SINGASIA Holdings Limited

星亞控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8293

2019 ANNUAL REPORT

* For identification purpose only.

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This report, for which the directors (the "Directors") of SingAsia Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

The original report is prepared in the English language. This report is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.

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BOARD OF DIRECTORS

Executive Directors

Mr. Sim Hak Chor
Ms. Serene Tan

Independent non-executive Directors

Mr. Lim Cheng Hock, Lawrence
Mr. Jong Voon Hoo
Mr. Chan Fong Kong Francis

AUDIT COMMITTEE MEMBERS

Mr. Chan Fong Kong Francis *(Chairman)*
Mr. Lim Cheng Hock, Lawrence
Mr. Jong Voon Hoo

NOMINATION COMMITTEE MEMBERS

Mr. Jong Voon Hoo *(Chairman)*
Mr. Chan Fong Kong Francis
Mr. Lim Cheng Hock, Lawrence
Mr. Sim Hak Chor

REMUNERATION COMMITTEE MEMBERS

Mr. Lim Cheng Hock, Lawrence *(Chairman)*
Mr. Chan Fong Kong Francis
Mr. Jong Voon Hoo
Mr. Sim Hak Chor

COMPLIANCE OFFICER

Mr. Sim Hak Chor

COMPANY SECRETARY

Mr. Sum Loong

AUTHORISED REPRESENTATIVES

Mr. Sim Hak Chor
Mr. Sum Loong

AUDITORS

HLB Hodgson Impey Cheng Limited
31/F, Gloucester Tower, The Landmark
11 Pedder Street
Central, Hong Kong

REGISTERED OFFICE

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P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

211 New Bridge Road
#03-01 Lucky Chinatown
Singapore 059432

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE (CAP 622)

Rooms 911-912
9/F, Wing On Centre
111 Connaught Road
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

PRINCIPAL BANKERS

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

Standard Chartered Bank (Singapore) Limited
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Level #03–00
Singapore 049909

COMPANY'S WEBSITE

www.singasia.com.sg

STOCK CODE

8293

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of SingAsia Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 July 2019.

REVIEW

The Group achieved higher revenue of approximately S$22,872,000 for the year ended 31 July 2019 as compared to approximately S$20,295,000 for the year ended 31 July 2018. Increase in revenue was mainly due to higher revenue from manpower outsourcing services derived from the hotel and resort sector. Increase in gross profit was lower than the increase in revenue due to a decrease in gross profit margin. Gross profit margin decreased from 28.8% for the year ended 31 July 2018 to 26.6% for the year ended 31 July 2019.

Notwithstanding the increase in revenue, the Group made a net loss of approximately S$4,103,000 for the year ended 31 July 2019 compared to a net loss of approximately S$3,084,000 for the year ended 31 July 2018 due to the combined effect of lower gross profit margin and higher administrative expenses incurred for our Hong Kong office.

OUTLOOK

Looking forward, the Group expects the business environment to remain challenging and competitive. We will continue to strengthen our brands in Singapore to achieve sustainable growth in our business and financial performance. In view of the unsatisfactory performance of the Hong Kong office, the Group has ceased operations in the Hong Kong office subsequent to year-end. As such, we expect to increase the Group's profitability in the next financial year. The Group will continue to manage its expenditure and review its business strategies so as to create long-term value for our shareholders.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to our shareholders, business partners and customers for their valuable support, and to the management team and staff members for the dedication and commitment they have demonstrated.

Sim Hak Chor
Chairman and Executive Director

Hong Kong, 30 October 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

We are a Singapore-based workforce solutions provider. We provide manpower outsourcing services, manpower recruitment services and manpower training services for clients in the hospitality industry in Singapore. We help businesses to become more productive by providing them with a reliable contingent labour workforce. We target corporations of different sizes ranging from small and medium sized enterprises to multinational corporations.

We have more than 10 years of experience in the workforce solutions market in Singapore. During these years, we have accumulated practical experiences in the provision of manpower outsourcing, manpower recruitment and manpower training services in the hotel and resort, food and beverage ("F&B") and retail sectors. We provide differentiated solutions to meet customers' business needs amid the rapid changes in the market. Our management team has extensive experience in the workforce solutions market which is an important factor in our business going forward. We believe that with their knowledge of the industry and its trend, we are able to succeed and develop further.

The Group's revenue increased by approximately S$2,577,000 from approximately S$20,295,000 for the year ended 31 July 2018 to approximately S$22,872,000 for the year ended 31 July 2019. The increase was mainly due to increase in revenue from the hotel and resort and retail sectors.

A net loss of approximately S$4,103,000 was recorded for the year ended 31 July 2019 mainly due to increase in administrative expenses and other operating expenses. Increase in administrative expenses was mainly attributable to higher staff costs and office rental fee for the Hong Kong office. The Group has ceased operations in the Hong Kong office subsequent to year end. Staff costs and office rental fee are expected to reduce significantly following the closure of the Hong Kong office.

Looking forward, the Group expects the business environment to continue to be challenging and competitive. The management will continue to chart the way forward confidently in order to achieve sustainable growth in our business and financial performance so as to create long-term value for our shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue was mainly derived from manpower outsourcing, manpower recruitment and manpower training services. The Group's revenue increased from approximately S$20,295,000 for the year ended 31 July 2018 to approximately S$22,872,000 for the year ended 31 July 2019. The increase in revenue from our manpower outsourcing services was offset by decrease in revenue from our manpower recruitment services and manpower training services. The following table sets out the revenue of the Group by business segment for the periods as indicated:

	For the year ended 31 July			
	2019		2018	
	S$'000	***%***	*S$'000*	*%*
Manpower outsourcing	**22,145**	**96.8**	19,122	94.2
Manpower recruitment	**516**	**2.3**	569	2.8
Manpower training	**211**	**0.9**	604	3.0
	22,872	**100.0**	20,295	100

MANAGEMENT DISCUSSION AND ANALYSIS

Manpower outsourcing

Manpower outsourcing services provided by the Group are mainly deployment of manpower to the Group's customers. The Group's revenue derived from manpower outsourcing services increased from approximately S$19,122,000 for the year ended 31 July 2018 to approximately S$22,145,000 for the year ended 31 July 2019. The following table sets out the revenue from manpower outsourcing services by sector for the periods as indicated:

	For the year ended 31 July			
	2019		2018	
	S$'000	***%***	*S$'000*	*%*
Hotel and resort	**20,316**	**91.7**	17,347	90.7
F&B	**1,191**	**5.4**	1,258	6.6
Retail	**631**	**2.8**	494	2.6
Others	**7**	**0.1**	23	0.1
	22,145	**100**	19,122	100

The increase of revenue from manpower outsourcing services was mainly due to increase in business generated from new customers as well as from existing customers. We recorded a growth in revenue derived from hotel and resort and retail sectors, from approximately S$17,347,000 and approximately S$494,000 for the year ended 31 July 2018 to approximately S$20,316,000 and approximately S$631,000 for the year ended 31 July 2019, respectively.

Revenue from manpower outsourcing services generated from F&B sector decreased by approximately S$67,000 from approximately S$1,258,000 for the year ended 31 July 2018 to approximately S$1,191,000 for the year ended 31 July 2019. An increase in the number of food delivery service providers contributed to decreased demand for our services in the F&B sector.

Manpower recruitment

The Group's revenue derived from manpower recruitment services decreased from approximately S$569,000 for the year ended 31 July 2018 to approximately S$516,000 for the year ended 31 July 2019. It is mainly attributable to decrease in demand from our customers for new recruits due to tighter foreign employment restrictions in Singapore.

Manpower training

The Group's revenue derived from manpower training services decreased from approximately S$604,000 for the year ended 31 July 2018 to approximately S$211,000 for the year ended 31 July 2019, mainly because less training projects were being secured for the year ended 31 July 2019.

Gross profit

The Group's overall gross profit and gross profit margin was approximately S$6,092,000 and 26.6% for the year ended 31 July 2019 respectively. The table below sets out a breakdown of gross profit and gross profit margin by revenue type for the periods as indicated:

	For the year ended 31 July			
	2019		2018	
	S$'000	***Gross profit margin %***	*S$'000*	*Gross profit margin %*
Manpower outsourcing	**5,546**	**25.0%**	5,004	26.2%
Manpower recruitment	**380**	**73.6%**	431	75.7%
Manpower training	**166**	**78.7%**	417	69.0%
	6,092	**26.6%**	5,852	28.8%

MANAGEMENT DISCUSSION AND ANALYSIS

The gross profit margin of manpower outsourcing services decreased from 26.2% for the year ended 31 July 2018 to 25.0% for the year ended 31 July 2019 as we had to charge more competitive prices and offer more competitive rates to keep ahead of the competition.

The gross profit margin of manpower recruitment services decreased from 75.7% for the year ended 31 July 2018 to 73.6% for the year ended 31 July 2019. This was because manpower recruitment services incurred higher cooperative fee during the year ended 31 July 2019.

The gross profit margin of manpower training services increased from 69.0% for the year ended 31 July 2018 to 78.7% for the year ended 31 July 2019. This was mainly due to projects with better charge rates for training courses.

Other income

Other income increased from approximately S$153,000 for the year ended 31 July 2018 to approximately S$188,000 for the year ended 31 July 2019. The increase was mainly due to higher sundry income.

Administrative expenses

Administrative expenses increased by approximately S$1,135,000 or 13.5%, from approximately S$8,377,000 for the year ended 31 July 2018 to approximately S$9,512,000 for the year ended 31 July 2019. The increase was mainly attributable to higher staff costs, office rental fee and depreciation expense.

Staff costs increased by approximately S$248,000 primarily due to (i) increase in staff strength, and (ii) increase in directors' remuneration. Office rental increased by approximately S$736,000 mainly due to new tenancy agreement for office premise for the Hong Kong office. Depreciation expense increased by approximately S$98,000 due to renovation for the Hong Kong office.

Other operating expenses

Other operating expenses increased by approximately S$16,000 from approximately S$729,000 for the year ended 31 July 2018 to approximately S$745,000 for the year ended 31 July 2019. The increase was mainly due to property, plant and equipment written off which was partially offset by decrease in business development expenses for the year ended 31 July 2019.

Income tax credit

The Group recorded a tax expense of approximately S$67,000 for the year ended 31 July 2019 due to provision for Singapore Corporate Income Tax for profit-making subsidiaries in Singapore.

Loss for the year

Due to the combined effect of lower gross profit margin and higher administrative expenses, the loss for the Group was approximately S$4,103,000 for the year ended 31 July 2019, compared to the loss of approximately S$3,084,000 for the year ended 31 July 2018.

Final dividend

The Board does not recommend the payment of a final dividend for the year ended 31 July 2019 (2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

As at 31 July 2019, the Group had total assets of approximately S$8,367,000 (2018: S$9,318,000) which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately S$5,331,000 (2018: S$2,157,000) and S$3,036,000 (2018: S$7,161,000), respectively. The current ratio of the Group as at 31 July 2019 was approximately 1.2 times (2018: approximately 3.2 times). The total assets to total equity of the Group as at 31 July 2019 was approximately 2.8 times (2018: approximately 1.3 times).

As at 31 July 2019, the Group had cash and cash equivalents of approximately S$1,968,000 (2018: S$2,225,000) which were placed with major banks in Singapore.

Foreign exchange exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of the majority of the Group's operating subsidiaries. However, the Group retained part of the proceeds from the Share Offer (as defined below) in Hong Kong dollars which contributed to an unrealised foreign exchange gain of approximately S$7,000 as Hong Kong dollars appreciated against Singapore dollars.

Capital Structure

As at 31 July 2019, the Company's issued share capital was HK$2,500,000 (equivalent to S$433,000) and the number of its ordinary shares was 1,250,000,000 of HK$0.002 each. There was no change in capital structure during the year ended 31 July 2019.

Capital Commitments

As at 31 July 2019, the Group did not have any material capital commitments (2018: nil).

Future plans for material investments and capital assets

Save as disclosed, the Company did not have any future plans for significant investments or capital assets as at 31 July 2019.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the year ended 31 July 2019, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Significant investments held

The Group did not hold any significant investments during the year ended 31 July 2019.

Contingent liabilities

As at 31 July 2019, the Group did not have any material contingent liabilities (2018: Nil).

Use of proceeds from the Share Offer

The Company was successfully listed on GEM of the Stock Exchange on 15 July 2016 ("Listing Date") by way of share offer of 50,000,000 new shares and 12,500,000 sale shares at the price of HK$1 per share (the "Share Offer"). The net proceeds raised from the Share Offer were approximately HK$26.1 million (approximately S$4.49 million) after deducting listing-related expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

An analysis of the amount utilised up to 31 July 2019 is set out below:

	Adjusted use of proceeds in respect of business objectives from the Listing Date to 31 July 2019 *HK$mil*	**Actual utilised amount up to 31 July 2019** *HK$mil*
Expansion and strengthening of existing manpower outsourcing services	10.7	10.7
Acquisitions of strategic partners	5.0	5.0
Enhancing our information technology software to support the Group's business infrastructure	4.8	2.8
Repayment of loans	3.4	1.7
Working capital and general corporate use	2.2	2.2
	26.1	22.4

The remaining net proceeds as at 31 July 2019 had been placed in interest-bearing deposits in banks in Singapore and Hong Kong.

As at the date of this report, the Board does not anticipate any change to the plan as to the use of the proceeds.

Employee information

As at 31 July 2019, the Group had an aggregate of 284 employees (2018: 256), comprising of 3 executive Directors (2018: 4), 86 support staff (2018: 110) and 195 full-time deployment staff (2018: 142).

The Group's remuneration policies are in line with the prevailing market practices and formulated on the basis of job scope and responsibilities. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees' performance, qualification and experience). Our employees are also entitled to discretionary bonus which is awarded according to the Group's performance as well as individual's performance.

Litigation

HCSD 36/2019 and HCCW 257/2019

(a) *HCSD 36/2019*

This is an application commenced by the Company to set aside the statutory demand issued by a Liu Zinsheng (劉新生), also known as Liu Xinsheng ("Liu") on 25 July 2019. This application has been withdrawn pursuant to the Order of Deputy High Court Judge MK Liu on 17 September 2019. Therefore, the potential liability of the Company will not be substantial.

