470)**	–	**(134)**	–
	16,499	–	**9,807**	–
Cash and cash equivalents	**26,006**	–	**19,624**	–
Total	**42,505**	–	**29,431**	–
Financial liabilities at amortised cost				
Trade and other payables	**6,869**	9,123	**96**	277
Less: Deferred income	**(200)**	–	**–**	–
	6,669	9,123	**96**	277
Finance lease payables	**535**	620	**–**	–
Bank borrowings	**649**	1,279	**–**	–
Total	**7,853**	11,022	**96**	277

32. FAIR VALUE OF ASSETS AND LIABILITIES

The fair values of applicable assets and liabilities, are determined and categorised using a fair value hierarchy as follows:

(a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

The fair values of applicable assets and liabilities, are determined and categorised using a fair value hierarchy as follows: (Continued)

(c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

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

The table below analyses the Group's assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition.

	Note		Group	
		Level 1	Level 2	Level 3
		S$'000	S$'000	S$'000
2018				
Recurring fair value measurements				
Assets				
Financial assets:				
Financial assets at FVTPL				
– Unquoted equity instruments	15	–	–	–
Financial assets as at 31 December		–	–	–

Except as disclosed in the respective notes, the carrying amounts of the current financial assets and financial liabilities, including cash and cash equivalents, trade receivables, trade payables and bank borrowings and the above financial assets, approximate their respective fair values.

Level 3

Unquoted equity instruments

For unquoted equity instruments, the valuation technique has been described in Note 15.

33. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 27 and equity attributable to owners of the Company, comprising issued capital, retained earnings and reserves as disclosed in Notes 21, 22 and statements of changes in equity.

The Group's management reviews the capital structure on a regularly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends to shareholders, issue new shares and share buy-backs. The Group's overall strategy remains unchanged from 2017.

Management monitors capital based on a gearing ratio of less than one. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities (excluding income tax payable and deferred tax liabilities as shown in the statements of financial position), less cash and cash equivalents. Total capital is calculated as total equity as shown in the statements of financial position, plus net debt.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

	Group		Company	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Total liabilities	**8,630**	11,507	**96**	277
Less: Cash and cash equivalents	**(26,006)**	(8,033)	**(19,624)**	(1,182)
Net debt	**(17,376)**	3,474	**(19,528)**	(905)
Total equity	**44,110**	22,065	**40,923**	19,049
Total capital	**26,734**	25,539	**21,395**	18,144
Gearing ratio	**N.M.**	0.14	**N.M.**	N.M.

* *N.M.: Not meaningful*

The Group and the Company are not subjected to any externally imposed capital requirements during the financial years ended 31 December 2018 and 2017.

34. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

(a) Employment Services Business segment – the provision of one-stop shop services for the sourcing, employment and training of FDWs to households, as well as sourcing and employment of foreign workers to, amongst others, corporate and organisations.

(b) Building Management Services Business segment – the provision of integrated building facility management services including property consultancy, property and facilities management services, property valuation, investment sales, cleaning and stewarding, waste management, landscape, pest control and fumigation services to, amongst others, hospitals, hotels, schools, residential, commercial and industrial properties.

(c) Security Services Business segment – the provision of manpower and technology for security solutions and services to, amongst others, commercial, industrial and residential properties, as well as security escort services, remote surveillance and security consultancy services such as crisis management.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the financial statements. Group financing (including finance expenses) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.22.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

