Advancer Global 前进集团

Annual Report 2019

ADVANCING TO THE FUTURE

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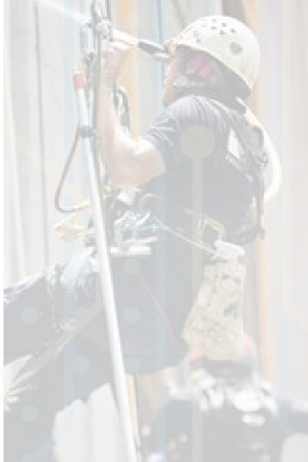


CORPORATE PROFILE

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

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.

The Group has two core business segments:
(1) Employment Services division, and
(2) Facilities Management Services division which encompassing the Building Management Services and Security Services.

The Group operates its employment services business under **Advancer Global Manpower**. Through its established brands, "Nation" and "Enreach", Advancer Global Manpower provides an integrated and comprehensive employment solutions and services including sourcing, recruitment, training and deployment of foreign domestic workers to households and foreign workers to corporations. The Group has also expanded to include our associate company, Fullcast International Co., Ltd., which provides staffing and recruitment services to corporations in Japan.

Our broad-based facilities management services under **Advancer Global Facility** include cleaning and stewarding, property and facility management, property valuation, pest control and fumigation, waste management and recycling, landscaping and aquascaping.

These business divisions allow Advancer Global Facility to provide a holistic and integrated facilities management solution to serve the diverse needs of our customers across residential and commercial properties, hospitals and hotels.

Another strategic business segment is the provision of security services under **Advancer Global Security**. Through its established subsidiaries, the Group provides manpower and smart security solutions integrated with technology to residential, commercial and industrial properties as well as security consultancy services.

The Group's competitive edge lies in its dedication and successful integration of its diverse offerings of workforce solutions and staffing services across its three main business categories, allowing the Group to deliver a customised holistic suite of solutions and services for our customers.

Advancer Global is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 11 July 2016 under stock code 43Q.

More information can be found on our website at https://advancer.sg.

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

> **“2019 has been a year of progress as the Group focuses on automation to transform and digitise our businesses, positioning ourselves to reap productivity gains and aligning our services to a future-ready Singapore.”**

ADVANCING INTO THE FUTURE

We have focused on capitalising technology to provide innovative opportunities that improve efficiency and productivity whilst enhancing the customer experience. We believe that digitisation, big data and analytics, and artificial intelligence (“**AI**”) and machine learning will allow us to respond quickly to the changing landscape, greatly enhance the customer’s experience and provide more value for them.

We have since moved to invest in technology and progressed into developing our own e-platforms, dashboard and mobile applications which enhances accessibility for customers to engage our services as they are now easily accessed through a single control panel. This move aligns us with the Singapore government’s push to adopt technology, automate cumbersome work processes and to find innovative solutions to address challenges in a shrinking workforce and ageing population future.

We are building customised platforms that leverage on our experience, drawing upon years of data and using AI and predictive models to analyse and determine the optimal use of manpower, thereby creating greater synergies within the Group.

POISED FOR JAPAN

Following the incorporation of Fullcast International Co., Ltd., our joint venture with Fullcast Holdings Co., Ltd. (“**Fullcast**”) in Japan on 30 August 2019, we have since begun operations on 2 December in the same year to meet the demand for skilled workers.

Our ability to respond promptly to the Japanese government’s decision to introduce new labour policies, is founded upon our deep-seated experience in sourcing and providing reliable staffing needs around the region.

We are optimistic about our joint venture and look forward to expand our staffing and recruitment services through Fullcast’s network and client database. This joint venture also marks our first foray into Japan.

OPERATING RESULTS

Our Group has recorded growth of 5.4% from S$67.3 million in FY2018 to S$70.9 million in FY2019 due to the increase in revenue across all of the Group’s business segments. The increase was attributed to more FDWs being deployed to households by the Employment Services Business, additional revenue contribution from a newly acquired subsidiary as well as service income from the Building Management Business and new projects secured by the Security Services Business. The Group’s reputation for customer service excellence has seen customer retention rates maintaining at a high of 92.0% and 80.1% for the Building Management Services and Security Services Business respectively.

LETTER TO SHAREHOLDERS

Amidst the challenging circumstances and in view of the significant impact of the COVID-19 on the economy, the Board is not recommending any dividend for FY2019 and has decided to conserve cash for the Group's operational and growth purposes to remain sustainable.

LOOKING AHEAD

It is imperative to continue on our quest to transform our Group to be future-ready and be poised to meet challenges in the market through innovative technology. Digitalising our business will allow us to accumulate data for analysis and help us identify areas where we can sharpen our competitive advantage.

We will continue to proactively adjust our internal processes and strategies to respond to external changes. At the same time, we will focus on strengthening our technology capabilities to achieve higher efficiencies and increase value for our customers.

In closing, we have announced the appointment of Mr. Danny Lim as Chairman and Independent Non-Executive Director of our Board on 31 December 2019. He is currently a partner at Rajah & Tann Singapore LLP and holds directorship positions in other listed companies. With the appointment, we look forward to his guidance and experience in strengthening our Group's position in the coming years. On the same note, we would like to acknowledge the leadership of our former Executive Chairman, Mr. Desmond Chin, who will continue to steer the Group in his new position as an Executive Director.

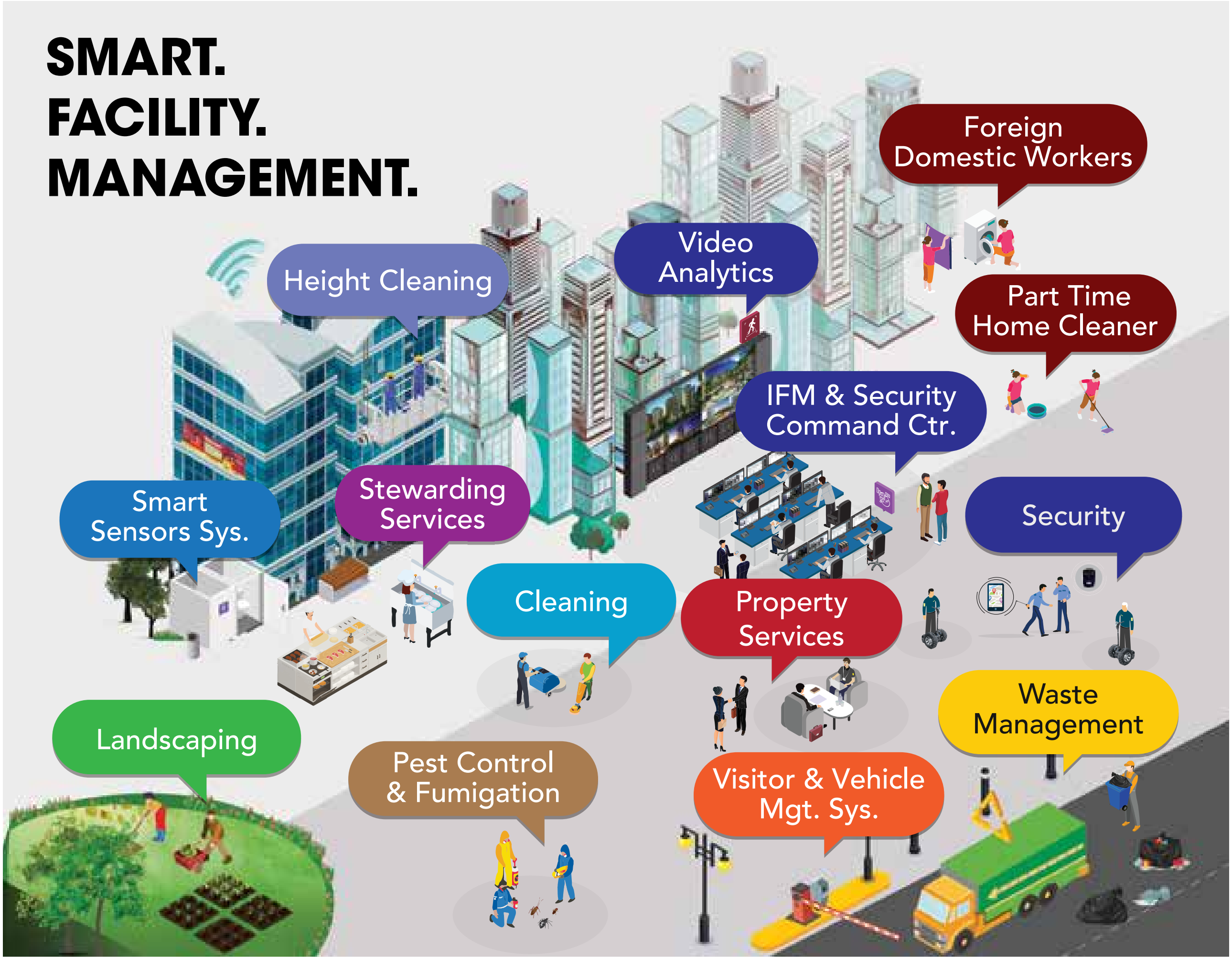
Finally, we want to thank you for your continued support and look forward to continue our journey together.

Desmond Chin
Executive Director

Danny Lim
Independent Non-Executive Chairman
(Since 31 December 2019)

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 we operate in, with the aim of bringing the greatest value to shareholders of the Company and striving to achieve long term sustainability for the Group.

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 and training of foreign domestic workers to households, as well as sourcing and employment of foreign workers to, amongst others, corporate organisations and institutions.

BUILDING MANAGEMENT SERVICES

Provision of 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, landscaping and aquascaping, pest control and fumigation services to, amongst others, hospitals, hotels, schools, residential, commercial and industrial properties.

SECURITY SERVICES

Provision of security solutions and services, including manpower personnel, integrated security technology system, remote surveillance services and crisis management consultancy services to, amongst others, commercial, industrial and residential properties.

BUSINESS SEGMENTS

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 ("**FDWs**") to households and foreign workers to corporations.

By 2030, the number of Singaporeans aged 65 and above is projected to be double which means 1 in 4 Singaporeans will be in that age group, up from 1 in 8 in year 2016[1].

Many households in Singapore rely on FDWs to provide homecare of elderly family members. As a result, this demand became one of the main driving factors behind the growth of our Employment Services division and we expect demand to continue to grow in light of the population demographics of the country.

To meet market demands as well as customers' satisfaction, we have been investing in training and upgrading the skill sets of FDWs before they are deployed. Equipping them with essential skills to provide high quality homecare services would place us in good stead to meet future demands for trained and skilled domestic providers. The Group is committed to invest in increasing the competency of FDWs through the provision of, *inter alia*, short training courses including basic lifesaving skills such as monitoring of vital signs, assisting those with mobility difficulties, helping to treat minor wounds, provision of CPR and use of an Automated External Defibrillator.

In 2019, the Group started designing and building an automated recruitment processing system for the placements of FDWs with the goal of reducing human error and increasing productivity. The Group also plans to automate and enhance customer experience during the selection and hiring process by providing 24/7 access to customers and a faster time to market for our ready pool of FDWs.

During the year, the Group adopted a digital marketing strategy and stepped up its marketing on of social media channels. Efforts made by the Group has paid off significantly as Nation experienced an increase in the demand for FDWs trained in elderly care. The Group will continue to leverage on the power of social media platforms to generate more sales leads in 2020.

The Group's joint venture with Fullcast Holdings Co., Ltd. was officially formalised with the incorporation of Fullcast International Co., Ltd. on 30 August 2019. Recruitment begun on 2 December in the same year and selected candidates were provided with language and skills training to prepare them for the job market in Japan. We are confident our decades of experience in sourcing and providing staffing needs for corporations will give us a competitive edge.

Nation 力業
Lic. No.: 09C5332/12C5507

Enreach Employment
Lic. No.: 09C4745

FULLCAST INTERNATIONAL

1 https://www.population.sg/articles/older-singaporeans-to-double-by-2030

BUSINESS SEGMENTS

BUILDING MANAGEMENT SERVICES

The Group strives to be a key player, providing a full spectrum of integrated facilities management solutions and value-added 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., First Stewards Private Limited and Advancer Smart Technology Pte. Ltd.);
(ii) **property consultancy, property and facilities management services** (Newman & Goh Property Consultants Pte Ltd ("**Newman & Goh**") 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, landscaping and aquascaping** (Country Cousins Pte. Ltd. and Envirocare Landscape (S) Pte. Ltd.), and
(v) **waste management and recycling solutions** (TEE Environmental Pte. Ltd., TEE Recycling Pte. Ltd. and Envotek Engineering Pte. Ltd.).

CLEANING

PEST CONTROL

LANDSCAPING

PROPERTY & FACILITY MANAGEMENT

The facilities management industry is transforming to focus on outcome-based solutions as opposed to just meeting certain specifics or designated headcounts. With increasing pressure from tighter labour market and higher labour-related costs in Singapore, the Group continued to invest in technology and provide various training for its employees to equip them with the relevant skills and knowledge in meeting market demand.

In 2019, the Group's property and facilities management arm had embarked on the development of a dashboard which allows the collection, dissemination and maintenance of estate information including uploading of images. Images uploaded can be geo-tag, date-tag, time-tag and visualised on the respective location in the map.The dashboard enables our employees to navigate through the information collected and to track the progress of certain projects and jobs on-site, allowing for informed decision making as information can be updated anytime and anywhere via the dashboard.

We received positive feedback from customers on our cloud-based Smart Toilet System in 2019, which is an AI-based Advanced IoT (Internet of Things) system with real-time insights and data analytics to help customers deploy workers on a need-to basis depending on the usage frequency and cleanliness of the toilets.

Latest state-of-the-art thermal imaging technology also has been used to allow our trained pest inspector to analyse and identify possible termite activity.

We are confident the efficiencies gained with the systems should address issues of increasing costs and shortage in manpower supply in the facility management services industry.

Within Building Management Services, our Group saw additional revenue contribution from its newly acquired subsidiary, Country Cousins. The Group also saw an increase in service income received from new and ad-hoc stewarding service contracts, smart toilet system sold, cleaning services rendered to shopping malls and integrated facilities management contracts.

For the financial year under review, Building Management Services maintained high customers retention rates of 92.0% which is a testament of our customers' satisfaction with the level of quality of service and professionalism we offer.

BUSINESS SEGMENTS

SECURITY SERVICES

The Group's security arm comprising of KC Security & Investigation Services Pte. Ltd., KH Security Agency Pte. Ltd., Ashtree International Pte. Ltd. and AGS Integration Pte. Ltd. ("**AGSI**"), offer integrated comprehensive security solutions built around advanced technology, security advisory and consultancy capabilities, security related training programmes, and well-trained security officers.

Technology is a key enabler to realise vision of having a vibrant, technologically-advanced and competitive security-industry that provides quality services at good value[2].

The Group has made the move towards further integrating technology such as intelligent surveillance cameras, live monitoring, video and data analytics, vehicle and visitor management via 24/7 centralised command center, biometric systems, mobile application and backend AI based platforms to help customers mitigate risks under their business continuity plans and reduce the reliance on manpower.

The Group reported an increase in new security projects won in FY2019 as compared to FY2018, including NTUC Smart Security Initiative cluster projects. To us, this serves as a testament that our system has been welcomed by our customers across various sectors in commercial, industrial and residential projects.

Ms. Sun Xueling (left), Senior Parliamentary Secretary, Ministry of Home Affairs and Ministry of National Development during AGSI's presentation in Inaugural Security Industry Transformation Awards Presentation Ceremony.

In 2019, AGSI won Most Promising Organisations Providing Digital Technology and Solutions by Association of Certified Security Agencies.

Overall, the Security Services division has done well with high customers retention rate of 80.1% in the year under review.

2 https://www.mha.gov.sg/newsroom/speeches/news/acsa-inaugural-security-industry-transformation-awards-presentation-ceremony-speech-by-ms-sun-xueling-senior-parliamentary-secretary-ministry-for-home-affairs-and-ministry-for-national-development

CORPORATE SOCIAL RESPONSIBILITY

Advancer Global is a firm believer of returning and contributing to the communities we operate in. It is our social responsibility as a corporate citizen to contribute to the enhancement of the society at large. The Group actively participates in meaningful causes, philanthropy and volunteering activities.

The Group is also an ardent advocate of fair treatment and empowerment of FDWs to lead meaningful lives during their service employment in Singapore. We have partnered non-government organisations such as the Centre for Domestic Employees and Foreign Domestic Worker Association for Social Support and Training, and have supported their initiatives aimed to promote a better working environments for FDWs.

Through our subsidiaries, we have made various donations and sponsorships to support ongoing work, events and programmes.

EVENT SPONSORSHIPS

May Day Domestic Employees Celebration 2019
16 June 2019
Organiser: The Centre for Domestic Employees

Nation Cooking Competition 2019
Let's Cook Together
31 March 2019
Organisers: Nation in partnership with SPH U-Weekly

To foster trust and promote relationship building between employers and FDWs, our Group organises the bi-annual Nation Cooking Competition where employers pair up with their FDWs to compete in an hour-long cookout. This competition has been running for several years and received enthusiastic response from employers and FDWs.

Nation's FDWs at the May Day Domestic Employees Celebration 2019.

Employers and FDWs teamed up to show off their cooking skills at the Nation Cooking Competition 2019.

DONATION

NTUC-U CARE FUND Charity Dinner 2019
Advancer donated S$10,000 to help fund various assistance programmes organised by the non-profit organisation for low-income union members and their families.

May Day Awards 2019
Partner of Labour Movement Award
In 2019, NTUC recognised our subsidiary, Nation for its commitment to increase the competency of FDWs in Singapore and its contribution to support the welfare of FDWs by conferring it the May Day 2019 Partner of Labour Movement Award. Nation became the first and only FDW Employment Agency to receive the award which honours individuals or organisations in the Labour Movement's network that have made significant contributions through collaborations, projects or initiatives of national impact and strengthened labour-management relations.

Left-Right: Mr. Desmond Chin, Executive Director of Advancer Global Limited and Mr. Shamsul Kamar, Executive Director of The Centre for Domestic Employees (CDE).