(b) *HCCW 257/2019*

This is a winding up petition by Liu against the Company made on 28 August 2019 (the "Winding Up Petition"). In the said petition, Liu claims against the Company for a debt in the sum of HK$12,000,000. The Winding Up petition was fixed to be heard on 23 October 2019. At the hearing on 23 October 2019, the parties informed the Court that the parties were having settlement negotiation and, to facilitate the settlement arrangement, the Court adjourned the hearing to 11 November 2019. On 30 October 2019, a solicitors' cheque of HK$12,000,000 was delivered to the solicitors acting for Liu for the payment of the settlement sum through its solicitors.

MANAGEMENT DISCUSSION AND ANALYSIS

Given the current progress of settlement arrangement, the Winding Up Petition is likely to be withdrawn by Liu in due course and hence no winding up order will likely be made against the Company in the Winding Up Petition.

Reference is made to the announcements of the Company dated 8 August, 15 August, 20 August, 28 August, 2 September, 24 September and 23 October 2019 regarding the winding up petitions against the Company.

HCA1381/2019

This is an application commenced by Perfect Win Properties Limited, landlord of the Company's office at Lee Garden One (the "Premises"), on 30 July 2019 for, *inter alia*, vacant possession of the Premises, the sum of HK$914,077, interest, rent and/or mesne profit at the rate of HK$386,492.50 per month from 1 August 2019 to the date when vacant possession of the Premises is delivered up, operating charges at the rate of HK$45,382 per month from 1 August 2019 to the date when vacant possession of the Premises is delivered up, provisional government rates at the rate of HK$19,325 per month from 1 August 2019 to the date when vacant possession of the Premises is delivered up, damages for the Company's breach of the lease to be assessed and other reliefs. The parties have already reached a full and final settlement with the landlord and pursuant to the settlement, the full settlement sum of HK$2,269,961.50 (after offsetting the deposit in the sum of HK$1,790,834) had been made to the landlord through its solicitors on 4 October 2019.

Reference is made to the announcement of the Company dated 15 August 2019.

HCCW 236/2019

This is a winding up petition by K W Nelson Interior Design and Contracting Limited ("K W Nelson") against the Company made on 8 August 2019. The parties have already reached a settlement and the winding-up petition has been withdrawn pursuant to the Order made by Master J Wong on 20 September 2019. Accordingly, the potential liability of the Company will not be substantial.

Reference is made to the announcements of the Company dated 8 August, 15 August, 20 August, 2 September and 24 September 2019.

Events after reporting date

On 23 and 24 September 2019, the Company entered into a Subscription Agreement and a Supplemental Agreement with Eden Publishing Pte. Ltd. (the "Subscriber"), pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue, 250,000,000 Subscription shares at the Subscription price of HK$0.052 per Subscription share (the "Subscription"). The Subscription consideration to be payable by the Subscriber to the Company shall be HK$13,000,000. The net proceeds from the Subscription would be used to repay liabilities arising from the Hong Kong operations and for general working capital of the Group.

The conditions precedent under the Subscription Agreement (as amended and supplemented by the supplemental agreement dated 24 September 2019) have been satisfied and the completion of the Subscription took place on 25 October 2019, whereby 250,000,000 new shares were allotted and issued to the Subscriber at the Subscription price of HK$0.052 per Subscription share. As a result of the Subscription, the total number of issued shares of the Company has increased from 1,250,000,000 shares to 1,500,000,000 shares.

For more details, please refer to the Company's announcements dated 23 September, 24 September and 25 October 2019.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Sim Hak Chor (沈學助) ("Mr. Sim"), aged 47, is the founder of the Group, executive Director and chairman of the Board. He is also a member of each of the remuneration committee and the nomination committee of the Board. He was re- designated as executive Director on 20 June 2016. He is responsible for overseeing the overall management, strategic planning and business development of the Group. He has more than 10 years of experience in the workforce solutions industry.

Mr. Sim started his career in auditing and financial advisory services in June 1995. He joined KPMG LLP, an international accounting firm, in December 1997 after leaving a local Singapore-based accounting firm. Having provided auditing and advisory services for various hotels and F&B companies, he foresaw the need of the industry, in particular the human resources issues. Mr. Sim had the vision to provide a comprehensive workforce solution for the hotel and resort, F&B and retail sectors. He left KPMG LLP as a manager in October 2003 and founded the Group in March 2004.

Mr. Sim has been admitted as a fellow member of the Association of Chartered Certified Accountants (ACCA) in November 2002. In addition, he has been a member of the Institute of Singapore Chartered Accountants (ISCA) (previously Institute of Certified Public Accountants of Singapore) since March 2001.

Ms. Serene Tan (陳雪玲) ("Ms. Tan"), aged 41, is the Group director of finance and executive Director. She was re-designated as executive Director on 20 June 2016. She has been with the Group since August 2004. Being one of the pioneers of the Group, she has been instrumental in building up the finance, accounting and administrative departments of the Group. In her role as the Group director of finance, she is responsible for overseeing the accounting, finance and reporting functions, tax compliance as well as general administration and secretarial affairs of the Group.

Ms. Tan commenced her career with KPMG LLP as an audit assistant in August 1999. She was subsequently promoted to the position of an assistant audit manager in July 2003. During her employment with KPMG LLP, she was responsible for the planning, control and co-ordination of all audit assignments allocated to her. These assignments included banks, fund management, manufacturing and trading companies. She left KPMG LLP in March 2004.

She obtained her bachelor's degree in accountancy from Nanyang Technological University of Singapore in July 1999. She is a member of the Institute of Singapore Chartered Accountants (ISCA) and Singapore Institute of Accredited Tax Professionals (SIATP).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lim Cheng Hock, Lawrence (林清福) ("Mr. Lim"), aged 50, was appointed as independent non-executive Director on 20 June 2016. Mr. Lim is currently the chairman of the remuneration committee and member of each of the audit committee and nomination committee of the Board. Mr. Lim graduated from National University of Singapore with a Bachelor of Laws degree in July 1994. He has been practising as an advocate and solicitor of the Supreme Court of Singapore since April 1995. Mr. Lim's areas of practice include company and corporate law, contract, tort and shareholders' disputes.

Mr. Jong Voon Hoo (楊文豪) ("Mr. Jong"), aged 47, was appointed as independent non-executive Director on 20 June 2016. He is currently the chairman of the nomination committee and member of each of the audit committee and remuneration committee of the Board. Mr. Jong graduated from Nanyang Technological University in June 1996 with a bachelor's degree in accountancy and is a chartered accountant and member of the Institute of Singapore Chartered Accountants (ISCA). He has more than 20 years of experience in audit, accounting and finance.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. Chan Fong Kong Francis (陳方剛) ("Mr. Chan"), aged 43, was appointed as independent non-executive Director on 1 February 2018. He is currently the chairman of the audit committee and member of each of the nomination committee and remuneration committee of the Board. Mr. Chan has over 15 years of experience in capital investment, assurance and consultancy services industry. Mr. Chan obtained a Bachelor's Degree in Commerce, majoring in Accounting and Finance from Deakin University (Melbourne, Australia). He attained Certified Practicing Accountant (CPA) status with CPA Australia, duly awarded a Fellow Membership of CPA Australia in February 2018 and been entitled to use the designation of FCPA since then. Mr. Chan is currently a director of New Territories General Chamber of Commerce and the company director, vice president and committee member of Care of Rehabilitated Offenders Association. He is currently an independent non-executive director of Kwoon Chung Bus Holdings Limited (stock code: 306) and China Baoli Technologies Holdings Limited (stock code: 164). He was an independent non-executive director of E-Kong Group Limited (now known as Great Wall Belt & Road Holdings Limited) (stock code: 524) from June 2015 to May 2017, China Best Group Holding Limited (stock code: 370) from September 2014 to October 2016, Heng Xin China Holdings Limited (stock code: 8046) from June 2016 to August 2016 and Leyou Technologies Holdings Limited (stock code: 1089) from January 2015 to July 2015.

SENIOR MANAGEMENT

Mr. Ng Meng Choon, Frey (黃盟春) ("Mr. Ng"), aged 47, was appointed as the general manager of the Group's subsidiaries, SAE Agency Pte. Ltd. and SingAsia Resources Pte. Ltd. in November 2010 and August 2014, respectively. He is responsible for managing and overseeing the overall operations of these two subsidiaries. He has more than 20 years of experience in the retail sector. Prior to joining the Group, Mr. Ng was the general manager for numerous major jewelry brands, and also served as the country manager for an established luxury watch retailer in India.

Mr. Wong Swee Fatt (黃永發) ("Mr. Wong"), aged 48, was appointed as the director of operations of TCC Hospitality Resources Pte. Ltd. in January 2008. He is responsible for managing, executing and coordinating the operations of manpower resource deployment to the Group's customers. Mr. Wong completed GCE"N" level in October 1987. Mr. Wong has more than 15 years of experience in hotel management, F&B operations and training in various 5-star hotels.

Mr. Woo Chee Sin (鄔志新) ("Mr. Woo"), aged 49, was appointed as the Group director of people affairs in August 2014. He is responsible for the Group's human resources matters, company policy making and recruitment. His role includes managing, executing and coordinating for all overseas business opportunities for the Group. Mr. Woo has more than 12 years of working experience in both public and private sectors. Prior to joining the Group, Mr. Woo has served the public sector for 10 years and was involved in a wide range of responsibilities and activities such as office operation, customer relations and public affairs.

COMPANY SECRETARY

Mr. Sum Loong (沈龍) ("Mr. Sum"), aged 57, is the company secretary of the Company (the "Company Secretary"). He was appointed on 19 August 2019. Mr. Sum is not engaged as an employee of the Group, but as an external service provider. Mr. Sum graduated from University of Essex with a Bachelor of Laws degree in 1991 and was admitted as a solicitor of the High Court of Hong Kong in 1994, and of the Supreme Court of England and Wales in 1995. He also obtained a law degree in the China University of Political Science and Law in 1999.

COMPLIANCE OFFICER

Mr. Sim Hak Chor is an executive Director and the compliance officer of the Company. His biographical details and professional qualifications are set out on page 12 of this annual report.

CORPORATE GOVERNANCE REPORT

The Board recognises the importance of good corporate governance to achieve effective accountability and to safeguard the interest of our stakeholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 15 of the GEM Listing Rules. In the opinion of the Board, the Company has complied with the CG Code during the year ended 31 July 2019, except for Code Provision A.2.1 — segregation of the roles of chairman and chief executive officer.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Sim Hak Chor ("Mr. Sim") is the chairman of the Board. Mr. Sim is also the executive Director who is responsible for managing the businesses of the Group, implementing major strategies and making day-to-day decisions for business operations, and is therefore the chief executive officer of the Company for the purpose of the GEM Listing Rules.

In view of Mr. Sim being the founder of the Group and he has been responsible for the overall management, strategic planning and business development of the Group since 2004, the Board believes that it is in the best interest of the Group to have Mr. Sim taking up both roles for effective management and business development. The Board considers that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and qualified individuals, with three of them being independent non-executive Directors. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required by Code Provision A.2.1.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings regarding securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). The Company had made specific enquiries with all the Directors and except as disclosed below, all of them had confirmed their compliance with the Required Standard of Dealings during the year ended 31 July 2019.

Centrex Treasure Holdings Limited, a company controlled by Mr. Sim, disposed of 10,000 shares of the Company during the black-out period under GEM Rule 5.56(a)(ii) in respect of the Company's quarterly results for the nine months ended 30 April 2019 (the "Dealing"). As the Dealing was instructed by Mr. Sim's fiancée without prior consultation with Mr. Sim, no formal written notice was submitted and no written clearance from the designated director of the Company was obtained before the Dealing. Mr. Sim did not comply with GEM Rules 5.56(a)(ii) and 5.61 regarding the Dealing. Remedial steps taken by Mr. Sim include removing his fiancée as one of the authorised operators of the relevant securities account and committing to participate in training on GEM Listing Rules.

BOARD OF DIRECTORS

The overall management of the Group's business is vested in the Board which assumes the responsibility for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising its affairs. All Directors should make decisions objectively in the interests of the Group.

The Board formulates strategies and sets directions for the Group's activities to develop its business and enhance shareholders' value. The Board is responsible for performing the corporate governance duties as set out in paragraph D.3.1 of the CG Code which includes the following:

1. to develop and review the Group's policies and practices on corporate governance and make recommendations;

2. to review and monitor the training and continuous professional development of the Directors and senior management;

3. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The Board has established board committees with specific written terms of reference which deal clearly with the committees' authority and duties. Details of the respective committee's terms of reference are available at the websites of the Company and the Stock Exchange.

The day-to-day management, administration and operation of the Group are delegated to the executive Directors and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions being entered into by the abovementioned officers.

Board composition

As at the date of this report, the Board comprises five Directors of which two are executive Directors and three are independent non-executive Directors. The composition of the Board is as follows:

Executive Directors:

Mr. Sim Hak Chor *(Chairman)*[*(Note)*]
Ms. Serene Tan[*(Note)*]

Independent non-executive Directors:

Mr. Lim Cheng Hock, Lawrence
Mr. Jong Voon Hoo
Mr. Chan Fong Kong Francis

Note: Mr. Sim Hak Chor and Ms. Serene Tan are subject to re-election in the forthcoming annual general meeting.

The biographical details of the Directors are set out in the section headed "Directors and Senior Management Profile" on pages 12 and 13 of this annual report.

There was no financial, business, family or other material relationships among the Directors.

During the year ended 31 July 2019, the Company at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors, accounting for at least one-third of the Board, with at least one independent non-executive Director possessing the appropriate professional qualifications or accounting or related financial management expertise.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Board considers all the independent non-executive Directors to be independent and meet the requirements set out in Rule 5.09 of the GEM Listing Rules as at the date of this report.

CORPORATE GOVERNANCE REPORT

Directors' attendance at board meetings

Pursuant to Code Provision A.1.1 of the CG Code, board meetings should be held at least four times a year at approximately quarterly intervals. Such regular board meetings will normally involve active participation, either in person or through other electronic means of communication, of a majority of Directors entitled to be present.

For the year ended 31 July 2019, the Board held twelve board meetings. The annual general meeting of the Company was held on 17 December 2018 (the "2018 AGM").