34. SEGMENT INFORMATION (CONTINUED)

Information about reportable segments

Group	Employment Services Business	Building Management Services Business	Security Services Business	Unallocated	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
2018					
External sales	**12,471**	**36,124**	**18,688**	**–**	**67,283**
– Service income	**12,471**	**36,105**	**18,361**	**–**	**66,937**
– Sales of goods	*****	**19**	**327**	**–**	**346**
Cost of sales	**6,824**	**27,564**	**15,612**	**–**	**50,000**
Interest income	**–**	**14**	**–**	**28**	**42**
Interest expense	**4**	**14**	**55**	**–**	**73**
Amortisation	**11**	**537**	**69**	**–**	**617**
Depreciation	**150**	**239**	**231**	**–**	**620**
Loss allowance for receivables (trade)	**–**	**23**	**–**	**–**	**23**
Reversal of loss allowance for receivables (trade)	**–**	**46**	**–**	**–**	**46**
Bad debts written-off	**–**	**354**	**–**	**–**	**354**
Reportable segment profit before income tax	**94**	**1,128**	**864**	**(570)**	**1,516**
Reportable segment assets	**2,274**	**22,144**	**9,070**	**19,771**	**53,259**
Reportable segment liabilities	**2,129**	**3,838**	**3,086**	**96**	**9,149**
Capital expenditures	**61**	**460**	**259**	**–**	**780**
2017					
External sales	13,151	37,135	14,974	–	65,260
Cost of services	7,012	27,538	11,853	–	46,403
Interest income	–	15	–	–	15
Interest expense	3	53	45	–	101
Amortisation	–	530	69	–	599
Depreciation	150	269	137	–	556
Loss allowance for receivables (trade)	–	71	–	–	71
Bad debts written-off	–	7	–	–	7
Reportable segment profit before income tax	1,190	1,991	1,143	(949)	3,375
Reportable segment assets	3,433	22,084	7,426	1,448	34,391
Reportable segment liabilities	1,933	6,862	3,254	277	12,326
Capital expenditures	22	134	1,418	–	1,574

* *Denotes amount less than S$1,000*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

34. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group operates only in one geographical location, being Singapore.

The Group's revenue and non-current assets information based on the geographical location of customers and assets respectively are in Singapore, with no significant concentration of particular customers.

35. DIVIDENDS

	Group and Company	
	2018	**2017**
	S$'000	**S$'000**
Declared during the financial year:		
Dividends on ordinary shares		
Interim tax exempt dividend for 2018: S$0.0025 (2017: S$0.0049) per share	**141**	909
Final tax exempt dividend for 2017: S$0.0034 (2016: S$0.0043) per share	**631**	745
	772	1,654
Dividends were settled as follows:		
Cash paid during the financial year		
Interim tax exempt dividend in respect of the financial year ended:		
31 December 2018	**141**	–
31 December 2017	**–**	909
	141	909
Final tax exempt dividend in respect of the financial year ended:		
31 December 2017	**631**	–
31 December 2016	**–**	745
	631	745
Total dividends settled during the financial year	**772**	1,654

36. SUBSEQUENT EVENTS AFTER REPORTING DATE

(a) On 9 May 2018, the Group has entered into a non-binding letter of intent with a third party for the acquisition of 70% equity interest at purchase consideration S$6.12 million over a period of three years. The refundable deposit paid was fair valued at S$200,000 as at 31 December 2018. Subsequent to the financial year end, the management decided not to proceed with the acquisition and the deposit is expected to be refunded by end of March 2019.

(b) On 26 November 2018, the Group announced the acquisition of 76% of the issued and paid-up share capital of Country Cousins Pte. Ltd. for the purpose of expanding its landscaping business. The refundable deposit paid, represented the purchase consideration payable was fair valued at S$171,000 as at 31 December 2018. The acquisition was subsequently completed on 2 January 2019. At the reporting date, the Group has yet to perform purchase price allocation exercise for the acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK AND ACCOUNTING POLICIES

As a first-time adopter of SFRS(I), the Group has retrospectively applied the accounting policies based on each applicable SFRS(I) effective as at 31 December 2018, being the end of the first SFRS(I) reporting period, except for areas of mandatory exceptions and the application of certain optional exemptions (see below) as set out in SFRS(I) 1. In the adoption of SFRS(I), the Group concurrently applied the following relevant new and amended SFRS(I)s and SFRS(I) INT that are similarly mandatorily effective from 1 January 2018:

SRS(I) 2	*Amendments to SFRS(I) 2: Classification and measurement of share-based payment transactions*
SFRS(I) 9	*Financial instruments ("SFRS(I) 9")*
SFRS(I) 15	*Revenue from contracts with customers ("SFRS(I) 15")*
SFRS(I) 1-40	*Amendments to SFRS(I) 1-40: Transfers of investment property*
SFRS(I) INT 22	*Foreign currency transactions and advance consideration*

Improvements to SFRS(I) (December 2016)
– Amendments to SFRS(I) 1-28: *Measuring an associate or joint venture at fair value*

Except as described below, the application of SFRS(I) did not have a significant impact on the Group's financial statements.