VOLUNTEERING

Advancer's Executive Director, Mr. Desmond Chin currently sits on the Board of Trustees of the Domestic Employees Welfare Fund set up by NTUC which provides help and support to distressed FDWs, to lend insights and experience to the challenges FDWs face in Singapore and guide the welfare fund to offer help where it is required.

FINANCIAL HIGHLIGHTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

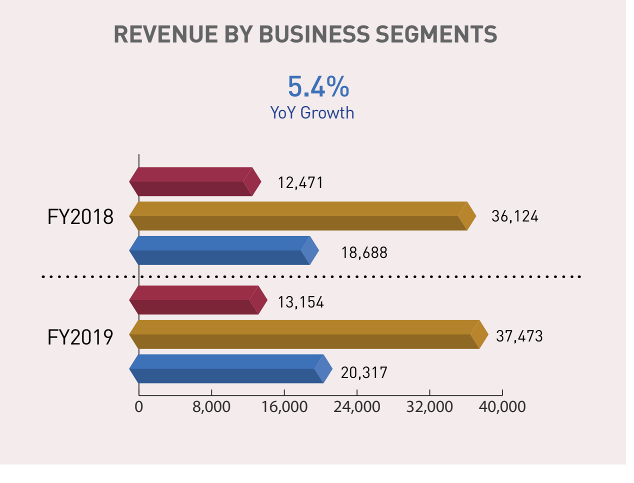
Income Statement (S$'000)	2019	2018
Revenue	70,944	67,283
Gross profit	17,061	17,283
Profit before tax	562	1,516
Profit attributable to owners of the Company	471	1,336
Balance Sheet (S$'000)		
Shareholders' equity	43,865	43,751
Total assets	56,279	53,259
Total liabilities	12,114	9,149
Net asset value	43,865	43,751
Net tangible asset value	37,677	37,250
Cash and bank balances	25,651	26,006
Net loans and borrowing	Net Cash	Net Cash
Per Share (Singapore Cents)		
Basic earnings [1]	0.19	0.64
Net asset value [2]	17.45	17.41
Net tangible asset value [2]	14.99	14.82
Dividends [2] [3]	-	0.40
Financial Ratios		
Return on equity	1.07%	3.05%
Return on assets	0.86%	3.05%
Dividend payout ratio [3]	-	75.50%

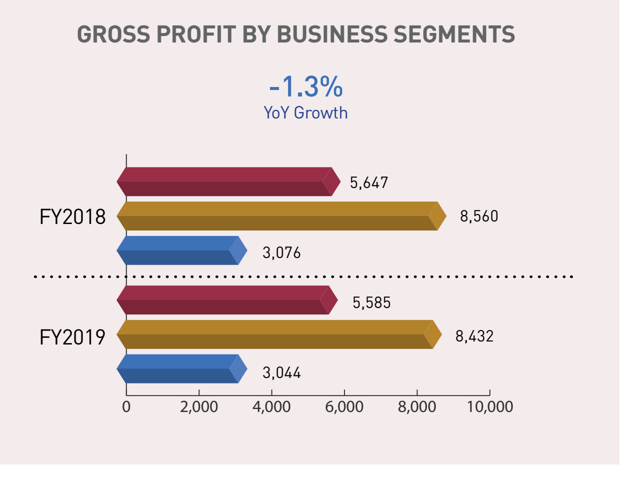
Notes:

(1) For illustrative purposes, basic earnings per share was computed based on the weighted average number of ordinary shares of 208,030,230 and 251,348,691 for FY2018 and FY2019, 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 251,348,691 at the end of FY2018 and FY2019.

(3) No dividends were declared or recommended for FY2019 as the Group plans to conserve cash for operational and growth purposes.





EMPLOYMENT SERVICES BUILDING MANAGEMENT SERVICES SECURITY SERVICES

PERFORMANCE REVIEW

Advancer Global achieved revenue of S$70.9 million for FY2019, an increase of S$3.6 million or 5.4% over FY2018, due to the increase in revenue across all of the Group's business segments. The increase was attributed to (i) more FDWs being deployed to households by the Employment Services Business (ii) additional revenue contribution from a subsidiary acquired in FY2019 and increase in service income from new and adhoc stewarding contracts, Smart Toilet System sold, and cleaning services by the Building Management Business and (iii) an increase in new projects secured by the Security Services Business.

For FY2019, the Group's customer retention rates for its Building Management Business and Security Services Business were 92.0% and 80.1% respectively. As at 31 December 2019, monthly service contracts from its Building Management and Security Services Businesses (with varying contract periods) were valued at approximately S$3.7 million.

BUSINESS SEGMENTAL REVIEW

FYE 31 DEC (S$'000)	Revenue			Gross Profit			Gross Margin	
	FY2019	FY2018	YoY Change	FY2019	FY2018	YoY Change	FY2019	FY2018
Employment Services	13,154	12,471	5.5%	5,585	5,647	(1.1%)	42.5%	45.3%
Building Management Services	37,473	36,124	3.7%	8,432	8,560	(1.5%)	22.5%	23.7%
Security Services	20,317	18,688	8.7%	3,044	3,076	(1.0%)	15.0%	16.5%
Total	**70,944**	**67,283**	**5.4%**	**17,061**	**17,283**	**(1.3%)**	**24.0%**	**25.7%**

PERFORMANCE REVIEW

The Group's cost of sales increased by S$3.9 million or 7.8% from S$50.0 million in FY2018 to S$53.9 million in FY2019 which was in line with the increase in revenue across all of the Group's business segments. The increase was mainly due to (i) Employment Service Business: higher recruitment cost to overseas recruiters, training of FDWs in elderly care as well as language and skill training to prepare candidates for employment in Japan; (ii) Building Management Business: increase in direct labour cost, sub-contractors' fees and purchase of materials arising from the acquisition of Country Cousins as well as headcount in other subsidiaries, leases of hostels and Smart Toilet Systems sold; and (iii) Security Services Business: increase in number of security guards employed, sub-contractors' fees, number of security systems sold and one-off fees paid to a subsidiary director (who is an independent and unrelated third party to the Directors and controlling shareholders of the Company) for consolidating operation of the Group's Security Service Business.

The Group's other operating income decreased by S$0.2 million or 13.2% from S$1.7 million in FY2018 to S$1.5 million in FY2019, mainly due to the decrease in the amount from government credit schemes such as the Wage Credit Scheme as a result of over-accrual in FY2018 and revisions made to the schemes. The decrease was offset by the increase in interest income from fixed deposits placed with the banks.

The Group's administrative expenses increased by S$0.3 million or 1.6% from S$17.4 million in FY2018 to S$17.7 million in FY2019, as a result of (i) more administrative and sales staff hired throughout the Group's business segments, and increment of administrative staff and management personnel; (ii) increased loss allowance for trade receivables arising from the Group's pest control businesses; (iii) depreciation expenses of the Group's right-of-use assets following the adoption of SFRS(I)16 *Leases*, and (iv) increased directors' fees, and forfeited deposit on acquisition.

Conversely, the increase in administrative expenses was offset by (i) the absence of bad debt written-off arising from the Group's cleaning business in FY2018 which arose from the bankruptcy of a hotel owner, loss on fair value re-measurement of contingent consideration payable in relation to the acquisition of the Premier Group and Envirocare, and share issue expenses pursuant to FY2017 Scrip Dividend in FY2018, as well as operating lease expenses following the adoption of SFRS(I)16; (ii) decreased depreciation of property, plant and equipment arising from initial recognition of right-of-use assets that was recognised as property, plant and equipment before 1 January 2019 and acquired under finance lease arrangement, amortisation expenses of intangible assets arising from acquisition of subsidiaries in prior years and operating lease expenses following the adoption of SFRS(I)16.

The effective tax rate of 22.2% in FY2019 was higher than 8.0% in FY2018 mainly due to (i) the share of losses from equity-accounted for associates which were not deductible for taxation, (ii) revision of partial tax exemption by Singapore tax authority, and (iii) interest income from fixed deposits of the Company was not fully offset by the Company's expenses due to restriction of deductible expenses for investment holding company. Consequently, Group's profit after tax decreased by S$1.0 million or 68.7% from S$1.4 million in FY2018 to S$0.4 million in FY2019. Earnings per share based on weighted average number of 251,348,691 shares decreased from 0.64 Singapore cents in FY2018 to 0.19 Singapore cents in FY2019.

FINANCIAL POSITION

The Group's current assets increased by S$0.2 million or 0.5% from S$44.0 million as at 31 December 2018 to S$44.2 million as at 31 December 2019, mainly due to the increase in trade receivables of S$0.9 million, and inventories of S$0.4 million comprising mainly purchases of security system and Smart Toilet Systems. This was offset by the decrease of (i) other receivables of S$0.7 million, and (ii) cash and cash equivalents of S$0.4 million.

The increase in trade and other receivables by approximately S$0.2 million or 1.0% was a result of the increase in (i) accrued receivables in relation to revenue recognised for completion of installation services contracts and provision of security services which have not been invoiced to the customer as at the financial year end, (ii) advances to the recruiters for the Employment Service Business, (iii) deferred recruitment costs for the Employment Services Business of which revenue will be invoiced during the next financial year, and (iv) advances to staff (who are independent and unrelated third parties to the Directors and controlling shareholders of the Company). The increase was offset by decreases in other receivables due to (i) recovery of a refundable deposit in relation to a non-binding agreement entered into with third parties (who are independent and unrelated third parties to the Directors and controlling shareholders) for acquisition of an entity, (ii) capitalisation of a deposit in relation to the acquisition of 76% of the issued and paid-up share capital of Country Cousins that was completed on 2 January 2019, (iii) capitalisation of deposits paid for development of operational mobile application and web portal in relation to cleaning business, (iv) a repayment of loan from Group's associate company, G3 Environmental Private Limited, (v) decrease in receivables from government credit schemes, and (vi) absence of prepayment in relation to the remuneration paid to a subsidiary director (who is an independent and unrelated third party to the Directors and controlling shareholders of the Company) for his continued employment with the Group.

The Group's non-current assets increased by S$2.8 million or 30.4% from S$9.2 million as at 31 December 2018 to S$12.0 million as at 31 December 2019, mainly due to the increase in (i) goodwill as a result of the acquisition of Country Cousins, (ii) right-of-use assets, (iii) capital expenditures, and (iv) joint venture with Fullcast. The increase was offset by (i) the amortisation of the Group's intangible assets, and (ii) depreciation of property, plant and equipment.

The Group's current liabilities increased by S$1.7 million or 21.8% from S$7.9 million as at 31 December 2018 to S$9.6 million as at 31 December 2019, mainly due to increase of bank borrowings (as a result of revision of interest rate), lease liabilities, contract liabilities, trade payables, and other payables related to credit notes to customers, GST payables, provision of unutilised leave, and deferred income related to government grant received and is recognised as income over the periods to match with their related costs. The increase was offset by the decrease in income tax payables, other payables related to amount due to directors, accrued operating expenses, provision for warranty and dividend payables to non-controlling interest in FY2019.

The Group's non-current liabilities increased by S$1.3 million or 100.1% from S$1.2 million as at 31 December 2018 to S$2.5 million as at 31 December 2019, mainly due to the increase of lease liabilities arising from the adoption of SFRS(I)16. The increase was offset by the decrease of deferred tax liabilities and bank borrowings.

Net asset value of the Group increased by S$55,000 or 0.1% from S$44.1 million as at 31 December 2018 to S$44.2 million as at 31 December 2019 due to the reasons set out above.

CASH FLOW

The Group's net cash generated from operating activities amounted to S$2.7 million for FY2019, which resulted from operating cash flows before movements in working capital of S$3.0 million and the increase in (i) inventories of S$0.4 million, (ii) trade and other receivables of S$0.6 million, (iii) contract liabilities from contracts with customers of S$69,000, trade and other payables of S$0.6 million, interest received of S$0.4 million as well as payment of income tax of S$0.3 million.

Net cash used in investing activities amounted to S$1.1 million for FY2019, which was mainly due to (i) purchase of property, plant and equipment of S$0.6 million, (ii) development of a mobile application and related web portal for cleaning business (i.e. intangible asset) of S$0.1 million, (iii) purchase of motor vehicle of S$23,000 under lease liabilities, (iv) investment of S$0.5 million in joint venture with Fullcast, and (v) forfeited deposit of S$0.1 million on acquisitions.

The investing cash outflow was offset by (i) recovery of a refundable deposit of S$0.2 million from third parties with whom a non-binding agreement entered into for acquisition of a group of companies, (ii) proceeds from disposal of property, plant and equipment of S$37,000, (iii) cash and cash equivalent of S$21,000 acquired in relation to the acquisition of Country Cousins, and (iv) repayment from an associate company, G3 Environmental Private Limited, of S$40,000.

Net cash used in financing activities amounted to S$2.0 million for FY2019, mainly due to payment for lease liabilities of S$1.3 million, payment of dividends of S$0.5 million, interest payment of S$51,000 in relation to bank borrowings and lease liabilities, repayment of bank borrowings of S$28,000 and repayment to directors of S$85,000. The overall cash and cash equivalents decreased by S$0.4 million from S$26.0 million as at 31 December 2018 to S$25.6 million as at 31 December 2019.

BOARD OF DIRECTORS

DANNY LIM
Independent Non-Executive Chairman
(With effect from 31 December 2019)

Mr. Danny Lim was appointed to the Board on 31 December 2019 and is the Independent Non-Executive Chairman of the Company.

Mr. Danny Lim joined Rajah & Tann Singapore LLP in 1998 and is currently a partner in the Capital Markets and Mergers & Acquisitions Practice Group, advising on all aspects of corporate legal advisory and transactional work, both locally and regionally. His experience covers acquisitions, investments, takeovers, initial public offerings, corporate restructurings and reorganisations, amongst others, and his clients include multi-national companies, small and medium enterprises, private equity and institutional investors, Singapore and foreign listed companies as well as financial institutions and others.

Mr. Danny Lim graduated from the National University of Singapore with a Bachelor of Law (Honours) and a Master of Science (Applied Finance) from the Nanyang Technological University. He has been admitted as an advocate and solicitor of the Supreme Court of Singapore since 1999.

Mr. Danny Lim is currently an independent director of Kimly Limited, Choo Chiang Holdings Ltd, and Stamford Land Corporation Ltd. He is a member of the Law Society of Singapore and the Singapore Academy of Law.

DESMOND CHIN
Executive Director
(Re-designated with effect from 31 December 2019)

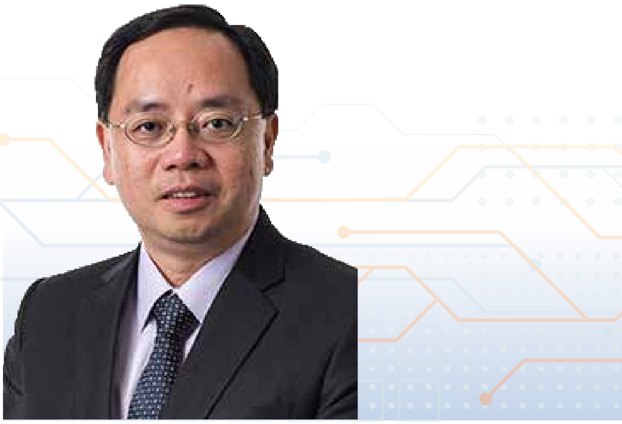
Mr. Desmond Chin was appointed to the Board on 9 June 2016 as our Executive Chairman and was re-designated to Executive Director on 31 December 2019.

Mr. 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, Mr. Desmond Chin was employed 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, Mr. 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 services as a member of the Board of Trustees of the Domestic Employees Welfare Fund, an initiative of the National Trade Union Congress.

Mr. 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.

BOARD OF DIRECTORS



GARY CHIN
Executive Director and Chief Executive Officer

Mr. 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 services 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.

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

ONG ENG TIANG
Executive Director

Mr. Ong Eng Tiang is the Executive Director and Head of Building Management and Security Services of the Group. He 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.

Mr. 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, he joined Muda Packaging Industries (Qing Yuan) Ltd. as a marketing manager, where he was responsible for the Marketing Department. In 1998, Mr. 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 Private Limited ("**First Stewards**"), a wholly-owned subsidiary of the Company and became a shareholder of First Stewards in 2004.

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

BOARD OF DIRECTORS

LOY SOO CHEW
Independent Non-Executive Director
(Re-designated with effect from 31 December 2019)

Mr. Loy Soo Chew was appointed to the Board on 9 June 2016 and served as the Lead Independent Director until 31 December 2019 where he was re-designated as Independent Director.

Mr. 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, he 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, Mr. 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.

Mr. 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
Independent Non-Executive Director

Mr. Francis Yau serves as the Chairman of the Audit Committee and a member of the Remuneration Committee. His experience spans 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 Abundance International Limited, a Singapore listed company.

Mr. Francis Yau holds a bachelor's 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.

BOARD OF DIRECTORS

VINCENT LEOW
Independent Non-Executive Director

Mr. Vincent Leow was appointed to the Board on 9 June 2016 and is currently an Independent Non-Executive Director of the Company. Mr. Leow is a partner at Allen & Gledhill LLP, where he handles dispute resolution, investigations, and financial regulatory and compliance work. Mr. Leow is presently on the faculty of the Singapore Institute of Directors since 2015, and he was previously an adjunct faculty member at the faculty of law of the National University of Singapore from 2004 to 2013 and at the School of Law of the Singapore Management University from 2011 to 2017. Mr. Leow graduated from the National University of Singapore in 2002 with a Bachelor of Laws (Honours). He was subsequently awarded the Lee Kuan Yew Scholarship to pursue his Master of Laws at Harvard Law School.

TAKEHITO HIRANO
Non-Executive Non-Independent Director

Mr. Takehito Hirano was appointed to the Board on 16 October 2018. He has 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 and is 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.).

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

KEY MANAGEMENT

FRANCIS CHIN
Head of Employment Services

Mr. 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.

Mr. Francis Chin 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.