The attendance record of each Director at the board meetings and the 2018 AGM is set out in the table below:

Directors	Number of meetings attended/held *(Note)*	Attendance of the 2018 AGM
Executive Directors		
Mr. Sim Hak Chor	11/12	1/1
Ms. Serene Tan	12/12	1/1
Mr. Yeung Chun Sing Standly (resigned on 29 July 2019)	11/12	1/1
Ms. Wang Chunyang (removed on 13 September 2019)	9/12	0/1
Independent non-executive Directors		
Mr. Lim Cheng Hock, Lawrence	12/12	1/1
Mr. Jong Voon Hoo	11/12	1/1
Mr. Chan Fong Kong Francis	12/12	1/1

Note: Attendances of the Directors during the year ended 31 July 2019 were made by reference to the numbers of such meeting(s) held during their respective tenure.

Practice and guidelines of board meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to the Directors in advance. The Company has arrangements to ensure that the Directors have opportunity to include matters in the agenda for regular board meeting.

Notice of regular board meetings are served to all Directors at least 14 days before the meetings. For all other board or board committee meetings, reasonable notice will be given.

In respect of regular board meetings, and so far as practicable in all other cases, an agenda and accompanying board papers are sent in full to all Directors at least 3 days before the intended date of a board or board committee meeting to enable the Directors to make informed decisions. The Board and each Director have separate and independent access to the senior management whenever necessary.

All Directors have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable rules and regulations, are followed. Upon reasonable request, the Directors are allowed to seek independent professional advice in appropriate circumstances, at the Company's expense, to assist the Directors to discharge his/her duties to the Company.

The Company Secretary is responsible to take and keep minutes of all board meetings and board committee meetings. Minutes of board meetings and board committee meetings should record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft minutes are circulated to Directors for comment within a reasonable time after each meeting and the final versions of minutes are open for Directors' inspection.

Directors must abstain from voting and not be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Appointment and re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for a fixed term of three years commencing from their respective dates of appointment and will continue thereafter until terminated by not less than three months' notice in writing sent by either party to the other. Each of the independent non-executive Directors has entered into a letter of appointment with the Company. Each of the independent non-executive Directors is appointed with an initial term of two years subject to termination in certain circumstances as stipulated in the relevant letters of appointment, and will continue thereafter until terminated by not less than three months' notice in writing sent by either party to the other.

Pursuant to the articles of association of the Company (the "Articles of Association"), any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with Code Provision A.4.2 of the CG Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Board diversity policy

The Company recognises and embraces the benefits of having a diverse Board as an essential element to improving governance and performance, and to creating a competitive advantage. In designing the Board composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

Directors' training and continuing professional development

Directors are aware of Code Provision A.6.5 of the CG Code regarding continuing professional development programme for Directors. Every Director is kept abreast of his responsibilities as a Director and of the conduct, business activities and development of the Company.

During the year, all Directors have participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations. All Directors have been updated with the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefings and professional development to Directors will be arranged whenever necessary. All Directors are also encouraged to attend external training courses at the Company's expense.

CORPORATE GOVERNANCE REPORT

The training record of each Director as at 31 July 2019 is as follows:

Directors	Attending seminar or briefings/perusal of materials in relation to business or Directors' duties
Executive Directors	
Mr. Sim Hak Chor	Yes
Ms. Serene Tan	Yes
Mr. Yeung Chun Sing Standly (resigned on 29 July 2019)	Yes
Ms. Wang Chunyang (removed on 13 September 2019)	Yes
Independent non-executive Directors	
Mr. Lim Cheng Hock, Lawrence	Yes
Mr. Jong Voon Hoo	Yes
Mr. Chan Fong Kong Francis	Yes

BOARD COMMITTEES

The Board is supported by three Board Committees. Each committee has its defined scope of duties and terms of reference and the committee members are empowered to make decisions on matters within their respective terms of reference.

Audit committee

The Group established an audit committee (the "Audit Committee") on 20 June 2016 with written terms of reference in compliance with Rule 5.28 to 5.33 of the GEM Listing Rules and Code Provision C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors namely Mr. Lim Cheng Hock, Lawrence, Mr. Jong Voon Hoo and Mr. Chan Fong Kong Francis. Mr. Chan Fong Kong Francis, the Director with the appropriate professional qualifications, serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Group's financial reporting system, risk management and internal control systems, to oversee the audit process, to review the Group's financial reports and to perform other duties and responsibilities as assigned by the Board.

During the year ended 31 July 2019, the Audit Committee held four meetings to consider and approve the following:

(i) to review the quarterly, half-year and annual financial statements before submission to the Board, with a focus on compliance with accounting standards, the GEM Listing Rules and other requirements in relation to financial reporting;

(ii) to review the internal control review report from the external consultant and to discuss the effectiveness of the risk management and internal control systems throughout the Group, including financial, operational and compliance controls; and

(iii) to review the accounting principles and practices adopted by the Group and other financial reporting matters.

The attendance record of each member of the Audit Committee is as follows:

Audit Committee Members	Number of meetings attended/held
Mr. Chan Fong Kong Francis *(Chairman)*	4/4
Mr. Lim Cheng Hock, Lawrence	4/4
Mr. Jong Voon Hoo	4/4

The Audit Committee has reviewed the Group's annual results for the year ended 31 July 2019.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year ended 31 July 2019.

Remuneration committee

The Group established a remuneration committee (the "Remuneration Committee") on 20 June 2016 with written terms of reference in compliance with Code Provision B.1.2 of the CG Code. The Remuneration Committee consists of three independent non-executive Directors and an executive Director, namely Mr. Lim Cheng Hock, Lawrence, Mr. Jong Voon Hoo, Mr. Chan Fong Kong Francis and Mr. Sim Hak Chor. Mr. Lim Cheng Hock, Lawrence serves as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to the Board on the policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of the Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals, objectives resolved by the Directors and market practices from time to time.

For the year ended 31 July 2019, the Remuneration Committee held three meetings to consider and approve the remuneration of the Directors and senior management.

The attendance record of each member of the Remuneration Committee is as follows:

Remuneration Committee Members	Number of meetings attended/held
Mr. Lim Cheng Hock, Lawrence *(Chairman)*	3/3
Mr. Jong Voon Hoo	3/3
Mr. Sim Hak Chor	2/3
Mr. Chan Fong Kong Francis	3/3

CORPORATE GOVERNANCE REPORT

Nomination committee

The Group established a nomination committee (the "Nomination Committee") on 20 June 2016 with written terms of reference in compliance with Code Provision A.5 of the CG Code. The Nomination Committee consists of three independent non-executive Directors and an executive Director, namely Mr. Jong Voon Hoo, Mr. Lim Cheng Hock, Lawrence, Mr. Chan Fong Kong Francis and Mr. Sim Hak Chor. Mr. Jong Voon Hoo serves as the chairman of the Nomination Committee.

The primary functions of the Nomination Committee include (i) reviewing the structure, size and composition of the Board; and (ii) making recommendations to the Board regarding candidates to fill vacancies on the Board.

During the year ended 31 July 2019, the Nomination Committee held one meeting to consider and approve the following:

(i) to review the structure, size and composition of the Board;

(ii) to assess the independence of independent non-executive Directors; and

(iii) to recommend to the Board the Directors to retire and be re-appointed at the 2018 AGM.

The attendance record of each member of the Nomination Committee is as follows:

Nomination Committee Members	Number of meetings attended/held
Mr. Jong Voon Hoo *(Chairman)*	1/1
Mr. Lim Cheng Hock, Lawrence	1/1
Mr. Sim Hak Chor	1/1
Mr. Chan Fong Kong Francis	1/1

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of Directors' remuneration for the year ended 31 July 2019 are set out in note 11 to the consolidated financial statements.

Pursuant to Code Provision B.1.5 of the CG Code, the remuneration of the members of senior management of the Group (excluding the Directors of the Company), whose particulars are contained in the section headed "Directors and Senior Management Profile" of the annual report, for the year ended 31 July 2019 by band is as follows:

Remuneration band (in HK$)	Number of individuals
Nil to HK$1,000,000 (equivalent to Nil to S$173,600)	2
HK$1,000,001 to HK$1,500,000 (equivalent to S$173,601 to S$260,400)	1

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks the Company is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The Board acknowledges that such risk management and internal control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage, rather than eliminate, risks of failure in operational systems and achievement of the Group's objectives.

The Group has adopted a three-tier risk management approach to identify, assess, mitigate and handle risks. At the first line of defence, business unit heads are responsible for identifying, assessing and monitoring risks associated with business operations and take measures to mitigate risks in day-to-day operations. The finance department, as the second line of defence, defines rule sets and models, oversees and reports risk management matters to the Board. It ensures that risks are within the acceptable range and that the first line of defence is effective. As the final line of defence, an independent consultant assists the Audit Committee to review the first and second lines of defence. The independent consultant will, through a risk-based approach to their work, provide assurance to the Board and Audit Committee. The Audit Committee assists the Board in providing an independent view of the effectiveness of the risk management and internal control systems.

The Group does not have an in-house internal audit function. The Board has reviewed the need for an internal audit function and is of the view that in light of the size, nature and business of the Group, it would be more cost-effective to appoint an independent third-party internal control consultant to, on an annual basis, review and provide recommendations on improving its internal control system in order to manage business risks and to ensure smooth business operations. During the year ended 31 July 2019, the Group engaged an internal control consultant to undertake a review of the internal control system of the Group. The review covered certain operational procedures. The internal control consultant has reported findings and areas of improvement to the Audit Committee and management of the Company. The Board and the Audit Committee are of the view that there are no material internal control defects noted. All recommendations from the internal control consultant will be properly followed up by the Group to ensure that they are implemented within a reasonable time. The Board and Audit Committee will review the need for an internal audit function on an annual basis.

Accordingly, the Board is of the view that the systems of internal control and risk management are effective and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control system.

Procedures and internal controls for the handling and dissemination of Inside Information

The Group complies with requirements of Securities & Futures Ordinance ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

The remuneration paid/payable to the Company's external auditors, HLB Hodgson Impey Cheng Limited, for the year ended 31 July 2019, is set out as follows:

	Fees paid/ payable *S$*
Audit services	122,500
Total	122,500

The amount of fees charged by the auditors generally depends on the scope and volume of the auditor's work.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that give a true and fair view of the state of affairs of the Group in accordance with statutory requirements and applicable accounting standards. As at 31 July 2019, the Board was not aware of any material uncertainties relating to any events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the Board has prepared the consolidated financial statements on a going concern basis.

A statement by the external auditors about their reporting responsibilities on the consolidated financial statements of the Group is set out in the section headed "Independent Auditors' Report" of this annual report.

COMPANY SECRETARY

Mr. Sum Loong of Wong Heung Sum & Lawyers, an external service provider, has been engaged by the Company as company secretary since 19 August 2019. His primary contact person at the Company is Ms. Serene Tan, an executive Director of the Company. All members of the Board have access to his advice and services. Mr. Sum has confirmed that he has undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

COMMUNICATION WITH SHAREHOLDERS

The Company communicates with the shareholders and the potential investors of the Company mainly in the following ways:

(i) the holding of annual general meetings and general meetings of the Company, if any, which may be convened for specific purpose and provide opportunities for shareholders and investors to communicate directly with the Board;

(ii) the publication of quarterly, half-yearly and annual reports, announcements and/or circulars as required under the GEM Listing Rules and/or press releases of the Company providing updated information on the Group; and

(iii) the latest information on the Group is available on the respective websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Right to convene extraordinary general meeting

Pursuant to the Articles of Association, any shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring an extraordinary general meeting to be called by the Board. The written requisition (i) must state the purpose(s) of the extraordinary general meeting, and (ii) must be signed by the requisitionist(s) and deposited at the Company's principal place of business in Hong Kong for attention of the Board of Directors/Company Secretary, and may consist of several documents in like form, each signed by one or more requisitionist(s). Such requisitions will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene an extraordinary general meeting by serving sufficient notice to all shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionist(s) will be advised of this outcome and accordingly, the extraordinary general meeting will not be convened as requested.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene the extraordinary general meeting, the requisitionist(s) or any of them representing more than one-tenth of the total voting rights of all of them may convene an extraordinary general meeting, but any extraordinary general meeting so convened shall not be held after expiration of two months from the said date of deposit of the requisition. An extraordinary general meeting convened by the requisitionist(s) shall be convened in the same manner, as nearly as possible, as that in any extraordinary general meeting to be convened by the Board.

Right to put forward proposals at general meeting

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written notice of his/her proposal with his/her detailed contact information at the Company's principal place of business in Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the proposal in the agenda for the general meeting.

Right to make enquiries to the Board

Shareholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at Rooms 911-912, 9/F, Wing On Centre, 111 Connaught Road, Central, Hong Kong. Shareholders may also make enquiries to the Board at the general meeting of the Company. In addition, shareholders can contact Union Registrars Limited, the branch share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 July 2019, there had been no significant change in the Company's constitutional documents. The Articles of Association are available on the websites of the Stock Exchange and the Company.

INVESTOR RELATIONS

The Company believes that maintaining effective communication is crucial to having a deeper understanding of the Company's business and its development among investors. To achieve this goal and increase transparency, the Company will continue to adopt proactive measures to foster better investor relations and communications.

We welcome investors to write to the Company or send their enquiries to the Company's email of investor@sing-asia.com to share their opinions with the Board. The Company's website, www.singasia.com.sg, also discloses the latest business information of the Group to investors and the public.

REPORT OF THE DIRECTORS

The Board is pleased to present its report and the audited consolidated financial statements of the Group for the year ended 31 July 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. Details of the activities of its principal subsidiaries are set out in note 16 to the audited consolidated financial statements. The business of the Group comprises the provision of manpower outsourcing, recruitment and training services. There was no significant change in the Group's principal activities during the year ended 31 July 2019.

A review of the business of the Group as well as discussion and analysis of the Group's performance during the year and the material factors underlying its financial performance and financial position can be found in the section headed "Management Discussion and Analysis" set out on pages 6 to 11 of this annual report. This discussion forms part of this Directors' report.

EVENTS AFTER REPORTING PERIOD

Details of significant events of the Group after the reporting period are set out in note 37 to the audited consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 July 2019 and the Group's financial position as at that date are set out in the audited consolidated financial statements on pages 34 to 93.

The Board does not recommend the payment of a final dividend for the year ended 31 July 2019.

SUMMARY FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 94 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

There were no movements in the Company's share capital during the year ended 31 July 2019.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders unless otherwise required by the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 July 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 July 2019 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire shares in, or debentures of, the Company or any other body corporate.