<u>SFRS(I) 15 Revenue from Contracts with Customers</u>

SFRS(I) 15 establishes a comprehensive framework which specifies how and when revenue should be recognise as well as to provide users of financial statements useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. SFRS(I) 15 also specifies the accounting for incremental costs of obtaining a contract and costs incurred to fulfil a contract.

The Group has adopted the five-step model which requires (i) its identification of the contract; (ii) its identification of the performance obligations in the contract; (iii) the determination of transaction price; (iv) allocation of the transaction price; and (v) recognition of revenue when (i.e. at a point in time) or as (i.e. over time) each performance obligation is satisfied.

The Group recognises revenue to depict the transfer of promised goods or services to its customers in an amount that reflects the consideration which the Group expects to be entitled in exchange for those goods or services.

Under SFRS(I) 15, the entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer is recognised as a contract liability. This balance was previously recognised in trade and other payables and so has been reclassified with the adoption of SFRS(I) 15.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK AND ACCOUNTING POLICIES (CONTINUED)

The effects of adopting SFRS(I) 15 resulted in to reclassification of certain accounts at the date of initial application being 1 January are summarised below:

	31 December 2017	Reclassification	31 December 2017
	FRS 18 S$'000 As previously stated	S$'000	SFRS(I) 15 S$'000
Statement of Financial Position			
Trade and other payables	9,608	(485)	9,123
Contract liabilities	–	485	485
Consolidated Statement of Cash Flows			
Trade and other payables	439	4	443
Contract liabilities	–	(4)	(4)

The opening statement of financial position as at 1 January 2017 has not been presented as management is of the view that there is no impact on the Company's net equity position. Further, the impact of reclassification has no material effect on the information in the statement of financial position at the beginning of the preceding period.

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 sets out the requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification of financial assets

Based on facts and circumstances existing as of 1 January 2018, the Group has classified its financial assets into financial assets subsequently measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

The Group has adopted SFRS(I) 9 retrospectively but did not restate the comparatives by applying the optional exemption provided in SFRS(I) 1. Accordingly, the comparative information was prepared in accordance with the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* and disclosures were made in accordance with FRS 107 *Financial Instruments: Disclosure* as applicable.

In the preceding financial year, the Group has prepared the financial statements in accordance with the Singapore Financial Reporting Standards ("FRS").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK AND ACCOUNTING POLICIES (CONTINUED)

The effects of adopting SFRS(I) 9 at the date of initial application being 1 January 2018 is summarised below:

	Note	31 December 2017	Reclassification	1 January 2018
		FRS 39 S$'000	S$'000	SFRS(I) 9 S$'000
Available-for-sale financial assets	(i)	99	(99)	–
Financial assets -FVTPL	(i)	–	99	99

(i) The available-for-sale financial assets as of 31 December 2017 comprised investment in unquoted equity instrument.

The Group made an irrevocable election to present the gains and losses on its investments in equity instrument in profit or loss as the investment was held as long-term investment and will only sell the investment to re-invest the cash on other financial asset when the opportunity arises. Under FRS 39, these unquoted equity instruments were previously recognised at cost less impairment loss as the fair value could not be reliably measured. At the initial application of SFRS(I) 9 on 1 January 2018, the Group measured the unquoted equity instruments at fair value and there is no material difference between the carrying amount measured under FRS 39.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2019

Issued and fully paid-up capital (including Treasury Shares)	:	S$41,919,249
Issued and fully paid-up capital (excluding Treasury Shares)	:	S$41,695,971
Number of Shares issued (including Treasury Shares)	:	252,363,591
Number of Shares issued (excluding Treasury Shares)	:	251,348,691
Number and Percentage of Treasury Shares[1]	:	1,014,900 or 0.4%
Number and Percentage of Subsidiary Holdings	:	0 or 0%
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 20 MARCH 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	2	0.39	69	0.00
100 – 1,000	20	3.88	14,144	0.01
1,001 – 10,000	213	41.28	1,297,176	0.51
10,001 – 1,000,000	267	51.74	23,795,380	9.47
1,000,001 AND ABOVE	14	2.71	226,241,922	90.01
TOTAL	**516**	**100.00**	**251,348,691**	**100.00**