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

MICHELLE LI YING
Chief Financial Officer

Ms. Michelle Li Ying is our Chief Financial Officer and is responsible for the 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, Ms. Michelle Li 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, Ms. Michelle Li 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.

Ms. Michelle Li 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.

Ms. Michelle Li 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

Advancer Global 前进集团

[BUILDING MANAGEMENT SERVICES]
ADVANCER GLOBAL FACILITY PTE. LTD. 100%

FIRST STEWARDS PRIVATE LIMITED 100%	GREEN MANAGEMENT PTE. LTD. 100%	NEWMAN & GOH PROPERTY CONSULTANTS PTE LTD 76%
MASTER CLEAN FACILITY SERVICES PTE. LTD. 100%	COUNTRY COUSINS PTE. LTD. 76%	G3 ENVIRONMENTAL PRIVATE LIMITED 20.1%
WORLD CLEAN FACILITY SERVICES PTE. LTD. 100%	ENVIROCARE LANDSCAPE (S) PTE. LTD. 76%	TEE ENVIRONMENTAL PTE. LTD. (Wholly-owned subsidiary of G3 Environmental Private Limited) 20.1%
PREMIER ECO-CARE PTE. LTD. 100%	ADVANCER SMART TECHNOLOGY PTE. LTD. 100%	TEE RECYCLING PTE. LTD. (Wholly-owned subsidiary of G3 Environmental Private Limited) 20.1%
PRESTIGE ENVIRO-CARE PTE. LTD. (Wholly-owned subsidiary of Premier Eco-Care Pte. Ltd.) 100%	NEWMAN & ASSOCIATES PTE. LTD. 76%	ENVOTEK ENGINEERING PTE. LTD. (Wholly-owned subsidiary of G3 Environmental Private Limited) 20.1%

[SECURITY SERVICES]
ADVANCER GLOBAL SECURITY PTE. LTD. 100%

KH SECURITY AGENCY PTE. LTD. 100%
ASHTREE INTERNATIONAL PTE. LTD. 100%
KC SECURITY & INVESTIGATION SERVICES PTE. LTD. 100%
AGS INTEGRATION PTE. LTD. 100%

[EMPLOYMENT SERVICES]
ADVANCER GLOBAL MANPOWER PTE. LTD. 100%

(EA LIC NO. 09C5332) NATION EMPLOYMENT PTE LTD 100%	(EA LIC NO. 12C5507) NATION HUMAN RESOURCES PTE. LTD. 100%
(EA LIC NO. 09C4745) ENREACH EMPLOYMENT PTE. LTD. 100%	ADVANCER NATION PTE. LTD. 100%
(EA LIC NO. 12C6266) APAC CITIES EMPLOYMENT PTE. LTD. 100%	FULLCAST INTERNATIONAL CO., LTD (Associate company of Advancer Nation Pte. Ltd.) 49%

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr. Danny Lim Teck Chai
Independent Non-Executive Chairman

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

Mr. Desmond Chin Mui Hiong
Executive Director

Mr. Ong Eng Tiang
Executive Director

Mr. Loy Soo Chew
Independent Non-Executive Director

Mr. Francis Yau Thiam Hwa
Independent Non-Executive Director

Mr. Vincent Leow
Independent Non-Executive Director

Mr. Takehito Hirano
Non-Independent Non-Executive Director

AUDIT COMMITTEE
Mr. Francis Yau Thiam Hwa (Chairman)
Mr. Loy Soo Chew
Mr. Vincent Leow
Mr. Danny Lim Teck Chai

REMUNERATION COMMITTEE
Mr. Loy Soo Chew (Chairman)
Mr. Francis Yau Thiam Hwa
Mr. Vincent Leow
Mr. Danny Lim Teck Chai

NOMINATING COMMITTEE
Mr. Vincent Leow (Chairman)
Mr. Loy Soo Chew
Mr. Gary Chin Mei Yang
Mr. Danny Lim Teck Chai

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
RHT Corporate Advisory Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

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 provisions set out in the Code of Corporate Governance 2018 (the "**Code**"), where appropriate. These principles and provisions 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 Code.

This report sets out the corporate governance practices that were adopted by the Group during FY2019 ("**Report**") with specific references to each of the principles and provisions of the Code, as well as the accompanying practise guidance. The Board confirms that, for FY2019, the Company has adhered to all the principles as outlined in the Code. Where there were deviations from any provisions of the Code, appropriate explanations are provided.

1. THE BOARD'S CONDUCT OF AFFAIRS

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

As at the date of this Report, the Board comprises the following members, all of whom have the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

Lim Teck Chai, Danny ("**Danny Lim**")	Independent Non-Executive Chairman
Chin Mei Yang ("**Gary Chin**")	Chief Executive Officer and Executive Director
Chin Mui Hiong ("**Desmond Chin**")	Executive Director
Ong Eng Tiang	Executive Director
Loy Soo Chew	Independent Non-Executive Director
Yau Thiam Hwa ("**Francis Yau**")	Independent Non-Executive Director
Vincent Leow	Independent Non-Executive Director
Takehito Hirano	Non-Independent 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, including ensuring that the required financial and human resources are available for the Group to meet its objectives;

(iii) reviewing the performance of Group's management ("**Management**");

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

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

(vi) setting the Company's values and standards (including ethical standards and code of conduct), and ensures proper accountability within the Group such that obligations to shareholders and other stakeholders are understood and met;

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

(viii) assuming the responsibilities for corporate governance.

All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and in the best interest of the Company, so as to enhance the long term value of the Group to its shareholders. Each Director is required to promptly disclose any conflicts or potential conflicts of interest, whether direct or indirect, in relation to any transaction or matter discussed and contemplated by the Group. Where a potential conflict of interest arises, the Director concerned will recuse himself from discussions and decisions involving the issue of conflict and refrains from exercising any influence over other members of the Board in respect of the issue.

Newly appointed directors will receive a formal letter explaining their duties and responsibilities, and are provided an orientation (including site visits to the Group's principal place of operations) and be briefed on, *inter alia*, the business operations including industry-specific information relating to the Group's business, governance practices and regulatory requirements of the Group.

The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attend appropriate courses and seminars that will be arranged and funded by the Company. The external auditors, during their presentation of the audit plan annually, will update the Directors on the new or revised financial reporting standards. Regular updates on developments and amendments to the Companies Act, corporate governance and listing rules are circulated by the Sponsor and the Company Secretary to the Board.

The Directors also attend other appropriate courses and seminars to keep abreast with changes in regulations, financial reporting standards, continuing listing obligations as well as industry-related matters during FY2019. In accordance with Rule 406(3)(a) of the Catalist Rules, the Nominating Committee ("**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. On 31 December 2019, Mr. Danny Lim was appointed as the Company's Independent Non-Executive Chairman of the Board. As he has prior experience as a director of issuers listed on the SGX-ST, he is not required to undergo trainings as prescribed under Rule 406(3)(a) of the Catalist Rules. Mr. Danny Lim was issued a formal letter explaining his duties and responsibilities upon his appointment and was also briefed on matters such as business operations of the Group, Board processes and proceedings, corporate governance initiatives and industry development related matters of Group.

Matters specifically reserved for the Board's approval include 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.

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 NC and a Remuneration Committee (the "**RC**") (collectively, the "**Board Committees**"). These Board 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. The terms of reference and further details of the activities of the Board Committees in FY2019 are set out under the respective sections in this 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 FY2019 and each individual directors' attendance at such meetings is set out below:

	No. of Meetings held and attended in FY2019							
	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Danny Lim *(Appointed on 31 December 2019)*	–	–	–	–	–	–	–	–
Desmond Chin	2	2	–	–	–	–	–	–
Gary Chin	2	2	–	–	2	2	–	–
Ong Eng Tiang	2	2	–	–	–	–	–	–
Loy Soo Chew	2	2	2	2	2	2	2	2
Francis Yau	2	2	2	2	–	–	2	2
Vincent Leow	2	2	2	2	2	2	2	2
Takehito Hirano	2	2	–	–	–	–	–	–

The Company recognises that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. The Management provides the Board with half-yearly accounts, as well as relevant background or explanatory information relating to the matters that would be discussed at the Board meetings, prior to the scheduled meetings. All Directors are also furnished with updates on the financial position and any material developments of the Group as and when necessary. Directors may request to visit the Group's operating facilities and meet with the Management to gain a better understanding of the Group's business operations and corporate governance practices.

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.

All Directors are required to declare their board appointments. When a Director has multiple board representations, the NC will consider whether the Director is able to adequately carry out his/her duties as a director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. Directors with multiple board representations must ensure that sufficient time and attention are given to the affairs of the Group.

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. 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.

2. BOARD COMPOSITION AND GUIDANCE

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

The Board consists of eight Directors, comprising of three Executive Directors, four Independent Directors and one Non-Independent Non-Executive Director. The Independent Directors are Mr. Danny Lim, Mr. Loy Soo Chew, Mr. Francis Yau and Mr. Vincent Leow. Mr. Takehito Hirano is the Non-Independent Non-Executive Director of the Company.

CORPORATE GOVERNANCE REPORT

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

Each Independent Director is required to complete a checklist annually to confirm his independence based on the provisions as set out in the Catalist Rules, the Code and the Practice Guidance. The NC adopts the Code's definition of what constitute an "independent" director in its review. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code. The NC takes into account, among other things, whether a Director has a business relationship with the Company, its related companies and its substantial shareholders, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company.

Based on the confirmation of independence submitted by the Independent Directors, the Board considers Mr. Danny Lim, Mr. Loy Soo Chew, Mr. Francis Yau and Mr. Vincent Leow to be independent on the following basis:

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

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

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

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

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. As of the date of this report, there is no Independent Director who has served for an aggregate period of nine years or more from the date of his first appointment.

With half of the Board comprising of Independent and Non-Executive Directors, the Board is able to exercise independent and objective judgement on corporate affairs and provide the Management with a diverse and objective perspective on issues.

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 Company does not have a Board diversity policy but it consists of professionals from various disciplines. 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 NC, with concurrence of the Board, is of the opinion that the current Board size and composition are considered appropriate for the Company's needs and nature of the operations, with an objective of achieving a good mix and diversity of skills, experiences, gender and knowledge of the business to ensure that the Board will be able to make satisfactory and independent decisions regarding the affairs of the Company.

The Non-Executive Directors and/or Independent Directors met among themselves without the presence of the Management at least once a year. The Independent Directors communicate regularly to discuss matters related to the Group, including, *inter alia*, the performance of the Management. Where appropriate, the Independent Director provides feedback to the Board after such meetings.

The profiles of the Directors are set out on pages 13 to 16 of this Annual Report.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Mr. Danny Lim holds the position as Chairman of the Board while Mr. Gary Chin is the Chief Executive Officer ("**CEO**") of the Company. Both positions are held by separate individuals to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision-making.

The overall role of the Chairman is to lead and ensure the effectiveness of the Board which includes:-

(a) promoting a culture of openness and debate at the Board;

(b) facilitating the effective contribution of all directors;

(c) encouraging constructive relations between the Board and Management as well as between the executive directors and independent directors;

(d) promoting high standards of corporate governance with full support of the Board, the Management and the Company Secretaries; and

(e) ensuring effective communication with shareholders.

There is a clear division between the leadership of the Board and the CEO. The CEO is responsible for the day-to-day operations of the Group, as well as to carry out the Board's decisions. The Chairman and the CEO are not related.

As the Chairman is a separate independent individual, there is no need for a lead independent director to be appointed.

4. BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of 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, Mr. Danny Lim and Mr. Gary Chin. The chairman of the NC is Mr. Vincent Leow. A majority of the NC, including the chairman, is independent.

The written terms of reference of the NC have been approved and adopted. The key responsibilities of the NC are:

(a) review the structure, size and composition (including skills, qualifications, experience and diversity) of the Board and Board Committees and recommend changes, if any, to the Board;

(b) nominate director (including Independent Directors) taking into consideration each Director's contribution, performance and ability to commit sufficient time, resources and attention to the affairs of our Group including their principal occupation and board representations in other companies;

(c) review and recommend the appointment and re-appointment of directors (including alternate directors, if applicable);

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

(e) 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;

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

(g) recommend the membership of the Board Committees to the Board;

(h) review of succession plans for Board Chairman, Directors, CEO and key management personnel of the Company;

(i) 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;

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

(k) review of training programmes for the Board and assist with similar programmes for the Board Committees;

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

(m) keep up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the company and the industry in which it operates; and

(n) other acts as may be required by the Singapore Exchange Securities Trading Limited 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 under Principle 2 above, the NC has affirmed that Mr. Danny Lim, Mr. Loy Soo Chew, Mr. Francis Yau and Mr. Vincent Leow have satisfied the criteria for independence. Each of the Independent Directors has also confirmed his independence.

The Company does not have a formal criteria of selection 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.

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

Director	Position	Date of initial appointment	Date of last re-appointment	Current directorships in other listed companies	Other principal commitments
Danny Lim	Independent Non-Executive Director & Chairman of the Board	31 December 2019	–	• Kimly Limited • Stamford Land Corporation Limited • Choo Chiang Holdings Ltd	• Rajah & Tann Singapore LLP • Domestic Employees Welfare Fund
Gary Chin	Chief Executive Officer and Executive Director	2 February 2016	29 April 2019	–	–
Desmond Chin	Executive Director	9 June 2016	27 April 2018	–	Domestic Employee Welfare Fund
Ong Eng Tiang	Executive Director	9 June 2016	28 April 2017	–	–
Loy Soo Chew	Independent Non-Executive Director	9 June 2016	28 April 2017	GKE Corporation Limited	Kian Ann Engineering Pte. Ltd.
Francis Yau	Independent Non-Executive Director	9 June 2016	27 April 2018	Abundance International Limited	Megachem Limited
Vincent Leow	Independent Non-Executive Director	9 June 2016	29 April 2019	UG Healthcare Corporation Limited	Allen & Gledhill LLP
Takehito Hirano	Non-Independent Non-Executive Director	16 October 2018	29 April 2019	Fullcast Holdings Co., Ltd. (Listed on Tokyo Stock Exchange)	–

Mr. Loy Soo Chew and Mr. Ong Eng Tiang will retire at the forthcoming annual general meeting ("**AGM**") pursuant to Regulation 117 of the Company's Constitution while Mr. Danny Lim will retire pursuant to Regulation 122 of the Company's Constitution. Mr. Ong Eng Tiang and Mr. Danny Lim had offered themselves for re-election while Mr. Loy Soo Chew will not be seeking re-election at the forthcoming AGM. In this regard, the NC, having considered Mr. Danny Lim and Mr. Ong Eng Tiang's overall contribution and performance, had recommended their re-election to the Board. The Board has concurred with the NC's recommendation. The Board wishes to express its gratitude to Mr. Loy Soo Chew for his invaluable contribution during his service. Details of Directors seeking re-election are set out on page 38 to page 42 of this Annual Report.

As explained in Principle 1 above, the Directors are provided a formal letter detailing their duties and responsibilities to the Company. 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. 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 currently and none of the Directors hold shares in the subsidiaries of the Company.

The key information regarding the Directors are set out on pages 13 to 16 and pages 38 to 42 of this Annual Report.

5. BOARD PERFORMANCE

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

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

On an annual and formal basis, the NC assesses the effectiveness of the Board as a whole and the contribution by each Director (including the Chairman) to the effectiveness of the Board as well as the effectiveness of the Board Committees.

For the financial year under review, each individual Director has completed assessment checklists with a set of proposed performance criteria determined by the NC which includes matters such as the Board's structure, conduct of meetings, risk management and internal control, as well as 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 completed assessment checklists are submitted to the Company Secretaries for collation and the results are presented to the NC for their review. 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 meetings and the technical knowledge of the Directors.

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 FY2019. Where necessary, the NC will consider such an engagement.

6. REMUNERATION MATTERS

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

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, Mr. Vincent Leow and Mr. Danny Lim all of whom are Independent Non-Executive Directors. The chairman of the RC is Mr. Loy Soo Chew.

The terms of reference of the RC have been approved and adopted. The key responsibilities of the RC are:

(a) recommend to the Board a remuneration policy/framework for the Directors and key management personnel ("**KMPs**");

(b) recommend to the Board the specific remuneration packages for each director as well as for the KMPs;

(c) review the remuneration of employees related to the directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

(d) review and consider all aspects of remuneration and remuneration policy for directors and KMPs, including termination terms and payments, to ensure they are fair;

(e) review the design of all long-term and short-term incentive plans for directors and KMPs for approval by the Board and/or shareholders;

(f) work and liaise, as necessary, with all other Board Committees on any other matters connected with remuneration;

(g) keep up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the company and the industry in which it operates; and

(h) other acts as may be required by the Singapore Exchange Securities Trading Limited and the Code 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.

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 KMPs. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2019. 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.

7. LEVEL AND MIX OF REMUNERATION

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

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 KMPs. The remuneration package is designed to allow the Company to better align the interests of the Executive Directors and KMPs 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.

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. Subsequent to the expiry of the initial period of three years, the employment of Mr. Desmond Chin, Mr. Gary Chin and Mr. Ong Eng Tiang have been renewed for three year from 1 July 2019 on such terms and conditions as the parties agreed in writing. Following the 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 KMPs which provides for remuneration payable to them, annual leave entitlement and termination arrangements.

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

Both the Advancer Global Employee Share Option Schemes (the "**Advancer Global ESOS**") and Advancer Global Performance Share Plan (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.

8. DISCLOSURE ON REMUNERATION

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

The Board is of the view that full disclosure of the specific remuneration of each individual Director and the CEO 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.

The Company only has 2 KMPs (who are not Directors or the CEO) during FY2019 and their remuneration is disclosed in bands of S$250,000.

The level and mix of remuneration paid or payable to the Directors and KMPs for FY2019 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	91	9	–	–	100
Gary Chin	91	9	–	–	100
Ong Eng Tiang	91	9	–	–	100
Below S$250,000					
Loy Soo Chew	–	–	100	–	100
Francis Yau	–	–	100	–	100
Vincent Leow	–	–	100	–	100

Remuneration bands	Salary & CPF %	Bonus & CPF %	Director's Fee[1] %	Other Benefits %	Total %
Takehito Hirano	–	–	100	–	100
Key Management Below S$250,000					
Francis Chin	79	21	–	–	100
Li Ying	100	–	–	–	100

Note:

[1] Directors' fees have been approved by the shareholders of the Company at the AGM held on 29 April 2019.