REPORT OF THE DIRECTORS

USE OF PROCEEDS FROM SHARE OFFER

As at 31 July 2019, the Company has not yet utilised the net proceeds of approximately HK$3.7 million (approximately S$0.65 million) raised from the Share Offer. Details of the intended uses and utilised amounts are set out on page 9 of this annual report.

DISTRIBUTABLE RESERVES

The Company did not have reserves available for cash distribution as at 31 July 2019, calculated under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as it has accumulated losses. However, the amount of HK$69 million (approximately S$12.1 million) included in the Company's share premium account may be distributed as dividends provided that immediately following the date on which the dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

ENVIRONMENTAL POLICIES AND COMPLIANCE WITH LAWS AND REGULATIONS

Detailed discussion of the environmental policies and performance will be included in the Environmental, Social and Governance Report which will be separately published on the respective websites of the Stock Exchange and the Company within three months after the publication of this annual report. As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 43.6% of the total sales and sales to the largest customer included therein amounted to 23.2% of the total sales. Due to the nature of the business, the Group has no major suppliers as 98.9% of the direct costs were mainly comprised of labour and related costs.

None of the Directors or any of their close associates (as defined in the GEM Listing Rules) or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers during the year ended 31 July 2019.

DIRECTORS

The Directors of the Company who held office during the year ended 31 July 2019 and up to this report were:

Executive Directors:

Mr. Sim Hak Chor *(Chairman)*[(Note)]
Ms. Serene Tan[(Note)]
Mr. Yeung Chun Sing Standly (resigned on 29 July 2019)
Ms. Wang Chunyang (removed on 13 September 2019)

Independent non-executive Directors:

Mr. Lim Cheng Hock, Lawrence
Mr. Jong Voon Hoo
Mr. Chan Fong Kong Francis

Note: Mr. Sim Hak Chor and Ms. Serene Tan are subject to re-election in the forthcoming annual general meeting.

REPORT OF THE DIRECTORS

One-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and re-election at an annual general meeting of the Company in accordance with the Articles of Association, providing that every Director shall be retired at least once every three years.

The Company has received annual confirmations of independence from Mr. Chan Fong Kong Francis, Mr. Lim Cheng Hock, Lawrence and Mr. Jong Voon Hoo, and as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 12 to 13 of this annual report.

DIRECTORS' SERVICE CONTRACTS

During the year ended 31 July 2019, the executive Directors, Mr. Sim Hak Chor and Ms. Serene Tan have service contracts with the Company for a fixed term of three years commencing from 20 July 2016 and will continue thereafter until terminated by not less than three months' notice in writing sent by either party to the other. Ms. Wang Chunyang was removed pursuant to Article105(h) of the Company's Article of Association on 13 September 2019. Details of the removal can be found in the Company's announcement dated 13 September 2019.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company. Mr. Lim Cheng Hock, Lawrence, Mr. Jong Voon Hoo and Mr. Chan Fong Kong Francis are appointed with an initial term of two years subject to termination in certain circumstances as stipulated in the relevant letters of appointment. The appointment will continue thereafter until terminated by not less than three months' notice in writing sent by either party or the other.

Pursuant to the Articles of Association, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with Code Provision A.4.2 of the CG Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to the Articles of Association, at each general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

The remuneration policy of the Group is on the basis of the qualifications and contributions of individuals to the Group. Details of the remuneration of the Directors and five highest paid individuals pursuant to Rules 18.28 to 18.30 of the GEM Listing Rules are set out in note 11 (for the Directors) and note 12 (for the five highest paid individuals) to the audited consolidated financial statements.

REPORT OF THE DIRECTORS

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and/or administration of the whole or any substantial part of the Group's business were entered into or existed during the year ended 31 July 2019.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, the holding company of the Company, or any of the Company's subsidiaries was a party at any time during or at the end of the year ended 31 July 2019.

As at 31 July 2019, no contract of significance had been entered into between the Company, or any of its subsidiaries and the controlling shareholder of the Company (as defined in the GEM Listing Rules) or any of its subsidiaries.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 July 2019, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in ordinary shares of the Company

		Number of shares held, capacity and nature of interest			
Name of Director	*Note*	**Directly beneficially owned**	**Through controlled corporation**	**Total**	**Percentage of issued share capital**
Mr. Sim Hak Chor	1	—	399,990,000	399,990,000	32%

Note:

1. Centrex Treasure Holdings Limited is beneficially owned as to approximately 94.89% by Mr. Sim Hak Chor. Under the SFO, Mr. Sim Hak Chor is deemed to be interested in all the shares held by Centrex Treasure Holdings Limited. Details of the interest in the Company held by Centrex Treasure Holdings Limited are set out in the section headed "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company" below.

REPORT OF THE DIRECTORS

Long positions in ordinary shares of an associated corporation

Name of associated corporation	Name	Capacity/nature of interest	Number of shares held	Approximate percentage of issued share capital
Centrex Treasure Holdings Limited *(Note 1)*	Mr. Sim Hak Chor	Beneficial owner	4,826	94.89%
Centrex Treasure Holdings Limited *(Note 1)*	Ms. Serene Tan	Beneficial owner	109	2.14%

Note:

1. Centrex Treasure Holdings Limited is beneficially owned as to approximately 94.89% and 2.14% by Mr. Sim Hak Chor and Ms. Serene Tan, respectively.

Save as disclosed above, as at 31 July 2019, none of the Directors and chief executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 July 2019, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Name	Directly beneficially owned	Percentage of issued share capital
Centrex Treasure Holdings Limited	399,990,000	32%

Save as disclosed above, as at 31 July 2019, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares and underlying shares and debentures of the Company or its associated corporations" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

A full corporate governance report is set out on pages 14 to 23 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") at its extraordinary general meeting on 14 June 2018. Under the Share Option Scheme, the Directors may grant options to any eligible employee, executive or officer including Directors of the Company and its subsidiaries, to subscribe for shares in the Company. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company (if any) shall not in aggregate exceed 10% of the total number of shares of the Company in issue as at 14 June 2018, the date of approval of the adoption of the Share Option Scheme. Unless approved by the shareholders of the Company, the total number of shares issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the total number of shares of the Company in issue. Options granted must be taken up within 21 days of the date of offer, upon payment of HK$1 as consideration per grant. The Board may at its absolute discretion impose any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved by the eligible participant before the option can be exercised. The period during which an option may be exercised will be determined by the Directors at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. The exercise price is determined by the Board, and shall be at least the highest of (a) the closing price of the shares on the Stock Exchange's daily quotation sheets on the date an offer is made; (b) the average of the closing prices of the shares on the Stock Exchange for the five business days immediately preceding the date an offer is made; and (c) the nominal value of a share. As at the date of this report, no options have been granted under the Share Option Scheme.

CONNECTED TRANSACTIONS

Saved as disclosed in note 27 to the audited consolidated financial statements, no other connected transactions were entered by the Group under the GEM Listing Rules. None of these transactions constitute a discloseable connected transaction or continuing connected transaction as defined under Chapter 20 of the GEM Listing Rules.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 July 2019 have been audited by HLB Hodgson Impey Cheng Limited. HLB Hodgson Impey Cheng Limited were appointed as the auditors of the Company on 9 October 2019 upon the resignation of Mazars CPA Limited who have acted as the auditors of the Company for the preceding financial year.

The Board confirmed that there was no disagreement between Mazars CPA Limited and the Company.

HLB Hodgson Impey Cheng Limited shall retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting of the Company. A resolution will be proposed at the forthcoming annual general meeting to reappoint HLB Hodgson Impey Cheng Limited as the auditors of the Company.

On behalf of the Board

Sim Hak Chor
Chairman and Executive Director

Hong Kong
30 October 2019

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

To the shareholders of SingAsia Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of SingAsia Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 93, which comprise the consolidated statement of financial position as at 31 July 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 July 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *"Auditors' responsibilities for the audit of the consolidated financial statements"* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Assessment of expected credit losses for trade receivables	
Refer to Note 18 to the consolidated financial statements and the accounting policies in Note 4 to the consolidated financial statements.	
As at 31 July 2019, trade receivables of the Group amounted to S$3,289,855 after allowance for expected credit losses of trade receivables of S$19,181. The Group's trade receivable balance was significant as it represented 39.3% of the total assets of the Group. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. Management applied judgement in assessing the expected credit losses. Trade receivables relating to customers that are individually significant are assessed individually for provision for impairment allowance based on the background and reputation of the customer, its historical settlement records and past experience. Expected credit losses are also estimated by grouping the remaining trade receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, considering the nature of the customers and its ageing category, and applying expected credit loss rates to the respective gross carrying amounts of the trade receivables. The Group has performed historical analysis and identified key economic variables impacting credit risk and expected credit losses. We focused on this area due to the magnitude of the trade receivables and the estimation and judgement involved in determining the expected credit losses allowance of the trade receivables.	Our procedures in relation to the management's impairment assessment of trade receivables included: • Understanding and evaluating the key controls that the Group has implemented to manage and monitor its credit risk, and validating the control effectiveness on a sample basis; • Checking, on a sample basis, the ageing profile of the trade receivables as at 31 July 2019 to the underlying financial records and post year-end settlements to bank receipts; • Inquiring of management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as performing public search of credit profile of selected customers, understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and • Assessing the appropriateness of the expected credit losses provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses. We found that the management judgment and estimates used to assess the recoverability of the trade receivables and determine the impairment provision to be supportable by available evidence.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 July 2018, were audited by another auditor who expressed an unmodified opinion on these statements on 24 October 2018.

INDEPENDENT AUDITORS' REPORT

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the annual report of the Company, but does not include the consolidated financial statements and our auditors' report thereon (the "Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- 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 the directors.

- Conclude on the appropriateness of the directors' 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with the Audit Committee 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 Audit Committee 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 Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

The engagement director on the audit resulting in this independent auditors' report is Shek Lui.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Shek Lui
Practising Certificate number: P05895

Hong Kong, 30 October 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 July 2019

	Note	2019 S$	2018 S$
REVENUE	7	**22,871,969**	20,295,350
Cost of services		**(16,779,894)**	(14,443,002)
Gross profit		**6,092,075**	5,852,348
Other income	8	**188,426**	152,865
Net allowance for expected credit losses of trade receivables, contract assets and deposits and other receivables	31(a)	**(2,064)**	—
Impairment loss on goodwill	17	**(19,154)**	—
Administrative expenses		**(9,512,273)**	(8,376,838)
Other operating expenses		**(745,450)**	(729,194)
Finance costs	9	**(37,228)**	—
LOSS BEFORE TAX	10	**(4,035,668)**	(3,100,819)
Income tax	13	**(67,131)**	16,773
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(4,102,799)**	(3,084,046)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(2,359)**	1,472
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(4,105,158)**	(3,082,574)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	14	**(0.0033)**	(0.0025)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2019

	Note	2019 S$	2018 S$
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	**482,533**	743,835
Goodwill	*17*	**886,341**	905,495
Deferred tax assets	*23*	**402,998**	438,469
Deposits	*20*	**84,034**	428,212
Total non-current assets		**1,855,906**	2,516,011
CURRENT ASSETS			
Trade receivables	*18*	**3,289,855**	4,118,158
Contract assets	*19*	**371,417**	—
Prepayments, deposits and other receivables	*20*	**855,719**	458,482
Tax recoverable		**26,441**	—
Cash and cash equivalents	*21*	**1,967,918**	2,225,478
Total current assets		**6,511,350**	6,802,118
CURRENT LIABILITIES			
Other payables and accruals	*22*	**5,255,434**	2,092,496
Contract liabilities	*19*	**14,136**	—
Tax payable		**61,203**	64,550
Total current liabilities		**5,330,773**	2,157,046
NET CURRENT ASSETS		**1,180,577**	4,645,072
NET ASSETS		**3,036,483**	7,161,083
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital	*24*	**433,000**	433,000
Reserves	*26*	**2,603,483**	6,728,083
TOTAL EQUITY		**3,036,483**	7,161,083

The consolidated financial statements were approved and authorised for issued by Board of Directors on 30 October 2019 and signed on its behalf by:

Sim Hak Chor
Executive Director

Serene Tan
Executive Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 July 2019

	Share capital S$ (Note 24)	Share premium S$ (Note 26)	Merger reserve S$ (Note 26)	Other reserve S$ (Note 26)	Exchange reserve S$ (Note 26)	Accumulated losses S$	Total equity S$
At 1 August 2017	433,000	12,079,017	(2,379,552)	(4,958)	(376)	116,526	10,243,657
Loss for the year	—	—	—	—	—	(3,084,046)	(3,084,046)
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	—	—	—	—	1,472	—	1,472
Total comprehensive income/(loss) for the year	—	—	—	—	1,472	(3,084,046)	(3,082,574)
At 31 July 2018	433,000	12,079,017	(2,379,552)	(4,958)	1,096	(2,967,520)	7,161,083
Effective of adoption of IFRS 9	—	—	—	—	—	(19,442)	(19,442)
At 1 August 2018	**433,000**	**12,079,017**	**(2,379,552)**	**(4,958)**	**1,096**	**(2,986,962)**	**7,141,641**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(4,102,799)**	**(4,102,799)**
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations	**—**	**—**	**—**	**—**	**(2,359)**	**—**	**(2,359)**
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**(2,359)**	**(4,102,799)**	**(4,105,158)**
At 31 July 2019	**433,000**	**12,079,017**	**(2,379,552)**	**(4,958)**	**(1,263)**	**(7,089,761)**	**3,036,483**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 July 2019

	Notes	2019 S$	2018 S$
OPERATING ACTIVITIES			
Loss before tax		**(4,035,668)**	(3,100,819)
Adjustments for:			
Depreciation	15	**568,854**	471,154
Finance costs	9	**37,228**	—
Write off of property, plant and equipment	10	**412,410**	12,007
Unrealised foreign exchange (gain)/loss	10	**(7,295)**	44,371
Provision for impairment of trade receivables	10	**—**	25,398
Net allowance for expected credit losses of trade receivables, contract assets, deposits and other receivables	10	**2,064**	—
Impairment of goodwill	10	**19,154**	—
Interest income	8	**(30)**	(313)
Cash used in operations before changes in working capital		**(3,003,283)**	(2,548,202)
Decrease/(increase) in trade receivables		**273,215**	(692,207)
Increase in prepayments, deposits and other receivables		**(180,999)**	(556,918)
Increase in other payables and accruals		**656,619**	224,128
Decrease in contract assets		**162,666**	—
Increase in contract liabilities		**4,386**	—
Cash used in operations		**(2,087,396)**	(3,573,199)
Income tax paid		**(61,448)**	(29,116)
Net cash used in operating activities		**(2,148,844)**	(3,602,315)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(543,196)**	(217,806)
Interest received		**30**	313
Net cash used in investing activities		**(543,166)**	(217,493)
FINANCING ACTIVITIES			
Proceeds from other loans	22	**2,433,025**	—
Net cash generated from financing activities		**2,433,025**	—
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(258,985)**	(3,819,808)
Cash and cash equivalents at beginning of year		**2,225,478**	6,088,213
Effect of foreign exchange rate changes		**1,425**	(42,927)
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	**1,967,918**	2,225,478
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**1,967,918**	2,225,478

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 July 2019

1. CORPORATE INFORMATION

SingAsia Holdings Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on GEM of the Stock Exchange on 15 July 2016. The Company's registered office address is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") on 22 December 2015 and the principal place of business registered in Hong Kong is Rooms 911–912, 9/F, Wing On Centre, 111 Connaught Road, Central, Hong Kong. The head office address and principal place of business of the Group is 211 New Bridge Road, #03–01 Lucky Chinatown, Singapore 059432.