* Excluding Treasury Shares as at 20 March 2019

TWENTY LARGEST SHAREHOLDERS AS AT 20 MARCH 2019

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PRIVATE LIMITED	70,227,522	27.94
2	CHIN SWEE SIEW @ CHEN YIN SIEW	38,062,126	15.14
3	CHIN MUI HIONG	37,573,963	14.95
4	CHIN MEI YANG	30,931,018	12.31
5	ONG ENG TIANG	19,985,436	7.95
6	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	12,603,000	5.01
7	TEO SAU KEONG	6,623,376	2.64
8	KEK YEW LENG @ KEK BOON LEONG	2,023,464	0.81
9	PHILLIP SECURITIES PTE LTD	1,640,800	0.65
10	CHIN YIN YEE STANLEY	1,608,100	0.64
11	ANG BOON HOW	1,422,900	0.57
12	THE KONGZI CULTURE FUND LTD	1,214,078	0.48
13	SING CHEE NGEE	1,166,200	0.46
14	LIM CHER KHIANG	1,159,939	0.46
15	HUI HIU FAI	827,100	0.33
16	RAFFLES NOMINEES (PTE.) LIMITED	821,346	0.33
17	LIU WENYING	799,000	0.32
18	DBS NOMINEES (PRIVATE) LIMITED	793,700	0.32
19	CHAN HOCK LYE	746,400	0.30
20	CHUA TAI WEE (CAI DAWEI)	675,000	0.27
	TOTAL	**230,904,468**	**91.88**

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2019

SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2019 AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Substantial Shareholder	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**
FULLCAST HOLDINGS CO., LTD.[2]	65,000,000	25.86	–	–
HIRANO ASSOCIATES CO., LTD.[2]	–	–	65,000,000	25.86
TAKEHITO HIRANO[2]	–	–	65,000,000	25.86
CHIN SWEE SIEW @ CHEN YIN SIEW	38,062,126	15.14	–	–
CHIN MUI HIONG	37,573,963	14.95	–	–
CHIN MEI YANG	30,931,018	12.31	–	–
ONG ENG TIANG	19,985,436	7.95	–	–
MOHAMED ABDUL JALEEL S/O MUTHUMARICAR SHAIK MOHAMED[3]	1,502,500	0.60	12,500,000	4.97

Notes:

1 The shareholdings percentage are calculated based on 251,348,691 issued shares of the Company, excluding treasury shares.

2 Takehito Hirano and his famiy hold 100% ordinary shareholdings in Hirano Associates Co., Ltd. of which Takehito Hirano holds 20% ordinary shares. Hirano Associates Co., Ltd. holds 33.34% ordinary shares in Fullcast Holdings Co., Ltd. ("**Fullcast**"), which in turn holds 25.86% ordinary shares of Advancer Global Limited (excluding treasury shares). Hence, Takehito Hirano and Hirano Associates Co., Ltd. are deemed interested in the 65,000,000 shares held by Fullcast in the Company by virtue of Section 7 of the Companies Act.

3 Mr. Mohamed Abdul Jaleel S/O Muthumaricar Shaik Mohamed is deemed interested in the 12,500,000 shares held by MES Group Holdings Pte. Ltd. in the share capital of the Company through his 100% interest held in MES Group Holdings Pte. Ltd.. The shares of the Company held by MES Group Holdings Pte. Ltd. are held through CIMB Securities (Singapore) Pte. Ltd.. Mr. Mohamed Abdul Jaleel S/O Muthumaricar Shaik Mohamed also holds 1,502,500 shares through Philip Securities Pte Ltd..

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 13.69% of the issued ordinary shares in the capital of the Company are held in the hands of the public as at 20 March 2019. Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited has therefore been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Advancer Global Limited (the "**Company**") will be held at Arena Country Club, Acacia Room, Level 1, 511 Upper Jurong Road, Singapore 638366 on Monday, 29 April 2019 at 10:00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

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

2. To declare a final one-tier tax exempt dividend of 0.15 Singapore cent per ordinary share for the financial year ended 31 December 2018. (FY2017: 0.83 Singapore cent per ordinary share, including interim dividend) **(Resolution 2)**

3. To re-elect Mr Chin Mei Yang, who is retiring pursuant to Regulation 117 of the Company's Constitution, as Director of the Company. [See Explanatory Note (i)] **(Resolution 3)**