The aggregate remuneration paid to the KMPs of the Company (who are not Directors or CEO) in FY2019 amounted to approximately S$496,760.

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

Save as disclosed below, there were no employees of the Company who are substantial shareholders or are immediate family members of any Director, the CEO or a substantial shareholder and whose remuneration exceeded S$100,000 during FY2019.

Remuneration bands	Salary & CPF %	Bonus & CPF %	Total %
S$200,000 to below S$250,000			
Francis Chin[1]	79	21	100
Chin Chwee Hwa[1]	95	5	100

Note:

[1] Francis Chin and Chin Chwee Hwa are the siblings of Desmond Chin (Executive Director and substantial shareholder) and Gary Chin (CEO, Executive Director and substantial shareholder).

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.

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.

During FY2017, there were 1,156,500 share options granted to the employees (not being a director or substantial shareholder) of which 196,500 share options had lapsed as at 31 December 2019 due to resignation of employees. 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 on pages 44 to 45 and 107 to 108 respectively.

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.

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. No share awards have been issued since the commencement of the Advancer Global PSP to date.

9. RISK MANAGEMENT AND INTERNAL CONTROLS

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

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 AC has appointed Nexia TS Risk Advisory Pte Ltd as internal auditors ("**IA**") to perform a review of the internal controls of the Group in accordance with the Standards for the Professional Practice of Internal Auditing laid down by the International Professional Practices Framework issued by the Institute of Internal Auditors. For FY2019, the internal audit review focused on Group's Employment Services Businesses and information technology general controls. No high risk items were noted in the review. The findings from the review performed by the IA, including where relevant, any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. Timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored by the AC.

The Board and the AC work closely with the IA, external auditors and the Management to institute, execute and monitor relevant controls with a view to enhance the Group's risk management system. The Board did not establish a separate Board risk committee as it is currently assisted by the AC, IA and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies.

The Board has received assurance from the CEO and the Chief Financial Officer ("**CFO**") that (a) the financial records have been properly maintained and the financial statements for the financial year ended 31 December 2019 give a true and fair view of the Company's operations and finances; and (b) the Company's risk management and internal control systems in place is adequate and effective in addressing the material risks in the Company in its current business environment including material financial, operational, compliance and information technology controls, and risk management systems.

Based on the assurance from the CEO and CFO referred to the preceding paragraph, the various internal controls put in place by the Group, the work performed and reports submitted by the IA 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 2019.

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.

An overview of the key risks, the extent of the Group's exposure and the approach to managing these risks are set out on pages 115 to 124 of the Annual Report.

10. AUDIT COMMITTEE

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

The AC comprises Mr. Francis Yau, Mr. Loy Soo Chew, Mr. Vincent Leow and Mr. Danny Lim, all of whom are Independent Non-Executive 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 judgement, to discharge the AC's functions.

The written terms of reference of the AC have been approved and adopted. The key responsibilities of the AC are:

(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 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 reporting issues and judgements, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management to ensure the integrity of the consolidated financial statements and the announcements relating the Group's financial performance, where necessary, before submission to the Board for approval;

(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 and report to the Board at least annually on the adequacy and effectiveness of the company's risk management and internal controls;

(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;

(i) review all interested person transactions and determine methods or procedures for checking that the transaction prices are adequate for transactions to be carried out on normal commercial terms, and that they will not prejudice the company or its minority shareholders;

(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 and key audit matters, 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) 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;

(o) review the company's programmes and policies to identify and prevent fraud as well as work with management to oversees the establishment of appropriate controls and anti-fraud programmes;

(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 adequacy and effectiveness of the risk management and internal control (including financial, operational, compliance and information technology controls), and states whether the AC concurs with the Board's comment on adequacy and effectiveness of the company's internal controls and risk management systems. These may include reviewing management and/or assurance provider reports to highlight significant findings and recommendations, including Management's responses;

(r) review the assurance provided by the CEO and CFO on the financial records and financial statements;

(s) review the assurance provided by the CEO and other key management personnel on the effectiveness of risk management and internal controls; and

(t) review of Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, 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 FY2019 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. Significant matters that were discussed with the Management and the external auditors have been included as key audit matters in the Auditors' Report for FY2019.

The fees paid and payable by the Group to the external auditors in FY2019 for audit and non-audit services amounted to S$268,039 and S$79,694 respectively. The AC, having undertaken a review of all non-audit services provided by the external auditors which relate to taxation services and financial due diligence services provided to the Group, is of the opinion that such services would not affect the independence of the external auditors.

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

The 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 IA report directly to the AC. The IA has full access to the Company's documents, records, properties and personnel. The AC is satisfied that the internal audit firm is staffed by suitably qualified and experienced persons. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit.

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 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 2019. Please refer to page 49 of this Annual Report.
Recoverability of Loan Receivable from an Associate	The AC has considered and is satisfied with the approach and methodology applied to the evaluation of recoverability of loan receivable from an associate. 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 2019. Please refer to page 50 of this Annual Report.

11. SHAREHOLDERS RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

The Board strongly encourages shareholders to participate in and vote at general meetings. 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 Company tables separate resolutions at general meetings on each distinct issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation or circular in respect of the proposed resolution. A proxy form is sent with the notice of general meeting to the shareholders. The resolutions will be put to vote by poll and an announcement of the results showing the number of votes cast for and against each resolution and the respective percentages for general meetings will be made subsequent to the meeting.

The Constitution of the Company currently allows a member of the Company who is not a relevant intermediary to appoint up to two proxies and for a member who is a relevant intermediary to appoint more than two proxies to attend and vote in general meetings.

The Company encourages shareholders' participation at general meetings and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairman of each of the Board Committees. All Directors were present at the last AGM held on 29 April 2019. The Company's external auditors are also present at the annual general meetings to assist the Board in addressing any relevant queries from shareholders.

The Minutes of general meetings of shareholders recording substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting and responses from the Board and Management are available on the Company's website.

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 concerns over the authentication of shareholders' identity. Voting in absentia by mail, email or fax will only be permitted under the security, integrity and other pertinent issues are satisfactorily resolved.

The Company currently does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, capital needs, plans for future growth, working capital and other factors as the Board may deem appropriate. There was no dividend declared for FY2019 as the Group seeks to conserve its cash for its expected working capital requirements and future growth.

12. ENGAGEMENT WITH SHAREHOLDERS

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

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.

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 enquiries can be posted through the Company's website http://advancer.sg/contact-us/.

13. ENGAGEMENT WITH STAKEHOLDERS

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

The Group has made efforts to seek the opinions of many stakeholders either through informal or formal means by evaluating the needs and expectations of key stakeholder groups which are significant to the Group's value creation strategy and strive to build mutually beneficial relationships.

The Group has identified diverse stakeholder groups based on their level of influence in the business and also regularly engage and consult all stakeholder groups for any feedback and suggestions. Where appropriate and relevant to the business, the Company will incorporate their feedback into the Group's plans and actions.

General information on the Group such as annual reports, financial results, news releases and investor relations contacts are provided in the Company's website.

For more information on the Company's stakeholder engagement, please refer to the Company's Sustainability Report which will be released by May 2020.

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.

During FY2019, 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 CONTRACT

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 FY2019 or if not than subsisting.

NON-SPONSOR FEES

For FY2019, no non-sponsor fees were paid to its sponsor, SAC Capital Private Limited.

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 subscription shares on 31 August 2018 is set out as below:

	Amount allocated S$ million	Amount utilised S$ million	Balance S$ million
Expansion of business operations	16.30	(0.89)	15.41
General corporate and working capital purposes of the Group, mainly to support administrative and operational expenses[1]	5.44	(3.48)	1.96
	21.74	(4.37)	17.37

Note:

[1] Breakdown of the general and corporate working capital requirement:

	S$'000
Professional and listing related expenses	475
Administrative expenses – staff costs	216
Administrative expenses – others	16
Purchase of inventory for a subsidiary	170
Repayment of loan incurred by a subsidiary	300
Advances to subsidiaries for operational expenses	2,300
	3,477

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Ong Eng Tiang and Mr. Danny Lim are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 June 2020 ("**AGM**") (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:

	MR. ONG ENG TIANG	**MR. DANNY LIM**
Date of Appointment	9 June 2016	31 December 2019
Date of last re-appointment	28 April 2017	N.A.
Age	52	47
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-appointment of Mr. Ong Eng Tiang as Executive Director of the Company was recommended by the NC and approved by the Board of Directors after having considered his past contribution and suitability. The Board have reviewed and concluded that Mr. Ong possesses the experience, expertise, knowledge and skills to continue contribute towards the existing businesses of the Group.	The re-appointment of Mr. Danny Lim as Independent Non-Executive Director of the Company was recommended by the NC and approved by the Board of Directors after having considered Mr. Danny Lim's work experience and expertise.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr. Ong is responsible for heading the Facilities Management Services division of the Group as well as overseeing the daily operations, including marketing strategies and manpower deployment of the facilities management businesses.	Non-Executive
Job Title (e.g.) Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Non-Executive Director and Chairman Member of Audit Committee, Nominating Committee and Remuneration Committee

	MR. ONG ENG TIANG	MR. DANNY LIM
Professional qualifications	Bachelor of Business Administration from the University of Wisconsin-Madison, United States of America	Bachelor of Laws (Honours) from the National University of Singapore Master of Science (Applied Finance) from the Nanyang Technology University of Singapore
Working experience and occupation(s) during the past 10 years	March 2001 to May 2016: General manager of First Stewards Private Limited (director of First Stewards Private Limited from 2 August 2004 to 28 March 2006) November 2011 to present: Director of KH Security Agency Pte. Ltd. February 2015 to present: Director of Advancer Smart Technology Pte. Ltd. (formerly known as Unipest Pte. Ltd.) June 2016 to present: Executive Director of Advancer Global Limited	December 2009 to present: Partner, Rajah & Tann LLP
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 19,985,436	Deemed interest: 642,500 shares held through iFast Financial Pte. Ltd.
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	None	None
Conflict of Interest (including any competing business)	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
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	ET and MC Pte. Ltd. (struck off) Mengna & Co. Pte. Ltd. (struck off)	TEE Land Limited China Star Food Group Limited Deskera Holdings Ltd. Sincap Group Limited UG Healthcare Corporation Limited Trans-Cab Holdings Ltd.
Present	Advancer Smart Technology Pte. Ltd. Advancer Global Facility Pte. Ltd. KH Security Agency Pte. Ltd. Patrick View Development Pte Ltd	Kimly Limited Stamford Land Corporation Limited Choo Chiang Holdings Ltd

		MR. ONG ENG TIANG	MR. DANNY LIM
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
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
c)	Whether there is any unsatisfied judgement against him?	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
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

		MR. ONG ENG TIANG	MR. DANNY LIM
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
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i)	Whether he has ever been the subject of any order, judgement 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
j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		

		MR. ONG ENG TIANG	MR. DANNY LIM
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes (Please refer to page 210 and 211 of Company's Offer Document dated 30 June 2016).	Yes Mr. Danny Lim is an independent director of Kimly Limited, which had on 29 November 2018 announced that it was subject to investigations in relation to a possible offence under the Securities and Futures Act (Cap. 289) of Singapore by the Commercial Affairs Department and Monetary Authority of Singapore. Mr. Danny Lim was interviewed by the Commercial Affairs Department in connection with the ongoing investigations. Mr. Danny Lim is not personally the subject of such investigation.
	ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere	No	Yes. Please refer to sub-parageaph (j) (i) above.
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

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 2019 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2019.

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 2019 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 Mei Yang (Chief Executive Officer)
Chin Mui Hiong
Ong Eng Tiang

Non-executive directors
Takehito Hirano

Independent directors
Lim Teck Chai, Danny (Non-Executive Chairman) (Appointed on 31 December 2019)
Loy Soo Chew
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.

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 2019 or date of appointment	As at 31 December 2019	As at 1 January 2019 or date of appointment	As at 31 December 2019
The Company				
Ordinary shares				
Chin Mei Yang	30,931,018	30,931,018	–	–
Chin Mui Hiong	37,573,963	37,573,963	–	–
Ong Eng Tiang	19,985,436	19,985,436	–	–
Lim Teck Chai, Danny	–	–	642,500	642,500
Takehito Hirano	–	–	65,000,000	65,000,000

Takehito Hirano and his family hold 100% ordinary shareholdings in Hirano Associates Co., Ltd. (of which Takehito Hirano himself holds 18.04% ordinary shares). In addition, Takehito Hirano is a director and the Chairman of Fullcast Holding Co., Ltd. ("**Fullcast**"). Hirano Associates Co., Ltd. holds 37.39% ordinary shares, 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.

Lim Teck Chai, Danny holds 642,500 shares of Advancer Global Limited through iFast Financial Pte. Ltd. (a nominee). Hence, Lim Teck Chai, Danny is deemed interested in the 642,500 shares held by custodian, iFast Financial Pte. Ltd. in the Company by virtue of Section 7 of the Act.

The directors' interests in the shares of the Company on 21 January 2020 were the same as at 31 December 2019.

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 four independent directors:

Loy Soo Chew (Chairman)
Yau Thiam Hwa
Vincent Leow
Lim Teck Chai, Danny

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.

5. Advancer Global Employee Share Option Scheme (Continued)

Other information regarding the ESOS is set out below: (Continued)

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.

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

Date of grant	Balance as at 1 January 2019	Lapsed	Balance as at 31 December 2019	Exercise price per share	Exercisable period
				(S$)	
20 April 2017	1,085,500	(125,500)	960,000	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 2019, the details of the warrants issued by the Company are set out as below:

Date of issue	Warrants issued	As at 31 December 2019	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 four independent directors and at the date of this report, they are:

Yau Thiam Hwa (Chairman)
Loy Soo Chew
Vincent Leow
Lim Teck Chai, Danny

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

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.

7. Audit Committee (Continued)

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.

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 2020

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 2019, 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 2019 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* (the "**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 judgement 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 24 components as the appointed statutory auditors, and we identified 12 significant components, either because of their size or/and their risk characteristics.

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 judgements 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
- Recoverability of Loan Receivable from an Associate

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.

Impairment Assessment on Goodwill and Intangible Assets
Refer to Note 3 for critical accounting judgements and key sources of estimation uncertainty, and Note 11 (Goodwill on Consolidation) and Note 12 (Intangible Assets) for disclosures relating to the impairment assessment.

Key Audit Matter	Audit Response
As at 31 December 2019, the Group reported goodwill and intangible assets arising from the acquisition of subsidiaries with carrying values of approximately S$5.6 million and S$0.5 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.	Our audit procedures included, and were 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 comparison to the 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 ("**VIU**") 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.

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

Recoverability of Loan Receivable from an Associate *Refer to Note 2.16 for Financial Instruments accounting policy, Note 3 for critical accounting judgements and key sources of estimation uncertainty, Note 20 (Trade and Other Receivables) and Note 31 (Financial Instruments and Financial Risks) for disclosures relating to the loss allowance for other receivables.*	
Key Audit Matter	**Audit Response**
As at 31 December 2019, the Group recorded a loan receivable of S$3.3 million from an associate, G3 Environmental Private Limited ("**G3**"), which is non-interest bearing and repayable on demand. The principal activities of G3 and its subsidiaries (collectively referred herein as the "**G3 Group**") are commercial/industrial real estate management and collection and recycling of metal waste and scraps. Based on the management accounts as at 31 December 2019, G3 Group's current liabilities and total liabilities exceeded its current assets and total assets by S$12.1 million and S$3.1 million, respectively. In addition, G3 Group incurred a net loss of S$3.3 million for the financial period then ended. Given the above financial condition of the associate, it has been assessed that there is a significant increase in credit risk from initial recognition. Management assessed the expected credit losses ("**ECL**") relating to the loan receivable from the associate based on lifetime ECL. The Group considered the ability of the associate to settle the loan on a repayable on demand basis, with reference to the viability of the financial support provided by its ultimate holding company. The Group measured and determined the ECL for the loan receivable from its associate to be insignificant.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in conducting the impairment review. These procedures included: ● Read the Shareholders' Loan Agreement and verified the terms of the loan receivable from its associate; ● Assessed the appropriateness of the accounting treatment applied to loan receivable from the associate including recognition in accordance with SFRS(I) 9; ● Performed a credit risk analysis of the associate by assessing its historical and current financial performance, net current asset/(liability) and net equity/(capital deficiency) position; ● Confirmed the existence, legality and enforceability of arrangements to provide or maintain financial support of the associate's ultimate holding company; and ● Reviewed the financial capability of the associate's ultimate holding company to provide additional funds and performed a credit risk analysis by assessing its liquidity position.

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.

Report on the Audit of Financial Statements (Continued)

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.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

Report on the Audit of Financial Statements (Continued)

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

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.