The Company is an investment holding company and the principal activities of its subsidiaries (collectively, the "Group") are detailed in Note 16 to the consolidated financial statements.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable IFRSs, International Accounting Standards ("IASs") and Interpretations promulgated by the International Accounting Standards Board and the applicable disclosure requirements of the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention. These consolidated financial statements are presented in Singapore dollars ("S$") except when otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PRESENTATION (CONTINUED)

Basis of preparation (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Application of New and Revised IFRSs — Effective on 1 August 2018

In the current year, the Group has applied, for the first time, the following new and amendments to the IFRSs (the "new and revised IFRSs") issued by the International Accounting Standards Board (the "IASB"), which are effective for the Group's financial year beginning from 1 August 2018. A summary of the new and revised IFRSs applied by the Group is set out as follows:

Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IFRSs	Annual Improvements to IFRSs 2014–2016
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
Amendments to IAS 40	Transfers to Investment Property
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the annual report.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

Impact on the consolidated financial statement

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the application of new and revised IFRSs have not been included. As a result, the sub totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below:

	At 31 July 2018 *S$*	IFRS 15 *S$*	IFRS 9 *S$*	At 1 August 2018 *S$*
Non-current assets				
Deposits	428,212	—	(212)	428,000
Current assets				
Trade receivables	4,118,158	(534,771)	(17,999)	3,565,388
Contract assets	—	534,771	(889)	533,882
Deposits and other receivables	458,482	—	(342)	458,140
Current liabilities				
Other payables and accruals	2,092,496	(9,750)	—	2,082,746
Contract liabilities	—	9,750	—	9,750
Equity				
Reserves	6,728,083	—	(19,442)	6,708,641

IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised at 1 August 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised at 1 August 2018. The difference between carrying amounts at 31 July 2018 and the carrying amounts at 1 August 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under *IAS 39 Financial Instruments: Recognition and Measurement*.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

IFRS 9 Financial Instruments (continued)

(I) Classification and Measurement

IFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial assets is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

— Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

— FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

— FVPL, if the investment does not meet the criteria for being measured at amortise cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

All financial assets and financial liabilities continued to be measured on the same bases as were previously measure under IAS 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 July 2019

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

IFRS 9 Financial Instruments (continued)

(II) Impairment under ECL Model

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, contract assets and deposits and other receivables. Except for those which had been determined as credit impaired under IAS 39, have been assessed individually for significant balances.

Loss allowance for other financial assets at amortised cost mainly comprise of deposits and other receivables are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment is as follows.

All loss allowances, including trade receivables, contract assets and deposits and other receivables as at 31 July 2018 reconciled to the opening loss allowances as at 1 August 2018 are as follows:

	Trade Receivables *S$*	**Contract Assets** *S$*	**Deposits and other receivables** *S$*
At 31 July 2018 — IAS 39	117,424	—	—
Amounts re-measured through opening — accumulated loss	17,999	889	554
At 1 August 2018 — IFRS 9	135,423	889	554

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

IFRS 9 Financial Instruments (continued)

(II) Impairment under ECL Model (continued)

The following tables summarised the impact, net of tax, of transition IFRS 9 on the opening balance of accumulated losses as at 1 August 2018 as follow:

	Accumulated losses *S$*
At 31 July 2018 — IAS 39	(2,967,520)
Increase in expected credit loss ("ECLs") in	
— Trade receivables, contract assets and deposits and other receivables	(19,442)
At 1 August 2018 — IFRS 9	(2,986,962)

Except for those which had been determined as credit impaired under IAS 39, ECL for other financial assets at amortised cost, including deposits and other receivables and bank balances, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition except for other receivables from related companies which are assessed and measured on lifetime ECL basis as those credit risk had increased significantly since initial recognition.

IFRS 15 Revenue from Contracts with Customers and the Related Amendment

The Group has applied IFRS 15 for the first time in the current year. IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 August 2018. Any difference at the date of initial application is recognised in the opening accumulated loss (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS 15, the Group has elected to apply the standard retrospectively only to the contracts that are not completed at 1 August 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared with IAS 18 Revenue and IAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue mainly from following major sources which arise from contracts with customers.

— Manpower outsourcing

— Manpower recruitment

— Manpower training

Information about the Group's performance obligations and the accounting policies resulting from application of IFRS 15 are disclosed in consolidated financial statements in Note 4.

Except for the reclassification of the contract assets from trade receivables of S$534,771 and contract liabilities from other payables of S$9,750 at initial application, IFRS 15 was generally adopted without restating any other comparative information. There is no impact of transition to IFRS 15 on accumulated losses as at 1 August 2018.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

New and revised IFRSs that have been issued but are not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IAS 1 and IAS 8 (Amendments)	Definition of Material[3]
IAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement[1]
IAS 28 (Amendments)	Long-term interests in Associates and Joint Ventures[1]
IFRS (Amendments)	Annual Improvements to IFRSs 2015–2017 Cycle[1]
IFRS 3 (Amendments)	Definition of a Business[2]
IFRS 9 (Amendments)	Prepayment Features with Negative Compensation[1]
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[4]
IFRIC-Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after 1 January 2020.
4 Effective for annual periods beginning on or after 1 January 2021.
5 Effective for annual periods beginning on or after a date to be determined.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. IFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use while other operating lease payments are presented as operating cash flows. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

IFRS 16 Leases (continued)

Furthermore, extensive disclosures are required by IFRS 16.

At 31 July 2019, the Group has non-cancellable operating lease commitments of S$1,636,396 as disclosed in Note 28 to the financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of IFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

Except disclosed above, the directors of the Company do not anticipate that the application of other new and revised IFRSs will have a material impact on the Group's financial performance and financial positions.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRSs.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted 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 of 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 determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the Company had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group which qualifies as business combination, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange and, all acquisition-related costs are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss and other comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

In the Company's statement of financial position, which is presented within these notes, an investment in subsidiaries is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policy adopted by the Group.

Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill arising on an acquisition of a subsidiary is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired business.

Goodwill on acquisition of business is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired business over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of the asset or as a replacement.

Furniture and fittings	20%
Computers and equipment	20% to 33%
Renovation	20% to 50%
Motor vehicles	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the item is included in profit or loss in the year in which the item is derecognised.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether the carrying amounts of its property, plant and equipment have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses is recognised as income immediately.

Financial instruments (upon application of IFRS9 in accordance with transitions in Note 3)

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (upon application of IFRS9 in accordance with transitions in Note 3) (continued)

Financial assets

(i) Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/ initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (upon application of IFRS9 in accordance with transitions in Note 3) (continued)

Financial assets (continued)

(i) Classification and subsequent measurement of financial assets (continued)

Amortised Cost and Interest Income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other revenue and other income" line item.

(ii) Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cos and trade receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the 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.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 July 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (upon application of IFRS9 in accordance with transitions in Note 3) (continued)

Financial assets (continued)

(ii) Impairment of financial assets (continued)

(a) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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 contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (upon application of IFRS9 in accordance with transitions in Note 3) (continued)

Financial assets (continued)

(ii) Impairment of financial assets (continued)

(a) Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,

(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition.

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

(b) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (upon application of IFRS9 in accordance with transitions in Note 3) (continued)

Financial assets (continued)

(ii) Impairment of financial assets (continued)

(c) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(d) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 365 days past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(e) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (upon application of IFRS9 in accordance with transitions in Note 3) (continued)

Financial assets (continued)

(ii) Impairment of financial assets (continued)

(e) Measurement and recognition of ECL (continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments/receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and retention receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments.

Financial liabilities

Financial liabilities at amortised cost

Financial liabilities including trade payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (prior to 1 August 2018)

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

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 received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

Loans and receivables

Loans and receivables including trade and other receivables and cash and bank balances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the year to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

Financial liabilities

The Group's financial liabilities include other payables and accruals. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (prior to 1 August 2018) (continued)

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, net of bank overdrafts, if any.

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in Note 3)

IFRS 15 was issued with the aim of establishing a single comprehensive model for entities to apply in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

(a) Identify the contract(s) with a customer

(b) Identify the performance obligations in the contract

(c) Determine the transaction price

(d) Allocate the transaction price to the performance obligations in the contract

(e) Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (upon application of IFRS 15 in accordance with transitions in Note 3) (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The Group recognises revenue from the following major source which was recognised over the terms of the services contracts as the work is performed:

- Provision of manpower outsourcing services (note (a))

- Provision of manpower recruitment and training services (note (b))

notes:

(a) Provision of manpower outsourcing service

Service attributable mainly to Singapore hotel and resort, food and beverage and retail sector in sourcing and employing suitable candidates that match the Company's client job requirement. The revenue is recognised at point in time when services are rendered.

(b) Provision of manpower recruitment and training services

Service attributable to Singapore hotel and resort, food and beverage and retail sector in assessing and procuring qualified candidates to be employed in order to suit the Company's clients' business need. The revenue is recognised at point in time when services are rendered.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (prior to 1 August 2018)

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) Rendering of services

Revenue from the rendering of services is recognised when the services are rendered.

(b) Interest income

Interest income is recognised using the effective interest method.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of Singapore dollars ("S$"), which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency of each of the Group's entities using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of reporting period;

— Income and expenses for each statement of profit or loss and other comprehensive income are translated at average rates;

— All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;

— On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;

— On the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss;

— On all other partial disposals, which includes partial disposal of associates that do not result in the Group losing significant influence, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset in by equal annual instalments. Government grants in the form of a transfer of non-monetary assets are measured at cost.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Share capital

Ordinary shares are classified as equity.

Leases

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

As lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Lease incentives are recognised in profit or loss as an integral part of the net consideration agreed for the use of the leased asset. Contingent rentals are recognised as expenses in the accounting period in which they are incurred.

Employee benefits

Short-term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement scheme and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement plans are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

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

Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of the parent of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group 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 Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, which are described above, management has made various estimates and judgements which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and judgements are continually evaluated. The key source of estimation uncertainty and accounting judgements, that result in significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year or significantly affect the amounts recognised in the consolidated financial statements are discussed below:

(a) Deferred tax assets

Deferred tax assets are recognised for excess of tax values over net book values of property, plant and equipment to the extent that it is probable that taxable profit will be available against which such items can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

The carrying value of deferred tax assets relating to, excess of tax values over net book values of property, plant and equipment and accruals as at 31 July 2019 was in aggregate of S$402,998 (2018: S$438,469). The amount of unrecognised deferred tax assets relating to tax losses, excess of tax values over net book values of property, plant and equipment and accruals as at 31 July 2019 in aggregate of was S$2,067,605 (2018: S$1,306,695). Further details are contained in Note 23 to the consolidated financial statements.

(b) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 July 2019 was S$886,341 (2018: S$905,495) after impairment loss of S$19,154 (2018: Nil). Further details are given in Note 17 to the consolidated financial statements.

(c) Provision of ECL for trade receivables and other financial assets

The loss allowances for financial assets at amortised cost are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Detail of the key assumptions and inputs used are disclosed in Note 31(a).

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group trade receivables, contract assets and deposits and other receivables are set out in Note 18, 19 and 20 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 July 2019

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

(d) Useful lives and impairment of property, plant and equipment

The management reviews the useful lives and depreciation method of property, plant and equipment at the end of each reporting period, through careful consideration with regards to expected usage, wear-and-tear and potential technical obsolescence to usage of the assets.

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the management has to assess whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. If any such indication exists, the recoverable amounts of the asset would be determined based on the higher of the value in use and fair value less costs of disposal. Value in use is determined using the discounted cash flow method.

6. SEGMENT INFORMATION

The Group is principally engaged in the provision of manpower services. Information reported to the Group's management for the purpose of resource allocation and performance assessment presents the operating results of the Group as a whole since the Group's resources are integrated and no discrete operating segment is available. Accordingly, no operating segment information is presented.

During the years ended 31 July 2019 and 2018, revenue is principally derived from the Group's operations in Singapore.

The geographical location of specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and deposits for renovation work and the location of the operation, in the case of goodwill. The analysis of the Group's non-current assets by geographical location is as follows:

	2019 ***S$***	2018 *S$*
Property, plant and equipment		
Singapore	**482,533**	607,945
Hong Kong	—	135,890
	482,533	743,835
Deposits for renovation work		
Hong Kong	—	129,143
	—	129,143
Goodwill		
Singapore	**886,341**	905,495
	886,341	905,495
Total specified non-current assets	**1,368,874**	1,778,473

6. SEGMENT INFORMATION (CONTINUED)

Information about major customers

For the year ended 31 July 2019, revenue of S$5,314,596 (2018: S$5,525,161) was derived from the provision of manpower services to one of the customer who contributed over 10% to the Group's total revenue.