4. To re-elect Mr Vincent Leow, who is retiring pursuant to Regulation 117 of the Company's Constitution, as Director of the Company. [See Explanatory Note (ii)] **(Resolution 4)**

5. To re-elect Mr Takehito Hirano, who is retiring pursuant to Regulation 122 of the Company's Constitution, as Director of the Company. [See Explanatory Note (iii)] **(Resolution 5)**

6. To approve the payment of S$6,328.77 as additional Directors' fees for the financial year ended 31 December 2018. [See Explanatory Note (iv)] **(Resolution 6)**

7. To approve the payment of S$144,000 as Directors' fees for the financial year ending 31 December 2019, payable quarterly in arrears. (FY2018: S$120,328.77, including additional directors' fees of S$6,328.77 referred to in item 6 above) **(Resolution 7)**

8. To re-appoint Mazars LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without amendments, as Ordinary Resolutions:–

9. **Authority to allot and issue shares and convertible securities** **(Resolution 9)**

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

(a) (i) allot and issue shares in the capital of the Company (the "**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements, or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue:

   (i) additional instruments as adjustments in accordance with the terms and conditions of the Instruments made or granted by the directors while this Resolution was in force; and

   (ii) Shares in pursuance of any Instruments made or granted by the directors while this Resolution was in force or such additional Instruments in (b)(i) above,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date of this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below) or any such other limit as may be prescribed by the Catalist Rules as at the date of this Resolution is passed;

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

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

   (b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

   (c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) 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), all applicable legal requirements under the Companies Act, and otherwise, the Constitution for the time being of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

(4) (unless revoked or varied by the Company in general meeting) the 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 (v)]

10. **Authority to allot and issue Shares under Advancer Global Limited Scrip Dividend Scheme** **(Resolution 10)**

That pursuant to Section 161 of the Companies Act, Rule 805 of the Catalist Rules and the Constitution of the Company, authority be and is hereby given to the Directors to allot and issue from time to time such number of ordinary Shares as may be required to be allotted and issued pursuant to Advancer Global Limited Scrip Dividend Scheme.
[See Explanatory Note (vi)]

11. **Authority to allot and issue Shares under Advancer Global Employee Share Option Scheme** **(Resolution 11)**

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the Advancer Global Employee Share Option Scheme ("**Advancer Global ESOS**") and to allot and issue or deliver from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the exercise of options granted under the Advancer Global ESOS, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Advancer Global ESOS, when aggregated to the aggregate number of Shares issued and issuable or transferred and to be transferred in respect of all options under any other share option schemes shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time. The authority conferred by this Resolution shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (vii)]

12. **Authority to grant awards, allot and issue Shares under Advancer Global Performance Share Plan** **(Resolution 12)**

That authority be and is hereby given to the Directors to offer and grant awards in accordance with the provisions of the Advancer Global Performance Share Plan ("**Advancer Global PSP**") and to allot and issue or deliver from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the vesting of awards under the Advancer Global PSP, provided that the aggregate number of Shares to be allotted and issued pursuant to the Advancer Global PSP when aggregated with the aggregate number of Shares over which awards are granted under any other share schemes shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time. The authority conferred by this Resolution shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (viii)]

NOTICE OF ANNUAL GENERAL MEETING

13. **Proposed Renewal of Share Buy-Back Mandate** **(Resolution 13)**

That:

(a) for the purposes of the Catalist Rules and the Companies Act, the exercise by Directors of all the powers of the Company to purchase or otherwise acquire the issued ordinary Shares in the capital of the Company not exceeding in aggregate the Prescribed Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:

(i) on-market purchases, transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other securities exchange on which the Shares may, for the time being, be listed ("**Market Purchase**"); and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) which shall satisfy all the conditions prescribed by the Companies Act, as may be determined or formulated by the Directors as they may consider fit ("**Off-Market Purchase**"),

and otherwise in accordance with all other laws, regulations and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-back Mandate**");

(b) the authority conferred on the Directors pursuant to the Share Buy-back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by the law to be held;

(ii) the date on which the Share Buy-backs have been carried out to the full extent mandated under the Share Buy-back Mandate; or

(iii) the date on which the authority contained in the Share Buy-back Mandate is varied or revoked by Shareholders in a general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) as at the date of passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered (excluding any treasury shares and subsidiary holdings) that may be held by the Company from time to time;