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 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group	
	Note	2019	2018
		S$'000	S$'000
Revenue	4	**70,944**	67,283
Cost of sales		**(53,883)**	(50,000)
Gross profit		**17,061**	17,283
Other operating income	5	**1,448**	1,668
Administrative expenses		**(17,708)**	(17,438)
Finance expenses	6	**(141)**	(73)
Share of (losses)/profits from equity-accounted for associates		**(98)**	76
Profit before income tax	7	**562**	1,516
Income tax expense	9	**(125)**	(121)
PROFIT FOR THE FINANCIAL YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**437**	1,395
Profit for the financial year attributable to:			
Owners of the Company		**471**	1,336
Non-controlling interests		**(34)**	59
Profit for the financial year		**437**	1,395
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	10	**0.19**	0.64

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 2019

	Note	Group 2019	Group 2018	Company 2019	Company 2018
		S$'000	S$'000	S$'000	S$'000
ASSETS					
Non-current assets					
Goodwill on consolidation	11	**5,585**	5,489	**–**	–
Intangible assets	12	**603**	1,012	**–**	–
Investments in subsidiaries	13	**–**	–	**11,478**	11,454
Investments in associates	14	**494**	78	**–**	–
Other investments	15	**–**	–	**–**	–
Property, plant and equipment	16	**2,379**	2,645	**–**	–
Right-of-use assets	17	**2,968**	–	**–**	–
Deferred tax assets	18	**20**	19	**–**	–
Total non-current assets		**12,049**	9,243	**11,478**	11,454
Current assets					
Inventories	19	**947**	547	**–**	–
Trade and other receivables	20	**17,632**	17,463	**11,316**	9,941
Cash and bank balances	21	**25,651**	26,006	**18,080**	19,624
Total current assets		**44,230**	44,016	**29,396**	29,565
Total assets		**56,279**	53,259	**40,874**	41,019
EQUITY AND LIABILITIES					
Equity					
Share capital	22	**40,607**	40,607	**40,607**	40,607
Treasury shares	22	**(223)**	(223)	**(223)**	(223)
Retained earnings		**6,331**	6,237	**230**	453
Other reserves	23	**(2,850)**	(2,870)	**106**	86
Equity attributable to owners of the Company		**43,865**	43,751	**40,720**	40,923
Non-controlling interests		**300**	359	**–**	–
Total equity		**44,165**	44,110	**40,720**	40,923
Non-current liabilities					
Deferred tax liabilities	18	**165**	218	**–**	–
Lease liabilities	17	**1,732**	401	**–**	–
Bank borrowings	25	**592**	625	**–**	–
Total non-current liabilities		**2,489**	1,244	**–**	–
Current liabilities					
Lease liabilities	17	**1,457**	134	**–**	–
Trade and other payables	26	**7,261**	6,869	**129**	96
Contract liabilities from contracts with customers	27	**646**	577	**–**	–
Bank borrowings	25	**29**	24	**–**	–
Income tax payable		**232**	301	**25**	–
Total current liabilities		**9,625**	7,905	**154**	96
Total liabilities		**12,114**	9,149	**154**	96
Total equity and liabilities		**56,279**	53,259	**40,874**	41,019

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 2019

Group	Note	Attributable to owners of the Company								
		Share capital	Treasury shares	Retained earnings	Share options reserve	Capital reserve	Merger reserve	Total	Non-controlling interests	Total equity
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2018		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]	22	22,148	–	–	–	–	–	22,148	–	22,148
Issuance of ordinary shares pursuant to FY2017 Scrip Dividend[2]	22	490	–	(490)	–	–	–	–	–	–
Purchase of treasury shares	22	–	(223)	–	–	–	–	(223)	–	(223)
Share issue expenses pursuant to the Share Subscription	22	(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
Profit for the financial year, representing total comprehensive income for the financial year		–	–	471	–	–	–	471	(34)	437
Share options expenses pursuant to the ESOS	7	–	–	–	20	–	–	20	–	20
Acquisition of a subsidiary		–	–	–	–	–	–	–	23	23
Dividends declared to non-controlling interests		–	–	–	–	–	–	–	(48)	(48)
Dividends declared	35	–	–	(377)	–	–	–	(377)	–	(377)
Balance at 31 December 2019		40,607	(223)	6,331	106	(353)	(2,603)	43,865	300	44,165

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 2019

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 2018		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]	22	22,148	–	–	–	22,148
Issuance of ordinary shares pursuant to FY2017 Scrip Dividend[2]	22	490	–	(490)	–	–
Purchase of treasury shares	22	–	(223)	–	–	(223)
Share issue expenses pursuant to the Share Subscription	22	(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
Profit for the financial year, representing total comprehensive income for the financial year		–	–	154	–	154
Share options expenses pursuant to the ESOS	7	–	–	–	20	20
Dividends declared	35	–	–	(377)	–	(377)
Balance at 31 December 2019		40,607	(223)	230	106	40,720

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 2019

	Note	Group 2019 S$'000	Group 2018 S$'000
Operating activities			
Profit before income tax		**562**	1,516
Adjustments for:			
Amortisation of intangible assets	12	**596**	617
Bad debts written-off	7	**14**	354
Depreciation of property, plant and equipment	16	**507**	620
Depreciation of right-of-use assets	17	**1,301**	–
Deposit forfeited on proposed acquisition	7	**100**	–
Fair value loss arising from financial assets at FVTPL	7	**–**	99
Gain on disposal of property, plant and equipment, net	5	**(35)**	(21)
Interest expense	6	**141**	73
Interest income	5	**(354)**	(42)
Loss allowances for receivables (trade)	7,20	**58**	23
Loss on fair value re-measurement of contingent consideration payable	7	**–**	80
Property, plant and equipment written-off	7	**12**	6
Reversal of provision for warranties	7	**(7)**	(*)
Reversal of loss allowance for receivables (trade)	5,20	**(2)**	(46)
Share issue expenses	7	**–**	36
Share options expenses pursuant to the ESOS	7	**20**	50
Share of losses/(profits) from equity-accounted for associates	14	**98**	(76)
Operating cash flows before movements in working capital		**3,011**	3,289
Changes in working capital:			
Inventories		**(400)**	(509)
Trade and other receivables		**(603)**	(1,183)
Trade and other payables		**556**	1,010
Contract liabilities from contracts with customers		**69**	91
Cash generated from operations		**2,633**	2,698
Interest received		**354**	42
Income taxes paid		**(268)**	(440)
Net cash generated from operating activities		**2,719**	2,300
Investing activities			
Deposits on proposed acquisition, net of refund		**100**	(371)
Final payment of contingent consideration for previously acquired subsidiaries		**–**	(3,168)
Net cash inflow on acquisition of a subsidiary	13(c)	**21**	–
Investment in an associate	14	**(514)**	–
Repayment from an associate	20	**40**	382
Proceeds from disposal of property, plant and equipment		**37**	42
Purchase of intangible asset	12	**(122)**	(32)
Share issuance expenses	7	**–**	(36)
Purchase of property, plant and equipment	16	**(648)**	(732)
Purchase of right-of-use assets through certain lease arrangement	17	**(23)**	–
Net cash used in investing activities		**(1,109)**	(3,915)

** 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 2019

	Note	Group 2019	Group 2018
		S$'000	S$'000
Financing activities			
Dividends paid to:			
Owners of the Company	35	**(377)**	(772)
Non-controlling interests of subsidiaries		**(144)**	(144)
Interest paid		**(51)**	(71)
Purchase of treasury shares	22	**–**	(223)
Proceeds from bank borrowings		**–**	100
Proceeds from issuance of new shares	22	**–**	22,148
Share issue expenses	22	**–**	(409)
Repayment of bank borrowings		**(28)**	(730)
Repayment of lease liabilities		**(1,280)**	(136)
Repayment to directors		**(85)**	(175)
Net cash (used in)/generated from financing activities		**(1,965)**	19,588
Net (decrease)/increase in cash and cash equivalents		**(355)**	17,973
Cash and cash equivalents at beginning of financial year		**26,001**	8,028
Cash and cash equivalents at end of financial year	21	**25,646**	26,001

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

		Financing cash outflows		Non-cash movements		
	1 January 2019	Interest paid	Repayment made, net	Acquisition	Interest expense	31 December 2019
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Liabilities						
Bank borrowings	649	(19)	(28)	–	19	621
Lease liabilities	2,087	(32)	(1,280)	2,292	122	3,189
Amount due to director	132	–	(85)	–	–	47

		Financing cash outflows		Non-cash movements		
	1 January 2018	Interest paid	Repayment made, net	Purchase of property, plant and equipment[1]	Interest expense	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

Note:

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

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

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 2019 were authorised for issue by the Board of Directors at the date of the Directors' Statement.

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 ("**S$**") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("**S$'000**"), unless otherwise indicated.

In the current financial year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INT that are relevant to its operations and effective for annual periods beginning on or after 1 January 2019. Other than SFRS(I) 16 *Leases*, the adoption of these new or revised SFRS(I)s and SFRS(I) INT did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods. The effects of adopting SFRS(I) 16 is disclosed in Note 37.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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) 3	Amendments to SFRS(I) 3: *Definition of a Business*	1 January 2020
SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7	Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: *Interest Rate Benchmark Reform*	1 January 2020
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
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.

The Group does not intend to early adopt any of the above new or revised standards, interpretations and amendments to the existing 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.

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.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

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 investments in associates 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.

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 acquiree 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 *Business Combinations* 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.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

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.

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.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

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 results 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 Contracts with Customers*.

Revenue from adhoc in Building Management Services and Security 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 27).

(b) Employment Services

Revenue from Employment Services in relation to provision of sourcing, employment and training of foreign domestic workers ("**FDWs**") is recognised at a point in time when the service has been provided and the right to consideration has been earned.

Revenue from administrative services in Employment Services Business is recognised over time, using the output method to measure progress towards complete satisfaction of the services.

Advance consideration received from customers for services not yet provided is recognised as a contract liability (Note 27).

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition (Continued)

Sales of electronic products

The Group sells a range of electronic products in relation to provision of security services, Smart Toilet System and other Internet of Things ("**IoT**") 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 and Smart Toilet System that are either sold separately or bundled together with the sale of electronic products in relation to provision of security services, Smart Toilet System and IoT 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 advanced 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.

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 24. 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 on 20 April 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 retained earnings 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 countries 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.

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.

2. Summary of significant accounting policies (Continued)

2.9 Income tax (Continued)

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.

2.11 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity through other comprehensive income.

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

2. Summary of significant accounting policies (Continued)

2.11 Foreign currency transactions and translation (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed off.

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

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

2.12 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

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 17.

For the financial years before 1 January 2019, 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 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.

2. Summary of significant accounting policies (Continued)

2.12 Property, plant and equipment (Continued)

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

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.

2.13 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 and mobile application

Operational web portal and mobile application are initially measured at cost. Following initial recognition, operational web portal and mobile application are measured at cost less accumulated amortisation and accumulated impairment losses. The operation web portal and mobile application are amortised to profit or loss over its estimated useful lives of 3 years and 5 years, respectively.

2. Summary of significant accounting policies (Continued)

2.14 Investments in associates

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

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, investments in associates are 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 investments in associates at cost in its separate financial statements.

2.15 Impairment of non-financial assets excluding goodwill

The Group reviews the carrying amounts of its non-financial 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.

2. Summary of significant accounting policies (Continued)

2.15 Impairment of non-financial assets excluding goodwill (Continued)

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.

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

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.

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

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.

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.

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

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 and debt instruments measured at FVTOCI. 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 assets has not increased significantly since initial recognition.

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, 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.

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.

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

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.

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.

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (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*.

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.

2.17 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 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.

2.18 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 statement 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. Summary of significant accounting policies (Continued)

2.19 Leases

The Group applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated. Accordingly, the comparative information was prepared and disclosures made in accordance with the requirements of SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a lease*.

<u>The Group as a lessee from 1 January 2019</u>

These accounting policies are applied on and after the initial application date of SFRS(I) 16 (i.e. 1 January 2019).

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

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

Right-of-use assets are presented in Note 17.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

2. Summary of significant accounting policies (Continued)

2.19 Leases (Continued)

The Group as a lessee from 1 January 2019 (Continued)

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

The Group as a lessee before 1 January 2019

At the lease commencement date, the Group assess and classify each lease as either a finance lease or operating lease.

Finance Leases

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 (Note 2.5).

2. Summary of significant accounting policies (Continued)

2.19 Leases (Continued)

The Group as a lessee before 1 January 2019 (Continued)

Operating Leases

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 they are 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.

The Group as a lessor

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Group assess and classify each lease as either an operating lease or a finance lease. 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.

Operating Leases

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.

When the Group subleases its right-of-use assets, it accounts for its interest in the head lease and the sub-lease separately. It assesses its sublease with reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. If the head lease is a short-term lease to which the Group applied the short-term lease recognition exemption, it classifies the sublease as an operating lease.

2.20 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.

2. Summary of significant accounting policies (Continued)

2.20 Provisions (Continued)

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

2.21 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.

2.22 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

(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.

2.23 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 judgements and key sources of estimation uncertainty

The Group made judgements, 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 judgements 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. Critical accounting judgements and key sources of estimation uncertainty (Continued)

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

Impairment of loan receivable from an associate, G3 Environmental Private Limited ("G3")

At the end of each financial year, an assessment is made on whether there is indicator that the Group's loan receivable from an associate 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, including, but not limited to the viability of the financial support provided by its ultimate holding company. If the financial conditions of the associate were to deteriorate, resulting in an impairment of its ability to make payments, allowances may be required.

Based on the management accounts as at 31 December 2019, current liabilities and total liabilities of G3 and its subsidiaries ("**G3 Group**") exceeded its current assets and total assets by S$12.1 million and S$3.1 million, respectively. In addition, G3 Group incurred a net loss of S$3.3 million for the financial period then ended.

Given the above financial condition of the associate, management assessed that there is a significant increase in credit risk from initial recognition. The Group assessed the ability of the associate to meet its contractual cash flow obligation if demanded in the near term with reference to the viability of the ultimate holding company's financial support to the associate.

No allowance for impairment has been recognised as at 31 December 2019 (2018: S$Nil).

Lease extension option included in lease contracts

The Group has several lease contracts which include an extension option. In the assessment of whether to include or exclude the extension period in the lease term, the Company considers all relevant facts and circumstances that will create an economic incentive for it to exercise the extension option. After the lease commencement date, the Group only reassesses the lease term when there is a significant event or change in circumstances that is within its control to affect whether it is reasonably certain to exercise the option.

The Group included the extension option in the lease term for an office premise because they are reasonably certain that the Group would exercise the extension option.

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.

Fair value of financial instruments

Where the fair values of financial instruments recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques, including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing the fair values. The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more details in Note 32.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Impairment of investments in subsidiaries and associates

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 2019 was S$11,478,000 (2018: S$11,454,000) (Note 13). The Group's carrying amount of investments in associates as at 31 December 2019 was S$494,000 (2018: S$78,000) (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 2019 was S$5,585,000 (2018: 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 2019 was S$603,000 (2018: S$1,012,000) (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 2019 was S$11,918,000 (2018: S$11,019,000) (Note 20). The expected loss allowance on the Group's trade receivables as at 31 December 2019 was S$91,000 (2018: S$36,000) (Note 20).

3. Critical accounting judgements 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 2019 was S$2,379,000 (2018: S$2,645,000) (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 2019 was S$947,000 (2018: S$547,000). There was no allowance made on inventory for the year ended 31 December 2019 and 2018 (Note 19).

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 and Company's current tax payable as at 31 December 2019 were S$232,000 (2018: S$301,000) and S$25,000 (2018: S$Nil) respectively.

4. Revenue (Contracts with customers)

	Group	
	2019	**2018**
	S$'000	**S$'000**
Service income (point in time)		
- Employment Services	**13,086**	12,471
- Building Management Services	**4,494**	3,960
- Security Services	**38**	11
	17,618	16,442
Service income (over time)		
- Employment Services	**68**	–
- Building Management Services	**32,742**	32,145
- Security Services	**19,238**	18,159
	52,048	50,304
Installation services (point in time)	**459**	191
Sales of goods (point in time)	**819**	346
	70,944	67,283

Transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations on 31 December 2019 and expected to be realised more than one year is approximately S$16,336,000 (2018: 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.

The Group has applied the practical expedient permitted under SFRS(I) 15 for those performance obligations which are part of contracts that have an original expended duration of one year or less.

5. Other operating income

	Group	
	2019	**2018**
	S$'000	**S$'000**
Administrative fees received from subcontractors	**25**	71
Foreign exchange gain, net	**3**	–
Gain on disposal of property, plant and equipment, net	**35**	21
Government credit schemes and government grants	**878**	1,407
Income from supplies to subcontractors	**23**	23
Interest income from advances to subcontractors	**15**	14
Interest income from fixed deposits	**339**	28
Rental income	**64**	57
Reversal of loss allowance for receivables (trade)	**2**	46
Refund of insurance charges	**32**	–
Others	**32**	1
	1,448	1,668

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.

6. Finance expenses

	Group	
	2019	**2018**
	S$'000	**S$'000**
Interest expenses on:		
- Factoring of receivables	**–**	27
- Leases	**122**	33
- Property loan	**19**	12
- Term loan	**–**	1
	141	73

7. Profit before income tax

The following charges/(credit) were included in the determination of profit before income tax:

		Group	
	Note	2019	2018
		S$'000	S$'000
Included in cost of sales:			
Cost of inventories recognised as an expense	19	**814**	487
Depreciation of right-of-use assets	17	**246**	–
Insurance		**726**	619
Lease expenses		**–**	289
Expenses relating to short-term leases		**160**	–
Reversal of provision for warranties	26	**(7)**	(*)
Recruitment expenses		**5,362**	4,842
Staff costs (excluding key management personnel remuneration)	8	**32,884**	30,760
Subcontractors' fees		**11,502**	10,990
Included in administrative expenses:			
Audit fees to auditors of the Company:			
- Current financial year		**268**	274
- Under-provision in previous financial year		**–**	24
Non-audit fees to auditors of the Company		**80**	42
Advertising expenses		**434**	477
Loss allowance for receivables (trade)	20	**58**	23
Amortisation of intangible assets	12	**596**	617
Bad debts written-off		**14**	354
Depreciation of property, plant and equipment	16	**507**	620
Depreciation of right-of-use assets	17	**1,055**	–
Deposit forfeited on proposed acquisition		**100**	–
Directors' fees	30	**150**	114
Fair value loss arising from financial assets at FVTPL		**–**	99
Insurance		**156**	276
Key management personnel remuneration	30	**3,192**	3,101
Loss on fair value re-measurement of contingent consideration payable		**–**	80
Lease expenses		**–**	1,519
Expenses relating to short-term leases		**592**	–
Expenses relating to low-value assets		**7**	–
Property, plant and equipment written-off		**12**	6
Share issue expenses		**–**	36
Share option expenses		**20**	50
Staff costs (excluding key management personnel remuneration)	8	**7,682**	7,092

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

8. Staff costs (excluding key management personnel remuneration)

	Group	
	2019	**2018**
	S$'000	**S$'000**
Cost of sales		
Salaries, allowances and other benefits	**30,277**	28,130
Defined contribution plan	**2,607**	2,630
	32,884	30,760
Administrative expenses		
Salaries, allowances and other benefits	**6,980**	6,417
Defined contribution plan	**702**	675
	7,682	7,092
Total staff costs	**40,566**	37,852

9. Income tax expense

	Group	
	2019	**2018**
	S$'000	**S$'000**
Current income tax		
- Current financial year	**226**	286
- Over-provision in prior financial years	**(33)**	(45)
	193	241
Deferred income tax (Note 18)		
- Origination and reversal of temporary differences	**(53)**	(109)
- Over-provision in prior financial years	**(15)**	(11)
Total tax expense	**125**	121

The Group is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2018: 17%). There were no changes in the enterprise income tax rate in the current financial year from the previous financial year.