7. REVENUE

	2019 ***S$***	2018 *S$*
Revenue from contract with customers recognised at a point in time		
Manpower outsourcing	**22,145,292**	19,122,002
Manpower recruitment	**515,772**	569,129
Manpower training	**210,905**	604,219
	22,871,969	20,295,350

All revenue contracts are for period of one year or less. As permitted by practical expedient under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

8. OTHER INCOME

	2019 ***S$***	2018 *S$*
Government grants	**16,860**	7,440
Sundry income	**89,389**	36,431
Forfeiture income	**52,925**	68,950
Sale of merchandise	**29,222**	39,731
Interest income	**30**	313
	188,426	152,865

9. FINANCE COSTS

	2019 ***S$***	2018 *S$*
Interest expense on other loans	**37,228**	—
	37,228	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 July 2019

10. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(credit):

	Note	2019 S$	2018 S$
Cost of services		**16,779,894**	14,443,002
Depreciation	*15*	**568,854**	471,154
Operating lease charges			
— Equipment		**25,200**	16,085
— Premises		**1,292,381**	556,405
Auditors' remuneration			
HLB Hodgson Impey Cheng Limited			
— Audit services		**122,500**	—
— Non-audit services		**—**	—
Other auditor			
— Audit services		**40,200**	175,830
— Non-audit services		**107,890**	135,676
Written off of property, plant and equipment		**412,410**	12,007
Employee benefits expenses (excluding directors' remuneration *(Note 11)*):			
— Salaries and bonuses		**18,238,524**	16,046,650
— Contributions to defined contribution plans		**1,758,331**	1,647,094
— Foreign worker levy		**1,301,743**	1,124,878
— Other short-term benefits		**122,240**	89,601
Total employee benefits expenses (excluding directors' remuneration)		**21,420,838**	18,908,223
Provision for impairment of trade receivables		**—**	25,398
Net allowance for expected credit losses of trade receivables, contract assets, deposits and other receivables		**2,064**	—
Impairment loss on goodwill		**19,154**	—
Foreign exchange (gain)/loss		**(7,295)**	44,371

For the year ended 31 July 2019, cost of services includes S$14,087,784 (2018: S$11,904,874) related to salaries and bonuses, S$1,378,089 (2018: S$1,268,623) related to contributions to defined contribution plans and S$1,131,233 (2018: S$942,985) related to foreign worker levy, which amounts are also included in the respective total amounts disclosed separately above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 July 2019

11. DIRECTORS' REMUNERATION

The aggregate amounts of emoluments paid and payable to the directors of the Company by the Group during the year are as follows:

Year ended 31 July 2019

	Fee S$	Salaries, allowance and benefits in kind S$	Bonus S$	Contributions to defined contribution plans S$	Total S$
Executive directors					
Mr. Sim Hak Chor	—	325,100	17,500	15,215	357,815
Ms. Serene Tan	—	263,600	12,500	14,365	290,465
Mr. Yeung Chun Sing Standly (resigned on 29 July 2019)	—	153,901	22,373	3,131	179,405
Ms. Wang Chunyang (removed on 13 September 2019)	—	93,933	—	3,131	97,064
Independent non-executive directors					
Mr. Chan Fong Kong, Francis	41,748	—	—	—	41,748
Mr. Lim Cheng Hock, Lawrence	30,000	—	—	—	30,000
Mr. Jong Voon Hoo	30,000	—	—	—	30,000
	101,748	836,534	52,373	35,842	1,026,497

Year ended 31 July 2018

	Fee S$	Salaries, allowance and benefits in kind S$	Bonus S$	Contributions to defined contribution plans S$	Total S$
Executive directors					
Mr. Sim Hak Chor	—	192,240	8,010	13,602	213,852
Ms. Serene Tan	—	212,640	8,860	13,746	235,246
Mr. Yeung Chun Sing Standly	—	154,502	5,437	3,341	163,280
Ms. Wang Chunyang	—	92,816	—	3,341	96,157
Independent non-executive directors					
Mr. Tan Eng Ann (resigned on 1 February 2018)	15,000	—	—	—	15,000
Mr. Chan Fong Kong, Francis (appointed on 1 February 2018)	20,446	—	—	—	20,446
Mr. Lim Cheng Hock, Lawrence	30,000	—	—	—	30,000
Mr. Jong Voon Hoo	30,000	—	—	—	30,000
	95,446	652,198	22,307	34,030	803,981

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 July 2019

11. DIRECTORS' REMUNERATION (CONTINUED)

For the years ended 31 July 2019 and 2018, no emoluments were paid by the Group to any of the directors as an inducement to join the Group or upon joining the Group or as compensation for loss of office.

During the years ended 31 July 2019 and 2018, none of the directors has waived or agreed to waive any emoluments.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2018: three directors), details of whose remuneration are set out in Note 11 to the consolidated financial statements above. Details of the remuneration for the year of the remaining two (2018: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2019 *S$*	2018 *S$*
Salaries and bonuses	**321,875**	328,334
Contributions to defined contribution plans	**26,669**	27,768
	348,544	356,102

The emoluments of the above two (2018: two) individuals for the year were within the following bands:

	Number of employees	
	2019	2018
Nil to HK$1,000,000 (equivalent to Nil to S$173,600) (2018: equivalent to Nil to S$171,400)	**1**	1
HK$1,000,001 to HK$1,500,000 (equivalent to S$173,601 to S$260,400) (2018: equivalent to S$171,401 to S$257,100)	**1**	1
	2	2

During the year and in the prior year, no emoluments were paid by the Group to the above two (2018: two) non-director and non-chief executive highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of these two (2018: two) highest paid individuals has waived any remuneration during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 July 2019

13. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which entities of the Group are domiciled and operated.

No Hong Kong Profits Tax has been provided since no assessable profit arose in Hong Kong for the years ended 31 July 2019 and 2018.

Singapore Corporate Income Tax has been provided at the rate of 17% (2018: 17%) on the chargeable income arising in Singapore during the year after offsetting any tax losses brought forward.

	2019	2018
	S$	*S$*
Current income tax:		
Charge for the year	**60,480**	64,550
Over-provision in prior years	**(28,820)**	(12,280)
	31,660	52,270
Deferred tax assets *(Note 23)*	**35,471**	(69,043)
Total tax expense/(credit) for the year	**67,131**	(16,773)

Reconciliation of tax expense/(credit)

The Group's loss before tax is reconciled to the tax expense/(credit) for the year as follows:

	2019	2018
	S$	*S$*
Loss before tax	**(4,035,668)**	(3,100,819)
Tax calculated at the tax rate applicable to the relevant tax jurisdictions	**(686,064)**	(527,139)
Over-provision in prior years	**(28,820)**	(12,280)
Expenses not deductible for tax purposes	**728,444**	593,300
Effect of partial tax exemption	**(36,620)**	(60,819)
Tax rebate	**(15,120)**	(16,170)
Enhanced allowances and deductions	**—**	(7,072)
Tax losses not recognised	**67,647**	10,620
Utilisation of previously unrecognised tax losses	**(5,752)**	(3,784)
Others	**43,416**	6,571
Tax expense/(credit) for the year	**67,131**	(16,773)

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13. INCOME TAX (CONTINUED)

Reconciliation of tax expense/(credit) (continued)

In Singapore, for year of assessment 2019, the partial tax exemption scheme allows for (i) 75% tax exemption on the first S$10,000 of normal chargeable income; and a further 50% tax exemption on the next S$290,000 of normal chargeable income.

For the year of assessment 2020, the partial tax exemption scheme allows for (i) 75% tax exemption on the first S$10,000 of normal chargeable income; (ii) a further 50% tax exemption on the next S$190,000 of normal chargeable income.

Tax rebate refers to the corporate income tax rebate which allows a 40% corporate income tax rebate capped at S$15,000 per year for the year of assessment 2018; and a 20% corporate income tax rebate capped at S$10,000 per year for the year of assessment 2019.

Enhanced allowances and deductions refer to the Productivity and Innovation Credit (PIC) Scheme which allows 400% tax deductions/allowances or 60% cash pay-out for investments made in any of the six qualifying activities from years of assessment 2013 to 2018.

14. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2019	2018
Loss attributable to owners of the Company *(S$)*	**(4,102,799)**	(3,084,046)
Weighted average number of shares in issue	**1,250,000,000**	1,250,000,000
Basic and diluted loss per share *(S$)*	**(0.0033)**	(0.0025)

The diluted loss per share is the same as the basic loss per share as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 July 2019 and 2018.

15. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings S$	Computers and equipment S$	Renovation S$	Motor vehicles S$	Total S$
Cost:					
At 1 August 2017	29,951	2,320,619	120,085	—	2,470,655
Additions	—	92,773	—	125,033	217,806
Written-off	(4,243)	(85,521)	—	—	(89,764)
Exchange realignment	—	17	—	—	17
At 31 July 2018 and 1 August 2018	25,708	2,327,888	120,085	125,033	2,598,714
Additions	27,221	76,953	709,689	—	813,863
Disposal	—	—	—	(125,033)	(125,033)
Written-off	—	(33,095)	(582,010)	—	(615,105)
Exchange realignment	(81)	(170)	—	—	(251)
At 31 July 2019	**52,848**	**2,371,576**	**247,764**	**—**	**2,672,188**
Accumulated depreciation:					
At 1 August 2017	18,274	1,379,904	63,315	—	1,461,493
Depreciation charge for the year	3,857	425,393	33,567	8,337	471,154
Disposal	(4,091)	(73,666)	—	—	(77,757)
Exchange realignment	—	(11)	—	—	(11)
At 31 July 2018 and 1 August 2018	18,040	1,731,620	96,882	8,337	1,854,879
Charge for the year	4,138	318,325	223,470	22,921	568,854
Disposals	—	—	—	(31,258)	(31,258)
Written-off	—	(13,068)	(189,627)	—	(202,695)
Exchange realignment	(8)	(117)	—	—	(125)
At 31 July 2019	**22,170**	**2,036,760**	**130,725**	**—**	**2,189,655**
Net carrying amounts:					
At 31 July 2019	**30,678**	**334,816**	**117,039**	**—**	**482,533**
At 31 July 2018	7,668	596,268	23,203	116,696	743,835

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 July 2019

16. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 July 2019 are as follows:

Name	Place of incorporation/ Principal place of business	Issued share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
TCC Hospitality Resources Pte. Ltd. ("TCCHR")	Singapore	S$500,000	—	100	Provision of manpower outsourcing services
TCC Manpower Pte. Ltd. ("TCCM")	Singapore	S$20,000	—	100	Provision of manpower outsourcing and recruitment services
Aegis Cleaning & Maintenance Services Pte. Ltd. ("ACMS")	Singapore	S$100,000	—	100	Provision of manpower outsourcing and cleaning services
TCC Education and Consulting Services Pte. Ltd. ("TCCECS")	Singapore	S$1,000	—	100	Provision of manpower training and recruitment services
SAE Agency Pte. Ltd. ("SAE")	Singapore	S$100,000	—	100	Provision of manpower outsourcing and recruitment services
SingAsia Resources Pte. Ltd. ("SAR")	Singapore	S$200,000	—	100	Provision of manpower outsourcing and cleaning services
Aegis Resource Management Pte. Ltd. ("ARM")	Singapore	S$100,000	—	100	Provision of manpower outsourcing and cleaning services
SingAsia Cleaning Services Pte. Ltd	Singapore	S$100,000	—	100	Provision of manpower outsourcing and cleaning services
TCC Korea Inc. ("TCCK")	The Republic of Korea	Korean Won ("KRW") 90,000,000	—	100	Provision of manpower training and recruitment services

17. GOODWILL

	2019 S$	2018 S$
At cost	**905,495**	905,495
Accumulated impairment loss	**(19,154)**	—
At end of reporting period	**886,341**	905,495

17. GOODWILL (CONTINUED)

Impairment testing of goodwill

Goodwill arose because the consideration paid for the acquisitions effectively included amount in relation to the benefit from that business combination. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

The carrying amount of goodwill was allocated to the Group's cash-generating unit ("CGUs") as follows:

	2019 S$	2018 S$
Manpower outsourcing		
TCCHR and TCCM	**886,341**	886,341
Manpower training and recruitment		
TCCECS and TCCK	**—**	19,154
	886,341	905,495

Manpower outsourcing

The recoverable amounts of the manpower outsourcing CGU have been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the directors. The pre-tax discount rate applied to the cash flow projections for the impairment testing of goodwill as at 31 July 2019 is 13.0% (2018: 13.0%), the growth rate is 0% applied (2018: 3.0%) and gross margin applied is 26% (2018: 27%). The terminal growth rate used in determining the terminal value of the CGUs is 1.0% (2018: 1.0%) and this is within the industry growth rate.

Manpower training and recruitment

The recoverable amounts of the manpower training and recruitment CGU have been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the directors. The pre-tax discount rate applied to the cash flow projections for the impairment testing of goodwill as at 31 July 2019 is 13.0% (2018: 13.0%), the growth rate is 0% applied (2018: 3.0%) and gross margin applied is 29% (2018: 27%). The terminal growth rate used in determining the terminal value of the CGUs is 1.0% (2018: 1.0%) and this is within the industry growth rate.

As the carrying amount of this CGU is calculated to be lower than its recoverable amount and the directors are of the view that the performance of TCCECS and TCCK could not meet the respective projection. The directors consider an impairment loss on goodwill of S$19,154 (2018: S$Nil) should be recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 July 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 July 2019

17. GOODWILL (CONTINUED)

Key assumptions

Key assumptions were used in the value in use calculation of the CGUs for the years ended 31 July 2019 and 2018. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Gross margin — The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Growth rate — The forecasted growth rate is based on published industry research relevant to the CGUs, past performance and expected future market development.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit. The values assigned to key assumptions are consistent with external information sources.

18. TRADE RECEIVABLES

	2019 *S$*	2018 *S$*
Trade receivables	**3,309,036**	3,700,811
Less: Allowance for expected credit losses (IFRS 9) *(Note 31(a))*	**(19,181)**	—
Less: Provision for impairment (IAS 39)	—	(117,424)
	3,289,855	3,583,387
Unbilled receivables	—	534,771
	3,289,855	4,118,158

Trade receivables are non-interest-bearing and are generally on 30-day terms.

An aged analysis of the Group's gross amount of trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2019 *S$*	2018 *S$*
Less than 30 days	**1,855,378**	1,691,266
31 to 60 days	**743,897**	684,364
61 to 90 days	**267,060**	259,808
More than 90 days	**442,701**	1,065,373
	3,309,036	3,700,811

18. TRADE RECEIVABLES (CONTINUED)

The movements in provision for impairment of trade receivables are as follows:

	2018 *S$*
At beginning of year	121,209
Increase in provision	25,398
Written off as uncollectable	(29,183)
At end of year	117,424

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired under IAS 39 is as follows:

	2018 *S$*
Neither past due nor impaired	1,638,666
Less than 30 days past due	696,340
31 to 60 days past due	299,956
61 to 90 days past due	159,927
More than 90 days past due	788,498
Past due but not impaired	1,944,721
	3,583,387

As at 31 July 2018, included in the Group's trade receivables balance are debtors with carrying amounts of S$1,944,721 which are past due at the end of the reporting period but which the Group has not impaired as there have not been any significant changes in credit quality and the directors believe that the amounts are fully recoverable. The management had reviewed the subsequent settlement status and repayment history of these customers and no provision for doubtful debt is considered necessary. The Group does not hold any collateral over these balances.