NOTICE OF ANNUAL GENERAL MEETING

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined herein); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last 5 Market Days on which the Shares are transacted on Catalist or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the Offer Date pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Catalist Rules, for any corporate action that occurs after the relevant 5 Market Days period;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

"**Offer Date**" means the date on which the Company makes an offer for a Share Buy-back, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.
[See Explanatory Note (ix)]

ANY OTHER BUSINESS

14. To transact any other business which may properly be transacted at an annual general meeting.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS HEREBY GIVEN THAT, the Company's Share Transfer Book and Register of Members will be closed from **5:00 p.m. (Singapore Time) on 15 May 2019** for the purpose of determining Shareholders' entitlements to the proposed final dividend of 0.15 Singapore cent per share for the financial year ended 31 December 2018 ("**Final Dividend**").

Duly completed and stamped registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5:00 p.m. (Singapore Time) on 15 May 2019 will be registered to determine Shareholders' entitlements to the Final Dividend.

NOTICE OF ANNUAL GENERAL MEETING

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5:00 p.m. on 15 May 2019 will be entitled to the Final Dividend.

The payment of the proposed Final Dividend, if approved by the Shareholders at the Annual General Meeting of the Company to be held on 29 April 2019, will be paid on 31 May 2019.

By Order of the Board

Sin Chee Mei and Koo Wei Jia
Company Secretaries

Singapore, 12 April 2019

Explanatory Notes:

(i) **Ordinary Resolution 3** – Mr Chin Mei Yang will, upon re-election as a Director of the Company, remain as an Executive Director, Chief Executive Officer and a member of the Nominating Committee. He is considered an Executive and Non-independent Director. Detailed information on Mr Chin Mei Yang can be found under the "Corporate Governance Report" section in the Company's Annual Report.

(ii) **Ordinary Resolution 4** – Mr Vincent Leow will, upon re-election as a Director of the Company, remain as Independent Director of the Company, Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee. He is considered to be independent pursuant to Rule 704(7) of the Catalist Rules. There are no relationships including immediate family relationships between Mr Vincent Leow and the other existing Directors, existing executive officers, the Company, its related corporations or the substantial shareholders of the Company or any of its principal subsidiaries. Detailed information on Mr Vincent Leow can be found under the "Corporate Governance Report" section in the Company's Annual Report.

(iii) **Ordinary Resolution 5** – Mr Takehito Hirano will, upon re-election as a Director of the Company, remain as a Non-Independent Non-Executive Director. He is considered a Non-Independent Non-Executive Director. Detailed information on Mr Takehito Hirano can be found under the "Corporate Governance Report" section in the Company's Annual Report.

(iv) **Ordinary Resolution 6** – At the last Annual General Meeting of the Company held on 27 April 2018, shareholders have approved an amount of S$114,000 as directors' fees for the financial year ended 31 December 2018, to be paid quarterly in arrears. The additional directors' fees of S$6,328.77 proposed to be approved at this AGM arose due to the appointment of Mr Takehito Hirano as an additional director to the Board of Director of the Company during the financial year ended 31 December 2018. The appointment of Mr Takehito Hirano as a Non-Independent Non-Executive Director of the Company took effect from 16 October 2018.

(v) **Ordinary Resolution 9** – The resolution, if passed, will empower the Directors of the Company to allot and issue Shares in the capital of the Company and/or make or grant Instruments (as defined above), up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which not exceeding 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) may be issued other than on a pro-rata basis to existing shareholders. This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company or by the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

(vi) **Ordinary Resolution 10** – The resolution, if passed, will empower the Directors, to allot and issue ordinary Shares pursuant to the Advancer Global Limited Scrip Dividend Scheme ("Scheme") should the Company decide to apply the Scheme to any dividend declared by the Company from the date of this Annual General Meeting until the date of the next annual general meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

(vii) **Ordinary Resolution 11** – The resolution, if passed, will empower the Directors of the Company to offer and grant options, and to allot and issue new Shares in the capital of the Company, pursuant to the Advancer Global ESOS as may be modified by the Remuneration Committee from time to time, provided that the aggregate number of shares to be allotted and issued pursuant to the Advancer Global ESOS shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.