9. Income tax expense (Continued)

Reconciliation of effective tax rate is as follows:

	Group	
	2019	**2018**
	S$'000	**S$'000**
Profit before income tax	**562**	1,516
Share of losses/(profits) from equity-accounted for associates, net of taxation	**98**	(76)
Profit before income tax and share of losses/(profits) from equity-accounted for associates, net of taxation	**660**	1,440
Income tax at statutory rate	**112**	245
Tax effects of:		
- Expenses not deductible for tax purposes	**409**	280
- Income not subject to tax	**(31)**	(6)
- Tax incentive and special allowance	**(145)**	(126)
- Tax exemptions and rebates	**(235)**	(168)
- Over-provision in prior financial years	**(48)**	(56)
- Unrecognised deferred tax benefits	**121**	60
- Others	**(58)**	(108)
Total tax expense	**125**	121

The Singapore Government has announced that companies will receive 25% Corporate Income Tax ("**CIT**") rebate that is subject to a cap of S$15,000 for the Year of Assessment ("**YA**") 2020 and 20% CIT rebate that is subject to a cap of S$10,000 for the YA2019.

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	
	2019	**2018**
Earnings for the purposes of basic and diluted earnings per share (profit for the financial year attributable to owners of the Company) (S$'000)	**471**	1,336
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	**251,349**	208,030
Basic and diluted earnings per share (cents)	**0.19**	0.64

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 2019 (31 December 2018: 6,250,000 warrants), the warrants are, given their exercise price of S$0.45 (31 December 2018: S$0.45), not considered to be dilutive for the financial years ended 31 December 2019 and 31 December 2018.

10. Earnings per share (Continued)

Whilst there were 960,000 share options outstanding as at 31 December 2019 (31 December 2018: 1,085,500 share options), the share options were granted at an exercise price of S$0.40 per share (31 December 2018: S$0.40 per share) and are not considered to be dilutive for the financial years ended 31 December 2019 and 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.

11. Goodwill on consolidation

	Group	
	2019	**2018**
	S$'000	**S$'000**
Cost:		
At 1 January	**5,489**	5,489
Arising on acquisition of a subsidiary	**96**	–
At 31 December	**5,585**	5,489

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

	Group	
	2019	**2018**
	S$'000	**S$'000**
Ashtree International Pte. Ltd.	**115**	115
Country Cousins Pte. Ltd. and Envirocare Landscape (S) Pte. Ltd. [1]	**242**	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 [2]	**4,014**	4,014
	5,585	5,489

[1] *Country Cousins Pte. Ltd. and Envirocare Landscape (S) Pte. Ltd. has been allocated as one CGU.*

[2] *Premier Group – Green Management Pte. Ltd., Premier Eco-Care Pte. Ltd. and Prestige Enviro-Care Pte. Ltd. has been allocated as one CGU.*

During the financial year ended 31 December 2019, goodwill with carrying amount of S$96,000 as of the end of the financial year was acquired through the purchase of Country Cousins Pte. Ltd. (Note 13(c)) in the Building Management Services Business segment.

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	
	2019	**2018**	**2019**	**2018**
Growth rates	**0% to 1.4%**	0% to 1.3%	**Actual contracts**	Actual contracts
Pre-tax discount rate	**10.65%**	10.71%	**7.64%**	9.92%

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 for goodwill was recognised during the financial years ended 31 December 2019 and 2018.

12. Intangible assets

Group	Customer contracts and contractual customer relationships[1]	Non-contractual customer relationships[2]	Operational web portal and mobile application[3]	Total
	S$'000	S$'000	S$'000	S$'000
Cost				
At 1 January 2018	2,506	304	–	2,810
Additions	–	–	32	32
At 31 December 2018	2,506	304	32	2,842
Additions	–	–	122	122
Acquisition of a subsidiary (Note 13(c))	65	–	–	65
At 31 December 2019	2,571	304	154	3,029
Accumulated amortisation				
At 1 January 2018	1,168	45	–	1,213
Amortisation for the financial year	566	40	11	617
At 31 December 2018	1,734	85	11	1,830
Amortisation for the financial year	538	41	17	596
At 31 December 2019	2,272	126	28	2,426
Carrying amount				
At 31 December 2019	299	178	126	603
At 31 December 2018	772	219	21	1,012

(1) Customer contracts and contractual customer relationships were acquired in business combinations during the financial years ended 31 December 2016, 2017 and 2019. As explained in Note 2.13, the useful lives are estimated to be 3 to 5 years (2018: 3 to 5 years).

(2) Cost of non-contractual customer relationships is attributable to long-term relationship with its customers. As explained in Note 2.13, the useful lives are estimated to be 2 to 10 years (2018: 2 to 10 years).

(3) Cost is attributable to the development of (i) an operational web portal for Group's Employment Services Business. As explained in Note 2.13, the useful life is estimated to be 3 years (2018: 3 years). (ii) During the financial year, the Group acquired a mobile application and its related web portal for Group's Building Management Services Business. As explained in Note 2.13, the useful life is estimated to be 5 years.

13. Investments in subsidiaries

	Company 2019 S$'000	Company 2018 S$'000
Investments in subsidiaries, at cost	**11,371**	11,371
Deemed investment arising from employees share options provided to employees of subsidiaries	**107**	83
	11,478	11,454

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Effective equity held by the Company 2019 %	Effective equity held by the Company 2018 %
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]	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 ("**Nation Employment**")	Maid agencies / Building-cleaning services (including janitorial service)	**100 (Note a)**	100
Held through Advancer Global Facility Pte. Ltd.			
Envirocare Landscape (S) Pte. Ltd. ("**Envirocare**")	Landscape planting, care and maintenance services	**76**	76
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

13. Investments in subsidiaries (Continued)

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

Name of subsidiaries	Principal activities	Effective equity held by the Company 2019	2018
		%	%
Held through Advancer Global Facility Pte. Ltd. (Continued)			
Master Clean Facility Services Pte. Ltd. ("**Master Clean**")	Building-cleaning services (including janitorial service) / Business management and consultancy services	**100**	100 (Note b)
Newman & Associates Pte. Ltd.	Real estate agents and property management	**76**	76
Newman & Goh Property Consultants Pte Ltd ("**NGPC**")	Residential real estate management / Real estate agencies and valuation services	**76**	76
Premier Eco-Care Pte. Ltd.	Pest control and fumigation services, general cleaning services except households (including cleaning of public areas and janitorial services)	**100**	100
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
World Clean Facility Services Pte. Ltd.	General cleaning services except household (including cleaning of public areas, office and factories) / Plumbing, heating (non-electric) and air-conditioning	**100**	100
Advancer Smart Technology Pte. Ltd. (Formerly known as Unipest Pte. Ltd.) ("**AST**")	Data analytics, processing and related activities N.E.C. / Wholesales of electronic component	**100**	100
Country Cousins Pte. Ltd. ("**Country Cousins**")	Landscape planting, care and maintenance services	**76 (Note c)**	–
Held through Advancer Global Security Pte. Ltd.			
AGS Integration Pte. Ltd. ("**AGSI**")	Security services / Installation and maintenance of security system and other related construction works	**70**	70
Ashtree International Pte. Ltd.	Business and management consultancy services	**100**	100
KC Security & Investigation Services Pte. Ltd.	Security and investigation activities N.E.C. / 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.

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

13. Investments in subsidiaries (Continued)

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

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

Name of subsidiaries	Proportion of ownership interest held by NCI		(Loss)/Profit allocated to NCI during the financial year		Accumulated NCI at the reporting date		Dividends payable to NCI	
	2019	2018	2019	2018	2019	2018	2019	2018
	%	%	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
AGSI	**30**	30	**(116)**	(67)	**(38)**	78	**–**	–
NGPC	**24**	24	**70**	59	**163**	93	**–**	127

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	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Assets:				
Non-current assets	**1,429**	1,354	**609**	42
Current assets	**2,731**	919	**2,138**	2,324
Liabilities:				
Non-current liabilities	**594**	625	**249**	–
Current liabilities	**3,693**	1,387	**1,808**	1,968
Net (liabilities)/assets	**(127)**	261	**690**	398
Results:				
Revenue	**1,539**	735	**10,334**	10,103
(Loss)/Profit before income tax	**(388)**	(224)	**325**	242
(Loss)/Profit for the financial year	**(388)**	(224)	**290**	246
Net cash flow (used in)/generated from operations	**(482)**	(516)	**790**	424

(a) Additional investment in a subsidiary – Nation Employment

On 3 June 2019, Advancer Global Manpower Pte. Ltd. increased its issued and paid-up capital in its wholly-owned subsidiary, Nation Employment, from S$150,000 comprising 150,000 ordinary shares to S$400,000 comprising 400,000 ordinary shares through the allotment and issuance of 250,000 ordinary shares of S$1 per share by way of capitalisation of existing intercompany advances payable by Nation Employment to Advancer Global Manpower Pte. Ltd. amounting to S$250,000.

13. Investments in subsidiaries (Continued)

(b) 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.

(c) Acquisition of Country Cousins

On 2 January 2019, Advancer Global Facility Pte. Ltd. completed the acquisition of 76% equity interest in Country Cousins, a company incorporated in Singapore, to expand the landscaping business 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 Country Cousins as at the acquisition date were:

	Fair value recognised on acquisition
	S$'000
Property, plant and equipment	108
Customer contracts and contractual customer relationships	65
Trade and other receivables	47
Cash and cash equivalents	21
Trade and other payables	(37)
Lease liabilities	(91)
Deferred tax liabilities	(14)
Total identifiable net assets at fair value	99
Non-controlling interest measured at the non-controlling interest's proportionate share of Country Cousins's net identifiable assets	(24)
Goodwill arising from acquisition	96
Total consideration	171
Effect of the acquisition of Country Cousins on cash flows	
Total consideration for 76% of equity interest acquired	171
Less: Realisation of refundable deposit paid in previous financial year	(171)
Add: Cash and cash equivalents of a subsidiary acquired	21
Net cash inflow on acquisition	21

13. Investments in subsidiaries (Continued)

(c) Acquisition of Country Cousins (Continued)

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 2019.

Goodwill arising from acquisition

Goodwill of S$96,000 arising from the acquisition is attributable to the expected synergies from combining the operations of Envirocare with Country Cousins 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 total consideration for 76% of equity interest acquired of S$171,000 was paid on 26 November 2018 and recognised as a refundable deposit as at previous financial year end. The acquisition subsequently completed on 2 January 2019.

Intangible assets

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

Impact of the acquisition on profit or loss

From the date of acquisition, Country Cousins has contributed S$651,000 and S$33,000 to the revenue and the profit after tax of the Group respectively.

14. Investments in associates

	Group	
	2019	**2018**
	S$'000	**S$'000**
Investments in associates, at cost	**516**	2
Share of associates' results	**(22)**	76
Carrying amount	**494**	78

14. Investments in associates (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 2019	2018
			%	%
Held through Advancer Nation Pte. Ltd.				
Fullcast International Co., Ltd. ("**Fullcast**")[1]	Japan	Human resources services	**49.0**	–
Held through Advancer Global Facility Pte. Ltd.				
G3 Environmental Private Limited ("**G3**") [2]	Singapore	Commercial and industrial real estate management / Recycling of metal waste and scrap	**20.1**	20.1
Held through G3				
TEE Environmental Pte. Ltd.[2]	Singapore	Commercial and industrial real estate management / Recycling of metal waste and scrap	**20.1**	20.1
TEE Recycling Pte. Ltd. [2]	Singapore	Recycling of metal waste and scrap / Collection of waste	**20.1**	20.1
Envotek Engineering Pte. Ltd. [2]	Singapore	Installation of industrial machinery and equipment, mechanical engineering works / General contractors	**20.1**	20.1

[1] The associate was dormant for the financial year ended 31 December 2019.

[2] The associate was audited by Deloitte & Touche LLP for the financial year ended 31 May 2019.

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

Fullcast International Co., Ltd.

On 9 August 2019, Advancer Nation Pte. Ltd. ("**Advancer Nation**"), an indirect wholly-owned subsidiary of the Group held through Advancer Global Manpower Pte. Ltd. had entered into a joint venture agreement with Fullcast Holdings Co., Ltd. to incorporate Fullcast in Japan providing, *inter alia*, services in respect of staffing and dispatching of foreign labor in Japan. Advancer Nation subscribed for 49% of the equity interest in the JV Co, comprising 784 ordinary shares, for a cash consideration of S$514,618 (equivalent to JPY39,200,000). Following the subscription of 49% of the equity interest in Fullcast by the Group, Fullcast is recognised as an associate of the Group.

14. Investments in associates (Continued)

G3 Environmental Private Limited

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 bank for total facilities of S$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. The corporate guarantee has been discharged subsequent to the financial year on 2 January 2020.

Summarised financial information for the associates

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

	G3		Fullcast		Group	
	2019	2018	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Assets and liabilities:						
Non-current assets	**11,605**	10,349	**28**	–		
Current assets	**10,396**	13,853	**598**	–		
Total assets	**22,001**	24,202	**626**	–		
Non-current liabilities	**2,617**	1,196	**–**	–		
Current liabilities	**22,502**	22,776	**23**	–		
Total liabilities	**25,119**	23,972	**23**	–		
Net (liabilities)/assets	**(3,118)**	230	**603**	–		
Group's share of associates' net (liabilities)/assets	**(627)**	46	**295**	–	**(332)**	46
Carrying amount of the investment as at 31 December	**–**	78	**494**	–	**494**	78
Results:						
Revenue	**36,122**	42,600	**–**	–	**36,122**	42,600
(Loss)/profit for the financial year, representing total comprehensive (loss)/income for the financial year	**(3,348)**	377	**(42)**	–	**(3,390)**	377
Group's share of associates' (loss) /profit for the financial year	**(78)**	76	**(20)**	–	**(98)**	76

The Group has not recognised losses relating to certain associates where its share of losses exceeds the Group's carrying amount of its investment in those associates. The Group's cumulative share of unrecognised losses were S$595,000 (2018: S$Nil) of which S$595,000 (2018: S$Nil) was the share of current year's losses. The Group has no obligation in respect of these losses.

15. Other investments

	Group	
	2019	2018
	S$'000	S$'000
Financial assets held at FVTPL		
Unquoted equity instruments – at FVTPL	–	–

The investment in unquoted equity instruments classified at FVTPL 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% (2018: 10%) ("**China Investment**").

It is denominated in Chinese Renminbi.

As at 31 December 2019, 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. In previous financial year, the Group had recognised fair value loss on China Investment amounting to S$99,000.

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 2018	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
Recognition of right-of-use assets on initial application of SFRS(I) 16 (Note 37)	–	–	(1,019)	–	–	(1,019)
Adjusted balance at 1 January 2019	883	565	156	1,479	644	3,727
Additions	–	42	57	235	314	648
Disposals	–	–	(41)	–	–	(41)
Write-offs	–	(*)	–	(310)	(281)	(591)
At 31 December 2019	883	607	172	1,404	677	3,743
Accumulated depreciation						
At 1 January 2018	–	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
Recognition of right-of-use assets on initial application of SFRS(I) 16 (Note 37)	–	–	(626)	–	–	(626)
Adjusted balance at 1 January 2019	11	140	126	752	446	1,475
Depreciation	19	123	22	217	126	507
Disposals	–	–	(39)	–	–	(39)
Write-offs	–	(*)	–	(305)	(274)	(579)
At 31 December 2019	30	263	109	664	298	1,364
Carrying amount						
At 31 December 2019	853	344	63	740	379	2,379
At 31 December 2018	872	425	423	727	198	2,645

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

As at 31 December 2018, property, plant and equipment of the Group with carrying amount of S$393,000 were acquired under finance lease arrangements (Note 17).

16. Property, plant and equipment (Continued)

During the financial year, the Group acquired property, plant and equipment for an aggregate cost of approximately S$648,000 (2018: S$781,000) of which S$Nil (2018: S$49,000) was acquired by means of a lease. Cash payments of S$648,000 (2018: S$732,000) were made to purchase property, plant and equipment.

The Group's leasehold building with carrying amount of S$853,000 (2018: S$872,000) was mortgaged to secure the Group's bank borrowings (Note 25).

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

	2019		2018	
Description and location	**Tenure**	**Unexpired lease term**	**Tenure**	**Unexpired lease term**
18 Boon Lay Way #03-138 Tradehub 21, Singapore 609966 (the "**Tradehub21 Property**")	**46 years 4 months**	**43 years 11 months**	46 years 4 months	44 years 11 months

17. The Group as a lessee

The Group leases certain office premises, office equipment, motor vehicles and other operating facilities for one to five years. Previously, these leases were classified as operating leases and finance leases under SFRS(I) 1-17.

Extension options

The Group has several lease contracts with extension options exercisable by the Group up to 6 months before the end of the non-cancellable contract period. These extension options are exercisable by the Group and not by the lessors. The extension options are used by the Group to provide operation flexibility in terms of managing the assets used in the Group's operation.

Recognition exemptions

The Group has certain office premises, office equipment, motor vehicles and other operating facilities with lease terms of 12 months or less and/or of low value. For such leases, the Group has elected not to recognise right-of-use assets and lease liabilities.