Receivables that were neither past due nor impaired as at 31 July 2018 relate to a wide range of customers for whom there was no history of default.

Details of expected credit loss assessment are set out in Note 31(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 July 2019

19. CONTRACT ASSETS AND CONTRACT LIABILITIES

	2019 **S$**	2018 S$
Contract assets:		
Manpower outsourcing service	**372,105**	—
Less: Allowance for expected credit loss *(Note 31(a))*	**(688)**	—
	371,417	—
Contract liabilities:		
Manpower training service	**14,136**	—
	14,136	—

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the end of the reporting period. The contract assets are transferred to trade receivables when the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

The Group receives certain portion of contract amounts when signing the contracts with customers on rendering manpower training service. The transaction price allocated to these sales is recognised as a contract liability at the time of initial sales transaction, revenue recognised in the current year that was included in the contract liability balance was S$9,750. The Group considers the advance payments schemes does not contain significant financing component and accordingly the amount of consideration is not adjusted for the effects of the time value of money taking into consideration that the payment terms were not structured primarily for the provision of finance to the Group.

The balance of contract assets and contact liabilities are expected be recovered/settled within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 July 2019

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019 S$	2018 S$
Current:		
Deposits		
— Rental	**339,088**	125,129
— Others	**90,117**	74,868
	429,205	199,997
Less: Allowance for expected credit losses *(Note 31(a))*	**(181)**	—
	429,024	199,997
Other receivables *(note)*	**116,844**	42,729
Less: Allowance for expected credit losses *(Note 31(a))*	**(186)**	—
	116,658	42,729
Prepayments	**310,037**	215,756
	855,719	458,482
Non-current:		
Deposits		
— Rental	**84,168**	299,069
— Others	**—**	129,143
	84,168	428,212
Less: Allowance for expected credit losses *(Note 31(a))*	**(134)**	—
	84,034	428,212

The financial assets included in the net balances relate to receivables for which there was no recent history of default.

note: Included in other receivables, there was an amount of S$52,166 related to amount due from a shareholder. The amount was interest-free, unsecured and receivable on demand.

21. CASH AND CASH EQUIVALENTS

	2019 S$	2018 S$
Cash at bank and on hand	**1,967,918**	2,225,478

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 July 2019

22. OTHER PAYABLES AND ACCRUALS

	2019 S$	2018 S$
GST payables	**331,166**	326,658
Accrued casual labour costs	**704,106**	723,832
Accrued general staff costs	**813,420**	719,162
Accrued administrative and other operating expenses	**746,601**	300,802
Interest payables	**37,404**	—
Other payables	**189,712**	22,042
Other loans *(note)*	**2,433,025**	—
	5,255,434	2,092,496

note: As at 31 July 2019, included in other loans were (a) loan from Mr. Liu Zinsheng ("Mr. Liu") of S$2,100,000 (equivalent to HK$12,000,000), (b) loan from Ms. Wang Chun Yang, a former Executive Director ("Ms. Wang") of S$70,525 (equivalent to HK$403,000), and (c) loans from Everwin Marble Limited of S$262,500 (equivalent to HK$1,500,000).

During the year ended 31 July 2019, S$2,100,000 (equivalent to HK$12,000,000) of loan from Mr. Yeung Chun Wai Anthony and Ms. Wang was allegedly assigned to Mr. Liu. The loan was unsecured and bears 3% interest per annum. The loan is repayable within 12 months. For further detail, please refer to Note 35.

During the year ended 31 July 2019, the Company obtained fixed loans in aggregate S$1,058,837 (equivalent to approximately HK$6,050,500) from Ms. Wang. As at 31 July 2019, after the alleged assignment of loan to Mr. Liu, the remaining loan from Ms. Wang of S$70,525 (equivalent to HK$403,000) was unsecured and bears 3% interest per annum. The loan is repayable within 12 months. For further detail, please refer to Note 35.

Pursuant to the loan agreements dated 3 May 2019 and 29 May 2019, the Company obtained fixed loans in aggregate of S$262,500 (equivalent to approximately HK$1,500,000) from Everwin Marble Limited. The loans were unsecured and bear 3% interest per annum. The loans are repayable within 12 months.

23. DEFERRED TAX ASSETS

The components of deferred tax assets and the movements during the year is as follows:

	Excess of tax values over net book values of property, plant and equipment S$	Accruals S$	Total S$
At 1 August 2017	363,037	6,389	369,426
Credited to profit or loss during the year *(Note 13)*	65,652	3,391	69,043
At 31 July 2018 and 1 August 2018	428,689	9,780	438,469
(Charged)/credited to profit or loss during the year *(Note 13)*	(43,334)	7,863	(35,471)
At 31 July 2019	**385,355**	**17,643**	**402,998**

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Year ended 31 July 2019

23. DEFERRED TAX ASSETS (CONTINUED)

The Group has not recognised deferred tax assets in respect of unutilised tax losses of S$901,432 (2018: S$171,313), excess of tax values over net book values of property, plant and equipment of S$1,105,679 (2018: S$1,125,284) and accruals of S$60,518 (2018: S$10,098) as at 31 July 2019 that are available indefinitely for offsetting against future taxable profits of the companies in which these unutilised items arose as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the unutilised items can be utilised.

24. SHARE CAPITAL

	2019			2018		
	Number of shares	*HK$*	*Equivalent to S$*	*Number of shares*	*HK$*	*Equivalent to S$*
Authorised ordinary shares of HK$0.002 each (HK$0.01 as at 1 August 2017, and HK$0.002 as at 31 July 2018, 1 August 2018 and 31 July 2019):						
At the beginning of year	**25,000,000,000**	**50,000,000**		5,000,000,000	50,000,000	
Increase upon share subdivision *(note a)*	**—**	**—**		20,000,000,000	—	
At the end of year	**25,000,000,000**	**50,000,000**		25,000,000,000	50,000,000	
Issued and fully paid:						
At the beginning of year	**1,250,000,000**	**2,500,000**	**433,000**	250,000,000	2,500,000	433,000
Increase upon share subdivision *(note a)*	**—**	**—**	**—**	1,000,000,000	—	—
At the end of year	**1,250,000,000**	**2,500,000**	**433,000**	1,250,000,000	2,500,000	433,000

note a: On 8 March 2018, the existing issued and unissued shares of the Company of HK$0.01 each is subdivided into 5 shares of HK$0.002 each. Further details of the share subdivision are set out in the Company's announcements dated 29 January 2018 and 7 March 2018 and the Company's circular dated 8 February 2018.

25. DIVIDENDS

No dividends have been declared or paid during the year ended 31 July 2019 (2018: Nil).

26. RESERVES

(i) Share premium

Share premium represents the excess of share issue over the par value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 July 2019

26. RESERVES (CONTINUED)

(ii) Merger reserve

Merger reserve represents the difference between the underlying net assets of the subsidiaries which was acquired by the Group pursuant to the reorganisation for rationalising the corporate structure in preparation for the initial listing of the Company's shares on GEM of the Stock Exchange in 2016 (the "Reorganisation") and the total par value and share premium amount of the shares issued. Prior to the Reorganisation, merger reserve represented the aggregate issued paid-up capital of the subsidiaries now comprising the Group.

(iii) Other reserve

The other reserve has been set up to deal with the changes in ownership interests in subsidiaries that do not result in a loss of control. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised in other reserve.

(iv) Exchange reserve

Exchange reserve has been set up and is dealt with the accounting policies adopted for foreign currency translation as set out in Note 4 to the consolidated financial statements.

27. MATERIAL RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

In addition to the related party information disclosed elsewhere in these consolidated financial statements, the following transactions between the Group and its related parties/connected parties took place on terms agreed between the parties during the years ended 31 July 2019 and 2018:

(a) Other operating expenses

	Related party relationship	**2019** **S$**	2018 *S$*
Management fees in respect of rental payment *(Note a)*	A company in which an executive director of the Company, Mr. Yeung Chun Sing, Standly, was the key management	—	144,520
Yacht expenses *(Note b and Note c)*	A company controlled by spouse of a shareholder of the Company	**10,602**	41,198

Note a: The amount represents the management fee paid/payable to Great Wall Belt & Road Holdings Limited ("Great Wall Belt & Road") (formerly known as e-Kong Group Limited) which shares are listed on the Stock Exchange (Stock code: 524).

Mr. Yeung Chun Sing, Standly, an executive director of the Company, ceased to be executive director of Great Wall Belt & Road with effect from 31 May 2018. Mr. Yeung Chun Sing, Standly resigned as executive director of the Company on 29 July 2019.

In addition, Mr. Yeung Chun Wai, Anthony, a shareholder of the Company, ceased to be chairman and chief executive officer of Great Wall Belt & Road with effect from 1 November 2017, and ceased to be executive director of Great Wall Belt & Road with effect from 23 November 2017.

27. MATERIAL RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (CONTINUED)

(a) Other operating expenses (continued)

Note b: The amounts of yacht expenses were paid/payable to Symphony Investment Limited (formerly known as Nova Capital Advisor Limited), a company controlled by spouse of Mr. Yeung Chun Wai, Anthony.

Note c: This transaction constituted connected transaction as defined in the GEM Listing Rules. The transaction is exempt from the disclosure requirements in Chapter 20 of the GEM Listing Rules as it is below the de minimis threshold under Rule 20.74(1) of the GEM Listing Rules.

(b) Compensation of key management personnel

	2019 ***S$***	2018 *S$*
Salaries and bonuses	**1,324,345**	1,116,402
Contributions to defined contribution plans	**75,524**	74,811
	1,399,869	1,191,213

Further details of directors' emoluments are included in Note 11 to the consolidated financial statements.

28. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties and office equipment under operating lease arrangements. Leases for properties are negotiated for a term of three years, and those for office equipment are for a term of five years, with a renewal option.

At 31 July 2019, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2019 ***S$***	2018 *S$*
Within one year	**1,089,304**	1,243,705
In the second to fifth years, inclusive	**547,092**	1,606,283
Over five years	**—**	2,291
	1,636,396	2,852,279

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Year ended 31 July 2019

29. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2019 *S$*	2018 *S$*
Financial assets		
Measured at amortised cost:		
Trade receivables	**3,289,855**	—
Financial assets included in deposits and other receivables	**629,716**	—
Cash and cash equivalents	**1,967,918**	—
	5,887,489	—
Loans and receivables:		
Trade receivables	—	4,118,158
Financial assets included in deposits and other receivables	—	541,795
Cash and cash equivalents	—	2,225,478
	5,887,489	6,885,431
Financial liabilities		
Financial liabilities measured at amortised cost:		
Financial liabilities included in other payables and accruals	**4,924,268**	1,765,838
	4,924,268	1,765,838

30. FAIR VALUE

Management has assessed that the fair value of trade receivables, financial assets included in deposits and other receivables, cash and cash equivalents and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short maturity terms of these instruments.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk and impairment assessment

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group.

2019

The credit risk of the Group mainly arises from bank balances, trade and other receivables, contract assets and deposits. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

In respect of cash deposited at banks, the credit risk is considered to be low as the counterparties are reputable banks. The existing counterparties do not have defaults in the past. Therefore, expected credit loss rate of cash at bank is assessed to be close to zero and no provision was made as of 31 July 2019.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forwarding-looking information.

The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records and past experience.

Majority of the Group's revenue is received from individual customers in relation to manpower outsourcing, recruitment and training. The Group's trade receivables and contract assets arise from manpower outsourcing, recruitment and training.

As at 31 July 2019, the top three debtors accounted for approximately 37.8% of the Group's trade receivables balance. In view of the history of business dealings with the debtors and the sound collection history of the receivables due from them, management believes that there is no material credit risk inherent in the Group's outstanding receivable balance due from these debtors saved for the debtor related to the impaired trade receivables disclosed in the below.

Management makes periodic assessment on the recoverability of the trade and other receivables, contract assets and deposits based on historical payment records, the length of overdue period, the financial strength of the debtors and whether there are any disputes with the debtors.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days for manpower outsourcing, recruitment and training from the date of billing. Normally, the Group does not obtain collateral from customers.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk and impairment assessment (continued)

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECL, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Impairment assessment under IFRS 9 for the year ended 31 July 2019

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than 365 days and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

Trade receivables credit risk assessment	Expected loss rate *%*	Gross carrying amount *S$*	Loss allowance *S$*
As at 31 July 2019			
Current (not past due)	0.18	1,855,378	3,432
1–30 days past due	0.26	743,897	1,899
31–60 days past due	0.79	267,060	2,119
Over 60 days past due	2.65	442,701	11,731
		3,309,036	19,181

Contract assets credit risk assessment	Expected loss rate *%*	Gross carrying amount *S$*	Loss allowance *S$*
As at 31 July 2019			
Current (not past due)	0.18	372,105	688
		372,105	688

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk and impairment assessment (continued)

The closing allowances for expected credit losses of trade receivables, contract assets and deposits and other receivables at amortised cost as at 31 July 2019 reconcile to the opening allowances for expected credit losses as follows:

	Trade receivables Lifetime ECL (not credit-impaired) *S$*	Trade receivables Lifetime ECL (credit-impaired) *S$*	Contract assets *S$*	Deposits and other receivables *S$*	Total *S$*
As at 31 July 2018 — IAS 39	—	117,424	—	—	117,424
Amounts re-measured through opening — accumulated loss	17,999	—	889	554	19,442
As at 1 August 2018 — IFRS 9	17,999	117,424	889	554	136,866
Provision/(reversal) of allowance for expected credit losses during the year	1,182	1,136	(201)	(53)	2,064
Written off as uncollectable	—	(118,560)	—	—	(118,560)
As at 31 July 2019 — IFRS 9	**19,181**	**—**	**688**	**501**	**20,370**

For deposits and other receivables relating to accounts that are long overdue with significant amounts known insolvencies or non-response to collection activities, they are assessed individually for allowance for expected credit losses. The Group recognised the provision for allowance for expected credit losses by assessing the credit risk characteristics of debtor, discount rate and the likelihood of recovery and considering the prevailing economic conditions.