(viii) **Ordinary Resolution 12** – The resolution, if passed, will empower the Directors of the Company to offer and grant awards, and to allot and issue new Shares in the capital of the Company, pursuant to the Advancer Global PSP as may be modified by the Remuneration Committee from time to time, provided that the aggregate number of Shares to be allotted and issued pursuant to the Advancer Global PSP shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.

(ix) **Ordinary Resolution 13** – The resolution, if passed, will empower the Directors of the Company to make purchases or otherwise acquire the Company's issued Shares from time to time subject to and in accordance with the guidelines set out in the Addendum to Shareholders dated 12 April 2019. The authority will expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier, unless previously revoked or waived at a general meeting.

Notes:

1. A member who is not a Relevant Intermediary entitled to attend and vote at a meeting is entitled to appoint not more than 2 proxies to attend and vote on his/her behalf.

2. A proxy need not be a member of the Company.

3. A member who is a Relevant Intermediary is entitled to appoint 2 or more proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. "Relevant Intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore.

4. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 135 Jurong Gateway Road, #05-317 Singapore 600135, not less than 72 hours before the time appointed for the holding of the Annual General Meeting.

Personal data privacy:

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

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

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

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

ADVANCER GLOBAL LIMITED

(Co. Reg. No. 201602681W)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "**relevant intermediary**").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ (Name), ____________________ (NRIC/Passport/Co. Reg. No.)

of ____ (Address)
being a member/members of ADVANCER GLOBAL LIMITED, (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate):

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy, to attend and vote for me/us on my/our behalf, by poll, at the Annual General Meeting ("**AGM**") of the Company to be held at Arena Country Club, Acacia Room, Level 1, 511 Upper Jurong Road, Singapore 638366 on 29 April 2019 at 10:00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for and against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, the proxy/proxies may vote or abstain from voting at his/their discretion.

No.	Resolutions relating to:	For	Against
1.	Adoption of Directors' Statement, Audited Financial Statements for the financial year ended 31 December 2018 together with the Auditors' Report		
2.	Declaration of a final one-tier tax exempt dividend of 0.15 Singapore cent per ordinary share		
3.	Re-election of Mr Chin Mei Yang as Director		
4.	Re-election of Mr Vincent Leow as Director		
5.	Re-election of Mr Takehito Hirano as Director		
6.	Approval of additional Directors' fees of S$6,328.77 for the financial year ended 31 December 2018.		
7.	Approval of Directors' fees of S$144,000 for the financial year ending 31 December 2019, payable quarterly in arrears.		
8.	Re-appointment of Mazars LLP as auditors and authority to fix their remuneration.		
9.	Authority to allot and issue shares and convertible securities.		
10.	Authority to allot and issue shares under Advancer Global Limited Scrip Dividend Scheme		
11.	Authority to allot and issue shares under Advancer Global Employee Share Option Scheme		
12.	Authority to grant awards and allot and issue shares under Advancer Global Performance Share Plan		
13.	Proposed renewal of Share Buy-Back Mandate		

NOTES: If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes "For" or "Against" for each resolution.

Dated this __________ day of ____________________ 2019

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

____
Signature(s) of Member(s)/Common Seal of Corporate Member

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, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares 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 member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

3. Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint two or more proxies to attend and vote at the Annual General Meeting. Relevant intermediary is either:

    (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

    (b) a capital markets services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

    (c) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

4. Where a Member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy and each proxy must exercise the rights attached to a different share or shares held by such Member. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the Registered Office of the Company at 135 Jurong Gateway Road, #05-317 Singapore 600135, not less than 72 hours before the time appointed for the holding of the Annual General Meeting of the Company.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or the 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 of proxy may be treated as invalid.

7. The instrument appointing a proxy or proxies must be under the hand of the appointer 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. The dispensation of the use of common seal pursuant to the Companies Act, Chapter 50 of Singapore effective from 31 March 2017 is applicable at this Annual General Meeting.

8. A corporation which is a member may authorise by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the members, being the appointer, 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 Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2019.

ADVANCER GLOBAL LIMITED
Blk 135 Jurong Gateway Road, #05-317
Singapore 600135
T: (65) 6665 3855 | F: (65) 6665 0969

(Company Registration Number: 201602681W)

www.advancer.sg

Group of Companies

Lic. No.: 12C5507

Lic. No.: 09C4745