17. The Group as a lessee (Continued)

Right-of-use assets

The carrying amount of right-of-use assets is as follows:

	Office premises	Office equipment	Motor vehicles	Other operating facilities	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Recognition of right-of-use assets on initial application of SFRS(I) 16 (Note 37) as at 1 January 2019	771	55	846	264	1,936
Additions	1,119	321	528	257	2,225
Acquisition of a subsidiary (Note 13(c))	–	–	108	–	108
Depreciation	(547)	(86)	(428)	(240)	(1,301)
At 31 December 2019	1,343	290	1,054	281	2,968

The total cash outflow for repayment of lease liabilities' principal and interest during the financial year ended 31 December 2019 is S$1,280,000 and S$32,000, respectively.

The total initial cash payment made for certain lease arrangement during the financial year ended 31 December 2019 is S$23,000.

Lease liabilities – 2019

	Group
	2019
	S$'000
Lease liabilities – non-current	**1,732**
Lease liabilities – current	**1,457**
	3,189

The maturity analysis of lease liabilities is disclosed in Note 31.

17. The Group as a lessee (Continued)

Finance lease liabilities – Comparative information under SFRS(I) 1-17

Group 2018	Minimum lease payments	Future finance charges	Present value of minimum lease payments
	S$'000	S$'000	S$'000
Within one year	160	26	134
After one year but within five years	436	49	387
After five years	15	1	14
	611	76	535

The finance lease terms range from three to seven years.

The effective interest rates charged during the financial year range from 4.94% to 6.17% (2018: 2.99% to 5.89%) per annum. Interest rates are fixed at the contract dates, and thus expose the Company to fair value interest rate risk. As at the end of the financial year, the fair values of the Company'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.

Lease liabilities are denominated in Singapore dollar.

Amounts recognised in profit or loss

	Group	
	2019	2018
	S$'000	S$'000
Interest expense on lease liabilities	**122**	33
Expense relating to short-term leases	**752**	–
Expense relating to low-value assets	**7**	–
Lease expenses	**–**	1,808

18. Deferred tax

	Group	
	2019	2018
	S$'000	S$'000
Deferred tax assets	**20**	19
Deferred tax liabilities	**(165)**	(218)

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.

18. Deferred tax (Continued)

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

Deferred tax assets

	Group	
	2019	2018
	S$'000	**S$'000**
At beginning of financial year	**19**	–
Credit to profit or loss	**10**	19
Over-provision in prior financial years	**(9)**	–
At end of financial year	**20**	19

Deferred tax liabilities

	Group	
	2019	2018
	S$'000	**S$'000**
At beginning of financial year	**(218)**	(319)
Charged to profit or loss	**43**	90
Over-provision in prior financial years	**24**	11
Acquisition of a subsidiary (Note 13(c))	**(14)**	–
At end of financial year	**(165)**	(218)

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

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

	Group	
	2019	2018
	S$'000	**S$'000**
Tax losses	**1,024**	313
Unrecognised deferred tax benefits at statutory rate	**174**	53

19. 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.

20. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Trade receivables				
- Third parties	**10,718**	10,671	**–**	–
- Related parties	**–**	*	**–**	–
- Accrued receivables	**1,281**	384	**–**	–
- Retention receivables	**10**	–	**–**	–
Less: loss allowance (Note 31)	**(91)**	(36)	**–**	–
Total trade receivables	**11,918**	11,019	**–**	–
Other receivables				
- Third parties	**40**	108	**28**	29
- Subsidiaries	**–**	–	**7,442**	6,138
- Related parties	**13**	–	**–**	–
- Loan receivable from an associate	**3,296**	3,337	**–**	–
- Advances to recruiters and suppliers	**617**	388	**–**	–
- Deferred cost	**125**	106	**–**	–
- Deposits	**600**	983	**–**	–
- Dividend receivable from subsidiaries	**–**	–	**3,840**	3,640
- Prepayments	**294**	470	**6**	134
- Receivable from government credit schemes	**606**	949	**–**	–
- Staff loans	**123**	103	**–**	–
Total other receivables	**5,714**	6,444	**11,316**	9,941
Total trade and other receivables	**17,632**	17,463	**11,316**	9,941

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

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 (2018: 7 to 90) days credit terms. They are recognised at the transaction price which represent their fair values on initial recognition.

Accrued receivables of S$1,281,000 (2018: S$384,000) 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 2019 increased due to completion of installation services contracts and security services rendered but yet to invoice to the customers as at the end of financial year.

Retention receivables of S$10,000 (2018: S$Nil) relate to revenue recognised to date but has not been invoiced to the customer as at the financial year end. At 31 December 2019, retention monies held by a customer increased due to completion of landscaping services contracts but yet to invoice to the customers as at the end of financial year.

20. Trade and other receivables (Continued)

Other receivables from subsidiaries and loan receivable from an associate are unsecured, interest-free and repayable on demand. There was repayment of loan from an associate of S$40,000 (2018: S$382,000) during the financial year.

Advances to recruiters represent advanced payments as at financial year end that would be offset against the costs of FDWs' 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.

In the previous financial year, 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, which was refunded in current financial year 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 (Note 13(c)).

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

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

	Group	
	2019	**2018**
	S$'000	**S$'000**
Past due for 0 to 30 days	**–**	–
Past due for 31 to 60 days	**–**	–
Past due for 61 to 90 days	**–**	*
Past due for 91 to 365 days	**9**	4
Past due more than 365 days	**82**	32
	91	36

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

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

	Group	
	2019	**2018**
	S$'000	**S$'000**
At beginning of financial year	**36**	115
Charged to profit or loss	**58**	23
Written off during the financial year	**(1)**	(56)
Reversal of loss allowance	**(2)**	(46)
At end of financial year	**91**	36

Trade and other receivables are denominated in Singapore dollar.

21. Cash and bank balances

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Cash at banks	**6,796**	7,922	**310**	1,624
Cash on hand	**80**	79	**–**	*
Fixed deposits	**18,775**	18,005	**17,770**	18,000
	25,651	26,006	**18,080**	19,624

* *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 0.35% to 1.80% (2018: 0.25% to 1.78%) per annum and 1.77% to 1.80% (2018: 1.74% to 1.78%) per annum respectively. Fixed deposits of the Group and the Company are for tenure of 1 to 12 (2018: 12) months and 3 (2018: 3 to 12) months respectively.

The fixed deposits of S$5,000 (2018: 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	
	2019	2018
	S$'000	S$'000
Cash and bank balances	**25,651**	26,006
Fixed deposits pledged	**(5)**	(5)
Cash and cash equivalents	**25,646**	26,001

22. Share capital

	Group and Company	
	No. of shares	
	'000	S$'000
Issued and fully paid, with no par value		
At 1 January 2018	**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 and 31 December 2019	**252,364**	**40,607**

22. 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.

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.

On 2 May 2017, the Company issued and allotted 12,500,000 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 2019, 6,250,000 (31 December 2018: 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 and 31 December 2019	1,015	223

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

23. Other reserves

Other reserves comprise of reserves as follows:

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Capital reserve	(353)	(353)	–	–
Share options reserve	106	86	106	86
Merger reserve	(2,603)	(2,603)	–	–
	(2,850)	(2,870)	106	86

23. Other reserves (Continued)

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 AST (formerly known as Unipest Pte. Ltd.) for the acquisition of the remaining 20% equity interest in AST.

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 24 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".

24. 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.

24. Share based payment (Continued)

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

	Group and Company			
	2019		2018	
	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	**1,086**	**0.40**	1,127	0.40
Lapsed during the financial year	**(126)**	**0.40**	(41)	0.40
Outstanding at the end of the financial year	**960**	**0.40**	1,086	0.40
Exercisable at the end of the financial year	**320**	**0.40**	–	–

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.

25. Bank borrowings

	Group	
	2019	**2018**
	S$'000	**S$'000**
Term loan (secured) (a)	**–**	–
Property loan (secured) (b)	**621**	649
	621	649
Repayable:		
Within one year	**29**	24
Within two to five years	**123**	90
More than five years	**469**	535
	621	649

(a) Term loan

Account Receivables facility of S$1,900,000 (2018: S$1,900,000) with recourse, non-notification and on a revolving basis, which bears interest at 3.86% (2018: 3.86%) over prevailing bank's borrowing rate, and is repayable on demand.

The Account Receivable facility was secured by:

(i) The Company; and

(ii) All present and future account receivables of subsidiaries (Note 20).

(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 2.30% (2018: 1.88%) in the first and second year, bank's prevailing enterprise financing rate 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.

26. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Trade payables				
- Third parties	**1,366**	1,350	**–**	–
- Related parties	**260**	125	**–**	–
Total trade payables	**1,626**	1,475	**–**	–
Other payables				
- Subsidiary	**–**	–	**100**	–
- Accrued operating expenses	**3,862**	3,952	**29**	96
- Deferred income	**445**	200	**–**	–
- Deposit received	**7**	7	**–**	–
- Dividend payables to non-controlling interests	**48**	144	**–**	–
- Credit notes to customers	**418**	255	**–**	–
- Provision for warranties	**3**	10	**–**	–
- GST payables	**852**	826	**–**	–
Total other payables	**5,635**	5,394	**129**	96
Total trade and other payables	**7,261**	6,869	**129**	96

Trade payables are non-interest bearing and the average credit period on purchases of supplies and services range from 31 to 60 (2018: 31 to 60) days according to the terms agreed with the suppliers.

Other payables to a subsidiary are unsecured, interest-free and repayable on demand.

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	
	2019	2018
	S$'000	S$'000
At beginning of financial year	**10**	10
Reversal of provision (Note 7)	**(7)**	(*)
At end of financial year	**3**	10

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

26. Trade and other payables (Continued)

The currency profiles of the Group's and Company's trade and other payables as at 31 December 2019 and 31 December 2018 are as follows:

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Singapore dollar	**7,253**	6,869	**129**	96
Chinese renminbi	**8**	–	**–**	–
	7,261	6,869	**129**	96

27. Contract liabilities from contracts with customers

	Group	
	2019	2018
	S$'000	S$'000
Contract liabilities		
Advance consideration	**646**	577

Advance consideration relates to advances received for provision of employment services, building management services and security services. Revenue for Employment services and Security services are recognised at the point in time whereas revenue for Building Management services is recognised over time or at a point in time although the customer pays for the services at 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 2019 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	
	2019	2018
	S$'000	S$'000
Amounts included in contract liabilities at the beginning of the financial year		
- Service income from Employment Services	**490**	374
- Service income from Building Management Services	**80**	69
	570	443

28. Operating lease commitments

The Group as lessee

In the financial year ended 31 December 2018, 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
	S$'000
Future minimum lease payments payable:	
Within one year	1,322
After one year but within five years	950
	2,272

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 Group as lessor

The Group sub-let its office premises under operating leases. These non-cancellable leases have remaining lease term of seventeen months to twenty-three months (2018: five months to approximately three years).

At the end of financial year, future minimum rentals receivables under non-cancellable operating leases are as follows:

	Group	
	2019	2018
	S$'000	S$'000
Future minimum lease payments receivable:		
Within one year	**62**	50
After one year but within five years	**46**	78
	108	128

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 2019, the Company has given corporate guarantee amounting to S$688,000 (2018: S$688,000) to a bank in respect of a banking facility granted to a subsidiary (Note 25).

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.

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$621,000 (2018: S$649,000) (Note 25). 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.

From time to time, in the normal course of business, the Group is involved in legal proceedings. The directors believe that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of the Group.

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.

30. Significant related party transactions (Continued)

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.

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	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Subsidiaries				
Dividend income	**–**	–	**400**	1,650
Payment on behalf by subsidiary	**–**	–	**10**	12
Payment on behalf for subsidiary	**–**	–	**1**	164
Advances to subsidiaries	**–**	–	**2,515**	2,091
Advances from a subsidiary	**–**	–	**100**	–
Related parties				
Service income from related parties	**12**	7	**–**	–
Service income from associates	**12**	–	**–**	–
Purchases from non-controlling interests	**766**	685	**–**	–
Purchases from an associate	**33**	–	**–**	–
Loan repayment from an associate	**40**	382	**–**	–
Payment on behalf by related parties	**184**	171	**–**	–
Lease from related parties	**77**	77	**–**	–

Key management personnel remuneration

	Group	
	2019	2018
	S$'000	S$'000
Salaries, bonuses and other employee benefits	**2,966**	2,856
Defined contribution plan	**221**	229
Employee share options	**5**	16
	3,192	3,101
Directors' fees		
Directors of the Company	**150**	114

30. Significant related party transactions (Continued)

Key management personnel remuneration (Continued)

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, 266,000 (2018: 339,000) 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.

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.

31. Financial instruments and financial risks (Continued)

Credit risks (Continued)

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

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.

31. Financial instruments and financial risks (Continued)

Credit risks (Continued)

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.

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 29, the Company provides financial guarantee to a bank in respect of bank facility granted to a subsidiary. 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.

<u>Trade receivables (Note 20)</u>

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 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 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.

31. Financial instruments and financial risks (Continued)

Credit risks (Continued)

The loss allowance for trade receivables are determined as follows:

	Current	Past due for 0 to 30 days	Past due for 31 to 60 days	Past due for 61 to 90 days	Past due for 91 to 365 days	Past due more than 365 days	Total
31 December 2019							
Expected credit loss rates	0%	0%	0%	0%	1.0%	37.1%	
Trade receivables (Gross) (S$'000)	5,751	3,062	1,482	619	874	221	12,009
Loss allowance (S$'000)	–	–	–	–	9	82	91
31 December 2018							
Expected credit loss rates	0%	0%	0%	0%	^	27.6%	
Trade receivables (Gross) (S$'000)	1,194	4,685	3,235	1,134	691	116	11,055
Loss allowance (S$'000)	–	–	–	–	4	32	36

* *Denotes amount less than S$1,000*
^ *Denotes percentage less than 1%*

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables 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
Financial assets repaid	–	(2)	(2)
Written off recognised	–	(1)	(1)
Impairment loss recognised	58	–	58
Balance at 31 December 2019	81	10	91
Gross carrying amount			
At 31 December 2018	11,042	13	11,055
At 31 December 2019	11,999	10	12,009
Net carrying amount			
At 31 December 2018	11,019	–	11,019
At 31 December 2019	11,918	–	11,918

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.

31. Financial instruments and financial risks (Continued)

Credit risks (Continued)

The age analysis of trade receivables neither past due nor impaired and past due but not impaired is as follows:

	Group	
	2019	**2018**
	S$'000	**S$'000**
Not past due	**5,751**	1,194
Past due for 0 to 30 days	**3,062**	4,685
Past due for 31 to 60 days	**1,482**	3,235
Past due for 61 to 90 days	**619**	1,134
Past due for 91 to 365 days	**865**	687
Past due for more than 365 days	**139**	84
	11,918	11,019

Other receivables (Note 20)

As at 31 December 2019, the Group recorded loan of S$3,296,000 (2018: S$3,337,000) to an associate, G3, which is non-interest bearing and repayable on demand. In their assessment of the ECL relating to the loan receivable, it has been assessed that there is a significant increase in credit risk from initial recognition. Management assessed the ECL relating to the loan receivable from the associate based on lifetime ECL. The Group considered the ability of the associate to settle the loan on a repayable on demand basis, with reference to the viability of the financial support provided by its ultimate holding company. The Group measured and determined the ECL for the loan receivable from its associate to be insignificant.

As at 31 December 2019, the Company recorded other receivables from subsidiaries of S$7,442,000 (31 December 2018: S$6,138,000) consequent to an extension of advances to the subsidiaries. The Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of the subsidiaries, the Company considered amongst other factors, the financial position of the subsidiaries as of 31 December 2019, the past financial performance and cash flow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in. Using 12-month ECL, the Company determined that the ECL is 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.

31. Financial instruments and financial risks (Continued)

Market risks (Continued)

Foreign currency risks

The Group is exposed to foreign currency risk on certain liabilities that are denominated in currency other than the functional currency of the Group. As at the reporting date, the Group do not have significant foreign currency risk exposure except for financial liabilities denominated in Chinese Renminbi.

The carrying amounts of the Group's foreign currency denominated monetary liabilities as at the end of the financial year are as follows:

	Group	
	Liabilities	
	2019	2018
	S$'000	S$'000
Chinese Renminbi	**8**	–

Sensitivity analysis of Singapore dollar against Chinese Renminbi is not presented as it is not material to 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.

The Group's exposure to interest rate risks are disclosed in the Notes 17 and 25 to the financial statements, and the interest rates are as follows:

	Group	
	2019	2018
Bank loans	**2.30% to 6.50%**	1.88% to 6.00%
Lease liabilities	**4.94% to 6.17%**	2.99% to 5.89%

31. Financial instruments and financial risks (Continued)

Market risks (Continued)

Interest rate risks (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for interest-bearing financial liabilities 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% (2018: 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	
	2019	2018
	S$'000	S$'000
Bank loans	**5**	5

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 lease liabilities and bank loans are disclosed in Notes 17 and 25 to these financial statements respectively.