Allowance for expected credit losses of trade receivables, contract assets and deposits and other receivables are presented as net allowance for expected credit losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

2018

For 2018, the Group's exposure to credit risk arises primarily from trade receivables and cash and cash equivalents. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For cash and cash equivalents, the Group adopts the policy of dealing only with high credit quality counterparties.

Cash and cash equivalents are placed with reputable financial institutions with high credit ratings.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the consolidated statement of financial position.

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk and impairment assessment (continued)

Credit risk concentration profile

The Group assesses concentration of credit risk by monitoring the individual profile of its trade receivables on an ongoing basis.

As at 31 July 2018, approximately 21% of the Group's trade receivables were due from the top three customers.

i. *Financial assets that are neither past due nor impaired*

Trade receivables that are neither past due nor impaired relate to a number of independent customers that have good track records with the Group.

ii. *Financial assets that are past due but not impaired*

Information regarding financial assets that are past due but not impaired is disclosed in Note 18 to the consolidated financial statements.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity risk is to ensure, as far as possible, it will always have sufficient liquidity to meet its liabilities when due.

The following tables detail Group's contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities which are the earliest dates of the Group can be required to pay. The tables include both interest and principal cash flows.

	Weight average effective interest rate *%*	**On demand or within 1 year** *S$*	**Over 1 year** *S$*	**Total undiscounted cash flow** *S$*	**Carrying amount** ***S$***
As at 31 July 2019					
Other payables and accruals	**—**	**2,491,243**	**—**	**2,491,243**	**2,491,243**
Other loans	**3.0**	**2,506,016**	**—**	**2,506,016**	**2,433,025**
		4,997,259	**—**	**4,997,259**	**4,924,268**

	Weight average effective interest rate *%*	On demand or within 1 year *S$*	Over 1 year *S$*	Total undiscounted cash flow *S$*	Carrying amount *S$*
As at 31 July 2018					
Other payables and accruals	—	1,765,838	—	1,765,838	1,765,838

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Foreign currency risk

The Group's foreign currency exposure arises mainly from the exchange rate movements of the Hong Kong dollars against the Singapore dollars.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign currency risk exposure and will consider foreign currency hedging should the need arise.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the Hong Kong dollars exchange rate, with all other variables held constant.

	2019 Exposure to foreign currency *S$*	2018 Exposure to foreign currency *S$*
Financial assets denominated in Hong Kong dollars:		
Cash and cash equivalents	**1,178**	561,428
Deposit and other receivables	**444,908**	384,512
Financial liabilities denominated in Hong Kong dollars:		
Other payables	**(3,154,189)**	(72,122)
Net exposure	**(2,708,103)**	873,818

		2019 (Increase)/ decrease in loss before tax *S$*	2018 Decrease/ (increase) in loss before tax *S$*
Hong Kong dollars	— strengthened by 5% (2018: 5%)	**(135,405)**	43,691
	— weakened by 5% (2018: 5%)	**135,405**	(43,691)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to Group's exposure to currency risk for all financial instruments in existence at that date, and that all other variables remain constant. The stated changes in foreign currency represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of the reporting period.

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32. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes share capital and all other equity reserves attributable to owners of the Company.

The Group's objectives for managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to the shareholders, issue new shares or obtain new borrowings. No changes were made in the objectives, policies or procedures for capital management for the years ended 31 July 2019 and 2018.

The capital structure of the Group consists of net debt, which includes other payables and accruals, less cash and cash equivalents, and equity attributable to owners of the Company.

The management of the Group reviews the capital structure from time to time. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the Group will balance its overall capital structure through the payment of dividends, issuance of new shares or obtaining new borrowings.

The gearing ratio at the end of the reporting period was as follow:

	2019	2018
	S$	*S$*
Other payables and accruals	**5,255,434**	2,092,496
Less: Cash and cash equivalents	**(1,967,918)**	(2,225,478)
Net debt	**3,287,516**	N/A
Equity	**3,036,483**	7,161,083
Net debt to equity ratio	**1.08**	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company as at the end of the reporting period is as follows:

	Note	2019 *S$*	2018 *S$*
NON-CURRENT ASSET			
Investments in subsidiaries		**4,036,276**	4,730,848
Deposit		—	428,212
Property, plant and equipment		—	135,888
Total non-current asset		**4,036,276**	5,294,948
CURRENT ASSETS			
Prepayments, deposits and other receivables		**477,595**	262,016
Amounts due from subsidiaries		**369,694**	461,955
Cash and cash equivalents		**1,178**	561,429
Total current assets		**848,467**	1,285,400
CURRENT LIABILITIES			
Other payables and accruals		**3,803,575**	725,861
NET CURRENT (LIABILITIES)/ASSETS		**(2,955,108)**	559,539
NET ASSETS		**1,081,168**	5,854,487
EQUITY			
Share capital	*24*	**433,000**	433,000
Share premium	*26*	**12,079,017**	12,079,017
Accumulated losses		**(11,430,849)**	(6,657,530)
TOTAL EQUITY		**1,081,168**	5,854,487

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A Summary of the Company's share capital and reserves is as follows:

	Share capital S$ (Note 24)	Share premium S$ (Note 26)	Accumulated losses S$	Total S$
At 1 August 2017	433,000	12,079,017	(3,203,408)	9,308,609
Loss and total comprehensive loss for the year	—	—	(3,454,122)	(3,454,122)
At 31 July 2018 and 1 August 2018	433,000	12,079,017	(6,657,530)	5,854,487
Loss and total comprehensive loss for the year	—	—	(4,773,319)	(4,773,319)
At 31 July 2019	**433,000**	**12,079,017**	**(11,430,849)**	**1,081,168**

34. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 14 June 2018. The purpose of the Scheme is to enable the Company to grant options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Company.

Participants include full time or part time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Group); and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any person who, in the sole discretion of the board of directors or a duly authorised committee, has contributed or may contribute to the Group.

The directors may, at their discretion, invite any participant to take up options. Options may be granted to participants under the Scheme during the period of 10 years commencing on the effective date of the Scheme. An option is deemed to have been granted and accepted by the grantee upon the duplicate letter comprising acceptance of the option duly signed by the grantee and paying HK$1 by way of consideration for the grant thereof.

Any grant of options to a connected person (including but not limited to a director or substantial shareholder) or its associates must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). Where options are proposed to be granted to a connected person who is also a substantial shareholder (as defined in the GEM Listing Rules) of the Company or an independent non-executive director or their respective associates and if such grant would result in the total number of shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total issued shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK$5 million, then the proposed grant must be subject to the approval of shareholders taken on a poll in a general meeting. The grantee, his associates and all core connected persons of the Company must abstain from voting in favour of the proposed grant at such general meeting.

34. SHARE OPTION SCHEME (CONTINUED)

The subscription price of the share options will be determined by the board and shall not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of offer for the grant of the relevant option (the "Offer Date"), which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the Offer Date; and (c) the nominal value of a share on the Offer Date.

The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time. The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 125,000,000 shares of the Company, being 10% of the total number of shares of the Company in issue as at the date of approval of the Scheme unless shareholders' approval has been obtained. An option may be exercised during a period to be determined by the directors in their absolute discretion and in any event such period shall not be later than 10 years after the date of grant of the option.

The maximum entitlement for any participant is that the total number of shares issued and to be issued upon exercise of the options granted to each participant under the Scheme in any 12-month period shall not exceed 1 percent of the total number of shares in issue of the Company. Any further grant of options in excess of the 1 percent limit shall be subject to certain requirements provided under the GEM Listing Rules.

The summary of the principal terms of the Scheme is disclosed in the Company's circular dated 18 May 2018. No option has been granted under the Scheme since its adoption.

35. LITIGATION

HCSD 36/2019 and HCCW 257/2019

(a) HCSD 36/2019

This is an application commenced by the Company to set aside the statutory demand issued by Liu Zinsheng (劉新生), also known as Liu Xinsheng ("Liu") on 25 July 2019. This application has been withdrawn pursuant to the Order of Deputy High Court Judge MK Liu on 17 September 2019. Therefore, the potential liability of the Company will not be substantial.

(b) HCCW 257/2019

This is a winding up petition by Liu against the Company made on 28 August 2019 (the "Winding Up Petition"). In the said petition, Liu claims against the Company for a debt in the sum of HK$12,000,000. The Winding Up Petition was fixed to be heard on 23 October 2019. At the hearing on 23 October 2019, the parties informed the Court that the parties were having settlement negotiation and, to facilitate the settlement arrangement, the Court adjourned the hearing to 11 November 2019. On 30 October 2019, a solicitors' cheque of HK$12,000,000 was delivered to the solicitors acting for Liu for the payment of the settlement sum through its solicitors.

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35. LITIGATION (CONTINUED)

HCSD 36/2019 and HCCW 257/2019 (continued)

(b) HCCW 257/2019 (continued)

Given the current progress of settlement arrangement, the Winding Up Petition is likely to be withdrawn by Liu in due course and hence no winding up order will likely be made against the Company in the Winding Up Petition.

Reference is made to the announcements of the Company dated 8 August, 15 August, 20 August, 28 August, 2 September, 24 September and 23 October 2019 regarding the winding up petitions against the Company.

HCA1381/2019

This is an application commenced by Perfect Win Properties Limited, landlord of the Company's office at Lee Garden One (the "Premises"), on 30 July 2019 for, *inter alia*, vacant possession of the Premises, the sum of HK$914,077, interest, rent and/or mesne profit at the rate of HK$386,492.50 per month from 1 August 2019 to the date when vacant possession of the Premises is delivered up, operating charges at the rate of HK$45,382 per month from 1 August 2019 to the date when vacant possession of the Premises is delivered up, provisional government rates at the rate of HK$19,325 per month from 1 August 2019 to the date when vacant possession of the Premises is delivered up, damages for the Company's breach of the lease to be assessed and other reliefs. The parties have already reached a full and final settlement with the landlord and pursuant to the settlement, the full settlement sum of HK$2,269,961.50 (after offsetting the deposit in the sum of HK$1,790,834) had been made to the landlord through its solicitors on 4 October 2019.

Reference is made to the announcement of the Company dated 15 August 2019.

HCCW 236/2019

This is a winding up petition by K W Nelson Interior Design and Contracting Limited against the Company made on 8 August 2019. The parties have already reached a settlement and the winding-up petition has been withdrawn pursuant to the Order made by Master J Wong on 20 September 2019. Accordingly, the potential liability of the Company will not be substantial.

Reference is made to the announcements of the Company dated 8 August, 15 August, 20 August, 2 September and 24 September 2019.

36. NON CASH TRANSACTION

During the year ended 31 July 2019, the Company has disposed the motor vehicles with carrying amount S$93,775 to settle the other loan.

During the year ended 31 July 2019, the consideration for the addition property, plant and equipment of amount S$270,666 was settled by the deposits.

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Year ended 31 July 2019

37. EVENTS AFTER REPORTING PERIOD

On 23 and 24 September 2019, the Company entered into a Subscription Agreement and a Supplemental Agreement with Eden Publishing Pte. Ltd. (the "Subscriber"), pursuant to which the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue, 250,000,000 Subscription shares at the Subscription price of HK$0.052 per Subscription share (the "Subscription"). The Subscription consideration to be payable by the Subscriber to the Company shall be HK$13,000,000. The net proceeds from the Subscription would be used to repay liabilities arising from the Hong Kong operations and for general working capital of the Group.

The conditions precedent under the Subscription Agreement (as amended and supplemented by the supplemental agreement dated 24 September 2019) have been satisfied and the completion of the Subscription took place on 25 October 2019, whereby 250,000,000 new shares were allotted and issued to the Subscriber at the Subscription price of HK$0.052 per Subscription share. As a result of the Subscription, the total number of issued shares of the Company has increased from 1,250,000,000 shares to 1,500,000,000 shares.

For more details, please refer to the Company's announcements dated 23 September, 24 September and 25 October 2019.

38. COMPARATIVE FIGURES

The Group had initially applied IFRS 9 and IFRS 15 at 1 August 2018. Under the transition method, comparative information is not restated.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

	Year ended 31 July				
	2019	2018	2017	2016	2015
	S$	*S$*	*S$*	*S$*	*S$*
RESULTS					
REVENUE	**22,871,969**	20,295,350	18,654,727	20,833,182	19,320,989
Cost of services	**(16,779,894)**	(14,443,002)	(12,770,833)	(13,909,372)	(12,685,622)
Gross profit	**6,092,075**	5,852,348	5,883,894	6,923,810	6,635,367
Other income and gains	**188,426**	152,865	223,920	333,337	110,807
Net provision of impairment loss	**(2,064)**	—	—	—	—
Impairment loss on goodwill	**(19,154)**	—	—	—	—
Administrative expenses	**(9,512,273)**	(8,376,838)	(6,539,173)	(5,070,557)	(4,308,665)
Other operating expenses	**(745,450)**	(729,194)	(460,724)	(3,502,072)	(116,812)
Finance costs	**(37,228)**	—	(5,608)	(46,685)	(83,377)
(LOSS)/PROFIT BEFORE TAX	**(4,035,668)**	(3,100,819)	(897,691)	(1,362,167)	2,237,320
Income tax credit/(expense)	**(67,131)**	16,773	279,179	65,006	(126,204)
(LOSS)/PROFIT FOR THE YEAR	**(4,102,799)**	(3,084,046)	(618,512)	(1,297,161)	2,111,116
Attributable to:					
Owners of the Company	**(4,102,799)**	(3,084,046)	(618,270)	(1,297,161)	2,119,011
Non-controlling interests	**—**	—	(242)	—	(7,895)
	(4,102,799)	(3,084,046)	(618,512)	(1,297,161)	2,111,116

	As at 31 July				
	2019	2018	2017	2016	2015
	S$	*S$*	*S$*	*S$*	*S$*
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**8,367,256**	9,318,129	12,153,421	13,261,766	6,611,861
TOTAL LIABILITIES	**(5,330,773)**	(2,157,046)	(1,909,764)	(2,394,505)	(3,528,609)
NON-CONTROLLING INTERESTS	**—**	—	—	—	(254,726)
	3,036,483	7,161,083	10,243,657	10,867,261	2,828,526