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	Effective interest rate	1 year or less	2 to 5 years	Over 5 years	Total
	%	S$'000	S$'000	S$'000	S$'000
Undiscounted financial assets					
Trade and other receivables	–	17,632	–	–	17,632
Less: Advances to recruiters and suppliers	–	(617)	–	–	(617)
Less: Deferred cost	–	(125)	–	–	(125)
Less: Prepayments	–	(294)	–	–	(294)
		16,596	–	–	16,596
Cash and cash equivalents	0.35-1.80	25,651	–	–	25,651
As at 31 December 2019		42,247	–	–	42,247
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	0.25-1.78	26,006	–	–	26,006
As at 31 December 2018		42,505	–	–	42,505
Undiscounted financial liabilities					
Trade and other payables	–	7,261	–	–	7,261
Less: Deferred income	–	(445)	–	–	(445)
		6,816	–	–	6,816
Lease liabilities	4.94-6.17	1,565	1,780	13	3,358
Bank borrowings	2.30-6.50	43	171	542	756
As at 31 December 2019		8,424	1,951	555	10,930
Trade and other payables	–	6,869	–	–	6,869
Less: Deferred income	–	(200)	–	–	(200)
		6,669	–	–	6,669
Finance lease payables	2.99-5.89	160	436	15	611
Bank borrowings	1.88-6.00	49	230	783	1,062
As at 31 December 2018		6,878	666	798	8,342
Total undiscounted net financial assets/(liabilities)					
- at 31 December 2019		33,823	(1,951)	(555)	31,317
- at 31 December 2018		35,627	(666)	(798)	34,163

31. Financial instruments and financial risks (Continued)

Liquidity risks (Continued)

Company	Effective interest rate	On demand and within 1 year
	%	S$'000
Undiscounted financial assets		
Trade and other receivables	–	11,316
Less: Prepayments	–	(6)
		11,310
Cash and cash equivalents	1.77-1.80	18,080
As at 31 December 2019		29,390
Trade and other receivables	–	9,941
Less: Prepayments	–	(134)
		9,807
Cash and cash equivalents	1.74-1.78	19,624
As at 31 December 2018		29,431
Undiscounted financial liabilities		
Trade and other payables	–	129
As at 31 December 2019		129
Trade and other payables	–	96
As at 31 December 2018		96
Total undiscounted net financial assets		
- at 31 December 2019		29,261
- at 31 December 2018		29,335

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	
	2019	**2018**	**2019**	**2018**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Financial assets at amortised cost				
Trade and other receivables	**17,632**	17,463	**11,316**	9,941
Less: Advances to recruiters and suppliers	**(617)**	(388)	**–**	–
Less: Deferred cost	**(125)**	(106)	**–**	–
Less: Prepayments	**(294)**	(470)	**(6)**	(134)
	16,596	16,499	**11,310**	9,807
Cash and cash equivalents	**25,651**	26,006	**18,080**	19,624
Total	**42,247**	42,505	**29,390**	29,431
Financial liabilities at amortised cost				
Trade and other payables	**7,261**	6,869	**129**	96
Less: Deferred income	**(445)**	(200)	**–**	–
	6,816	6,669	**129**	96
Lease liabilities	**3,189**	535	**–**	–
Bank borrowings	**621**	649	**–**	–
Total	**10,626**	7,853	**129**	96

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.

(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.

32. Fair value of assets and liabilities (Continued)

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, lease liabilities 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 25 and equity attributable to owners of the Company, comprising issued capital, retained earnings and reserves as disclosed in Notes 22, 23 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 2018.

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.

	Group		Company	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Total liabilities	**11,717**	8,630	**129**	96
Less: Cash and cash equivalents	**(25,651)**	(26,006)	**(18,080)**	(19,624)
Net debt	**(13,934)**	(17,376)	**(17,951)**	(19,528)
Total equity	**44,165**	44,110	**40,720**	40,923
Total capital	**30,231**	26,734	**22,769**	21,395
Gearing ratio	**N.M.**	N.M.	**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 2019 and 2018.

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 2.23.

34. Segment information (Continued)

Information about reportable segments

Group	Employment Services Business S$'000	Building Management Services Business S$'000	Security Services Business S$'000	Unallocated S$'000	Total S$'000
2019					
External sales	13,154	37,473	20,317	–	70,944
- Service income	13,154	37,237	19,735	–	70,126
- Sales of goods	–	236	582	–	818
Cost of sales	7,569	29,041	17,273	–	53,883
Interest income	–	15	7	332	354
Interest expense	6	74	61	–	141
Amortisation	11	585	–	–	596
Depreciation	428	990	390	–	1,808
Loss allowance for receivables (trade)	–	58	–	–	58
Reversal of loss allowance for receivables (trade)	–	2	–	–	2
Bad debts written-off	–	14	–	–	14
Reportable segment profit before income tax	191	318	273	(220)	562
Share of losses from equity-accounted for associates	20	78	–	–	98
Reportable segment assets	3,620	22,080	12,465	18,114	56,279
Interest in associates	494	–	–	–	494
Reportable segment liabilities	3,146	5,376	3,538	54	12,114
Capital expenditures	37	566	222	–	825
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
Share of profit from equity-accounted for associate	–	76	–	–	76
Reportable segment assets	2,274	22,144	9,070	19,771	53,259
Interest in an associate	–	78	–	–	78
Reportable segment liabilities	2,129	3,838	3,086	96	9,149
Capital expenditures	61	460	259	–	780

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

34. Segment information (Continued)

Geographical information

The Group operates in one principal geographical area being Singapore except for Employment Services business in Japan through Fullcast (Note 14).

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	
	2019	**2018**
	S$'000	**S$'000**
Declared during the financial year:		
Dividends on ordinary shares		
Interim tax-exempt dividend for 2019: S$Nil (2018: S$0.0025) per share	**–**	141
Final tax-exempt dividend for 2018: S$0.0015 (2017: S$0.0034) per share	**377**	631
	377	772
Dividends were settled as follows:		
Cash paid during the financial year		
Interim tax-exempt dividend in respect of the financial year ended:		
31 December 2019	**–**	–
31 December 2018	**–**	141
	–	141
Final tax-exempt dividend in respect of the financial year ended:		
31 December 2018	**377**	–
31 December 2017	**–**	631
	377	631
Total dividends settled during the financial year	**377**	772

36. Subsequent event after reporting date

(a) Subsequent to the financial year on 14 January 2020, the Group paid refundable deposit amounting to S$300,000 to three existing individual shareholders of a company, pursuant to non-binding letter of intent to acquire 82% share of the company.

At the date of authorisation for issue of these consolidated financial statements, the Group is unable to estimate the impact of this potential acquisition.

36. Subsequent event after reporting date (Continued)

(b) Since early 2020, a novel coronavirus ("**COVID-19**") has spread widely across the world with a sharp increase in cases. On 11 March 2020, the World Health Organization declared COVID-19 a pandemic. In view of the heightened risk of importation of COVID-19, many countries including Singapore have imposed border controls. The Singapore government also imposed, among others, social distancing measures for public events, community and religious activities, quarantine for close contacts and Stay-Home-Notices ("**SHN**") to all travellers who entered Singapore. These controls and measures will weigh on the Group's cleaning and stewarding business, employment business and facility management businesses due to the impact on hotel and restaurants sectors, supply chain disruption, sharp drop in consumer discretionary spending. Higher compliance costs will be incurred for the provision of housing for FDWs who serve SHN, accommodation of Malaysian employees who have no living arrangements in Singapore, and safe distancing measures at workplaces. The impact on the Singapore economic environment and the Group's debtors will have to be taken into account in the Group's estimates of ECL provision in financial year 2020.

The Group considers COVID-19 outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, the Group does not consider that it is practicable to provide a quantitative estimate of the potential impact of this outbreak on the Group.

37. Initial application of SFRS(I) 16 *Leases*

SFRS(I) 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring a lessee to adopt a single model for lessee accounting. Lessees are required, with the exception of short-term leases and leases of low value assets, to recognise at initial recognition, lease liability and right-of-use asset for a contract which is or contains a lease.

Lessor accounting under SFRS(I) 16 remains largely unchanged from SFRS(I) 1-17. Therefore, there is no impact to the Group as a lessor.

The details of the accounting policies under SFRS(I) 16 and SFRS(I) 1-17 are disclosed in Note 2.19.

The Group applied SFRS(I) 16 using the modified retrospective approach and recognised the cumulative effect of initial application on 1 January 2019, being the date of initial application of SFRS(I) 16. Accordingly, the comparative information presented were not restated and is presented as previously reported under SFRS(I) 1-17 and its related interpretations.

<u>Practical expedients applied</u>

The Group applied the following practical expedients when applying SFRS(I) 16 for the first time.

- Not to reassess whether a contract is, or contains, a lease at 1 January 2019 and instead relied on the assessment previously made using SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*;

- 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;

- Not to recognise right-of-use assets and lease liabilities for leases for which the underlying asset is of low value; and

- Use of hindsight for contracts which contain an option to extend or terminate a lease.

Leases classified as operating leases under SFRS(I) 1-17

The Group previously classified its lease of office premises, office equipment, motor vehicles and other operating facilities as operating leases under SFRS(I) 1-17. Under SFRS(I) 16, the Group recognised, for each lease,

(a) a lease liability at the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019; and

37. Initial application of SFRS(I) 16 Leases (Continued)

Leases classified as operating leases under SFRS(I) 1-17 (Continued)

(b) a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid lease payments relating to that lease recognised in the consolidated statement of financial position immediately before 1 January 2019.

In the determination of lease liabilities, the Group applied the practical expedient to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

Following the recognition of the right-of-use assets, the Group tested the right-of-use assets on 1 January 2019 for impairment and concluded that the right-of-use assets show no indication of impairment.

Leases classified as finance leases under SFRS(I) 1-17

The Group previously classified certain leases as finance leases under SFRS(I) 1-17. The carrying amount of the lease asset and lease liability recognised under SFRS(I) 1-17 immediately before 1 January 2019 is recognised as the carrying amount of the right-of-use asset and the lease liability under SFRS(I) 16.

The effects of adopting SFRS(I) 16 at 1 January 2019 is summarised as follows:

	31 December 2018	Reclassification	Remeasurement	1 January 2019
	SFRS(I) 1-17			SFRS(I) 16
	S$'000	S$'000	S$'000	S$'000
Property, plant and equipment	2,645	(393)	–	**2,252**
Right-of-use assets	–	393	1,543	**1,936**
Accrued operating expenses	3,952	(9)	–	**3,943**
Lease liabilities	535	9	1,543	**2,087**

The effects to deferred tax is immaterial. Therefore, the Group did not recognise any adjustment to deferred tax at 1 January 2019.

The Group uses incremental borrowing rates at 1 January 2019 to discount the remaining lease payments at 1 January 2019 when measuring the lease liabilities. The weighted-average incremental borrowing rate applied by the Group at 1 January 2019 is 3% to 6%.

The lease liabilities at 1 January 2019 can be reconciled to the operating lease commitment as at 31 December 2018 as follows:

	At 1 January 2019
	S$'000
Operating lease commitments at 31 December 2018 under SFRS(I) 1-17 as disclosed in the Group's consolidated financial statements	**2,272**
Recognition exemption for leases of low-value assets	**(11)**
Recognition exemption for leases with 12 months or less of lease term at transition	**(531)**
	1,730
Discounted using the incremental borrowing rates at 1 January 2019	**1,552**
Finance lease liabilities recognition at 31 December 2018	**535**
Lease liabilities at 1 January 2019	**2,087**

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2020

Issued and fully paid-up capital (including Treasury Shares)	:	S$41,919,249
Issued and fully paid-up capital (excluding Treasury Shares)	:	S$41,695,398
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	:	1,014,900 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 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	5	1.02	184	0.00
100 - 1,000	19	3.88	13,044	0.01
1,001 - 10,000	200	40.81	1,240,591	0.49
10,001 - 1,000,000	252	51.43	23,735,250	9.44
1,000,001 AND ABOVE	14	2.86	226,359,622	90.06
TOTAL	**490**	**100.00**	**251,348,691**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 20 MARCH 2020

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	2,141,164	0.85
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	DBS NOMINEES (PRIVATE) LIMITED	934,700	0.37
16	HUI HIU FAI	827,100	0.33
17	LIU WENYING	799,000	0.32
18	CHAN HOCK LYE	746,400	0.30
19	CHUA TAI WEE (CAI DAWEI)	675,000	0.27
20	JO NAERDE BERG	670,000	0.27
	TOTAL	**231,011,822**	**91.91**

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2020

SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2020 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 family hold 100% ordinary shareholdings in Hirano Associates Co., Ltd. (of which Takehito Hirano himself holds 18.04% ordinary shares). In addition, Takehito Hirano is a director and the Chairman of Fullcast Holding Co., Ltd. ("**Fullcast**"). Hirano Associates Co., Ltd. holds 37.39% ordinary shares, 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 16.07% of the issued ordinary shares in the capital of the Company are held in the hands of the public as at 20 March 2020. 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 No.2 Clementi Loop, Level 3, Logis Hub @ Clementi, Singapore 129809 on Monday, 29 June 2020 at 12.30 p.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 2019 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr. Ong Eng Tiang, who is retiring pursuant to Regulation 117 of the Company's Constitution, as Director of the Company. [See Explanatory Note (i)] **(Resolution 2)**

3. To note the retirement of Mr. Loy Soo Chew who is retiring pursuant to Regulation 117 of the Company's Constitution, as Director of the Company.

   Mr. Loy Soo Chew will not be seeking for re-election and will retire as Director of the Company on 29 June 2020 at the close of the Annual General Meeting. Accordingly, Mr. Loy Soo Chew will relinquish his position as the Chairman of Remuneration Committee and a member of Audit Committee and Nominating Committee.

4. To re-elect Mr. Lim Teck Chai, Danny, who is retiring pursuant to Regulation 122 of the Company's Constitution, as Director of the Company. [See Explanatory Note (ii)] **(Resolution 3)**

5. To approve the payment of S$166,792.35 as Directors' fees for the financial year ending 31 December 2020, payable quarterly in arrears. (FY2019: S$150,328.77) **(Resolution 4)**

6. To re-appoint Mazars LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without amendments, as Ordinary Resolutions:-

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

   "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) warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the directors while this Resolution was in, 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 convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards, 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;

Adjustments for (a) and (b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the 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

(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 (iii)]

8. **Authority to allot and issue Shares under Advancer Global Limited Scrip Dividend Scheme** **(Resolution 7)**

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 (iv)]

9. **Authority to allot and issue Shares under Advancer Global Employee Share Option Scheme** **(Resolution 8)**

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 (v)]

10. **Authority to grant awards, allot and issue Shares under Advancer Global Performance Share Plan** **(Resolution 9)**

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 (vi)]

11. **Proposed Renewal of Share Buy-Back Mandate** **(Resolution 10)**

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;

"**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 (vii)]

ANY OTHER BUSINESS

12. To transact any other business which may properly be transacted at an annual general meeting.

By Order of the Board

Sin Chee Mei and Koo Wei Jia
Company Secretaries

Singapore, 15 April 2020

Explanatory Notes:

(i) **Ordinary Resolution 2** – Mr. Ong Eng Tiang will, upon re-election as a Director of the Company, remain as an Executive Director. Detailed information on Mr. Ong Eng Tiang can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(ii) **Ordinary Resolution 3** - Mr. Lim Teck Chai, Danny, upon re-election as a Director of the Company, remain as Director of the Company, Chairman of the Board and a member of each of the Audit Committee and Nominating Committee. He will be, upon Mr. Loy Soo Chew's relinquishment, be appointed as the Chairman of Remuneration Committee. He is considered to be independent pursuant to Rule 704(7) of the Catalist Rules. Detailed information on Mr. Lim Teck Chai, Danny can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(iii) **Ordinary Resolution 6** – The resolution, if passed, will empower the Directors of the Company to allot and issue Shares in the capital of the Company and/or 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.

(iv) **Ordinary Resolution 7** – 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.

(v) **Ordinary Resolution 8** – 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.

(vi) **Ordinary Resolution 9** – 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.

(vii) **Ordinary Resolution 10** – 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 15 April 2020. 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.

NOTICE OF ANNUAL 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 Company's Share Registrar, RHT Corporate Advisory Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, 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.

Measures to Minimise Risk of Community Spread of COVID-19

In view of the evolving COVID-19 situation, we may be required to change our Annual General Meeting arrangements at short notice. For any subsequent changes to the Annual General Meeting, we will provide an update via an announcement on SGXNET. The Company reserves the right to take such precautionary measures as may be required or recommended by government agencies at the Annual General Meeting, in order to minimise the risk of community spread of COVID-19. We would appreciate shareholders to adhere to the cautionary measures in place, as specified below:

1. All persons attending the Annual General Meeting will be required to undergo a temperature check and submit a health and travel declaration (which may be used for the purposes of contact tracing, if required).

2. Any person who is unwell as well as those with travel history to certain countries and regions will be declined entry to the Annual General Meeting.

3. Shareholders and other attendees who are feeling unwell or have been placed under quarantine orders or stay-at-home notices are advised not to attend the Annual General Meeting. Shareholders and attendees are also advised to arrive at the venue of the Annual General Meeting early given that the abovementioned measures may cause delay in the registration process.

4. To reduce close contact, there will not be any food served at the Annual General Meeting.

5. As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate in order to minimise any risk to shareholders and others attending the Annual General Meeting.

The Company seeks the understanding and cooperation of all shareholders to minimise the risk of community spread of the COVID-19.

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*This notice has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**").*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Mr. 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 and/or SRS monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF and/or SRS Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF and/or SRS investors 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 No. 2 Clementi Loop, Level 3, LogisHub@ Clementi, Singapore 129809 on 29 June 2020 at 12.30 p.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 will 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 2019 together with the Auditors' Report.		
2.	Re-election of Mr. Ong Eng Tiang as Director.		
3.	Re-election of Mr. Lim Teck Chai, Danny as Director.		
4.	Approval of Directors' fees of S$166,792.35 for the financial year ending 31 December 2020, payable quarterly in arrears.		
5.	Re-appointment of Mazars LLP as auditors and authority to fix their remuneration.		
6.	Authority to allot and issue shares and convertible securities.		
7.	Authority to allot and issue shares under Advancer Global Limited Scrip Dividend Scheme.		
8.	Authority to allot and issue shares under Advancer Global Employee Share Option Scheme.		
9.	Authority to grant awards and allot and issue shares under Advancer Global Performance Share Plan.		
10.	Proposed renewal of Share Buy-Back Mandate.		

NOTE: 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 ____________________ 2020

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. 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 Company's Share Registrar, RHT Corporate Advisory Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, not less than seventy-two (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 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 15 April 2020.

ADVANCER GLOBAL LIMITED

Blk 135 Jurong Gateway Road, #05-317
Singapore 600135
T: (65) 6665 3855 | F: (65) 6665 0969

(Company Registration Number: 201602681W)

More information can be found on our website at:

http://advancer.sg/

GROUP OF COMPANIES

Lic. No.: 09C5332/12C5507

Lic. No.: 09C4745