CIRCULAR DATED 14 SEPTEMBER 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of Gaylin Holdings Limited ("**Company**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular with the notice of EGM (as defined herein) and the accompanying Proxy Form (as defined herein) to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular with the notice of EGM and the accompanying Proxy Form to be sent to the purchaser or the transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, the notice of EGM and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

GAYLIN HOLDINGS LIMITED

(Company Registration No. 201004068M)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

(1) THE PROPOSED ACQUISITION OF THE ENTIRE SHARE CAPITAL OF AMOS INTERNATIONAL HOLDINGS PTE. LTD. AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION; AND

(2) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 863,410,176 ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S$0.060 EACH, AS CONSIDERATION FOR THE PROPOSED ACQUISITION.

Independent Financial Adviser in relation to the Proposed Acquisition as an Interested Person Transaction

KPMG Corporate Finance Pte. Ltd.

(Company Registration Number: 198500417D)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last Date and Time for Lodgement of Proxy Form	:	1 October 2018 at 4 p.m. (Singapore time)
Date and Time of Special General Meeting	:	3 October 2018 at 4 p.m. (Singapore time)
Place of Special General Meeting	:	7 Gul Avenue, Singapore 629651

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

"**Audit Committee**"	:	The audit committee of the Company
"**Board**"	:	The board of Directors of the Company
"**Book Value**"	:	The NAV of the Vendor Shares
"**Business Day**"	:	A day when banks in Singapore are open for banking business (but shall not include Saturdays, Sundays and gazetted public holidays in Singapore) and "**Business Days**" shall be construed accordingly
"**CDP**"	:	The Central Depository (Pte) Limited
"**Circular**"	:	This circular to Shareholders dated 14 September 2018
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
"**Company**"	:	Gaylin Holdings Limited
"**Completion**"	:	The completion of the Proposed Acquisition
"**Consideration**"	:	The aggregate consideration for the Proposed Acquisition to be paid by the Company to the Relevant Shareholders, as calculated under Section 3 of this Circular
"**Consideration Shares**"	:	The new Shares to be allotted and issued by the Company at an issue price of S$0.060 for each new Share
"**Contractor**"	:	Boustead Projects E&C Pte. Ltd.
"**Directors**"	:	The directors of the Company for the time being
"**EBITDA**"	:	The earnings before interest, tax, depreciation, and amortisation
"**EGM**"	:	The extraordinary general meeting of the Company, notice of which is set out on page 33 of this Circular
"**Employee Options**"	:	The 480,000 existing employee options granted by the Target Company pursuant to a share option plan, each aforesaid option being exercisable in exchange for one (1) Restricted Share
"**FY**"	:	Financial year ended or ending as the case may be, 31 March, unless otherwise stated
"**GFA**"	:	Gross floor area
"**GFA Condition**"	:	Has the meaning ascribed to it in Section 2.5 of this Circular

"**Group**"	:	The Company, its subsidiaries and associated companies
"**HK$**"	:	Hong Kong dollars, being the lawful currency of Hong Kong
"**IFA**"	:	KPMG Corporate Finance Pte. Ltd.
"**IFA Letter**"	:	The letter from the IFA to the Independent Directors, as set out in Appendix A of this Circular
"**Independent Directors**"	:	The Directors who are regarded as independent in respect of the Proposed Acquisition, as set out in Section 5.4 of this Circular
"**Latest Practicable Date**"	:	31 August 2018, being the latest practicable date prior to the printing of this Circular
"**Lease Extension Offer**"	:	Has the meaning ascribed to it in Section 2.5 of this Circular
"**Lighthouse**"	:	Lighthouse Logistics Limited
"**Listing Manual**"	:	The Mainboard listing rules of the SGX-ST
"**NAV**"	:	Net asset value, being total assets less total liabilities and non-controlling interest
"**NAV Adjustment**"	:	Has the meaning ascribed to it in Section 3.2 of this Circular
"**NTA**"	:	Net tangible assets, being total assets less total liabilities and intangible assets
"**Option Share Consideration**"	:	The consideration payable by the Company to holders of Restricted Shares of the Target Company as calculated under Section 3.3 of this Circular
"**Property**"	:	The property situated at 156 Gul Circle, Singapore 629613
"**Proposed Acquisition**"	:	The acquisition of the Relevant Shares, representing 100% of the issued and paid-up share capital of the Target Company, by the Company from the Relevant Shareholders on the terms and conditions of the SPA
"**Proposed Allotment**"	:	The allotment and issuance of up to 863,410,176 Consideration Shares to the Relevant Shareholders
"**Proposed Transaction**"	:	The Proposed Acquisition and the Proposed Allotment
"**Proxy Form**"	:	The proxy form attached to the notice of EGM
"**Relevant Shareholder**"	:	Registered holders of the Relevant Shares
"**Relevant Shares**"	:	All the ordinary shares in the ordinary share capital of the Target Company, and all the Restricted Shares in the restricted share

		capital of the Target Company as at 5 p.m. five (5) Business Days prior to the date of Completion (if any)
"**Relevant Share Price**"	:	The price of each Relevant Share, being S$5.772
"**Relevant VWAP**"	:	Has the meaning ascribed to it in Section 4.4 of this Circular
"**Remaining Shares**"	:	The ordinary shares in the ordinary share capital of the Target Company, save for the Vendor Shares
"**Restricted Shares**"	:	The restricted shares in the restricted share capital of the Target Company
"**Reviewed Target Group Financial Statements**"		The consolidated financial statements of the Target Group for the financial period from 1 January 2018 to 31 May 2018, as reviewed by the Target Company's auditors, BDO LLP
"**RM**"	:	Malaysian Ringgit, being the lawful currency of Malaysia
"**S$**" **and** "**cents**"	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
"**Sale Conditions**"	:	Has the meaning ascribed to it in Section 3.5 of this Circular
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Registered holders of the Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the depositors whose securities accounts are credited with the Shares
"**Shares**"	:	Ordinary shares in the capital of the Company
"**ShawKwei Group**"	:	ShawKwei Investments LLC, Shaw Kwei & Partners Ltd., Asian Value Investment Fund 3, L.P., ShawKwei Asia Value Fund 2017, L.P. and / or any other affiliated entities under the common control of Kyle Arnold Shaw, Jr.
"**SPA**"	:	The sale and purchase agreement dated 7 July 2018 entered into between the Company and the Vendors in respect of the Proposed Acquisition
"**Substantial Shareholder**"	:	A person who has an interest in Shares the nominal amount of which is 5.0% or more of the aggregate voting Shares of the Company
"**Target Company**"	:	Amos International Holdings Pte. Ltd. (Company Registration No. 201002188Z)
"**Target Group**"	:	The Target Company, its subsidiaries and associated companies

"**US$**"	:	United States of America dollar, being the lawful currency of the United States of America
"**Valuation Report**"	:	The valuation report and valuation certificate relating to 156 Gul Circle, Singapore 629613 issued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd dated 12 June 2018, as set out in Appendix C to this Circular
"**Vendors**"	:	Lighthouse and Danny Lien Chong Tuan
"**Vendor Shares**"	:	8,169,757 ordinary shares in the ordinary share capital of the Target Company held by the Vendors as further described in Section 2.2 of this Circular
"**VWAP**"	:	Volume weighted average price
"**%**" **or** "**per cent**"	:	Per centum or percentage

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Cap. 289) of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted and, unless the context otherwise requires, any word defined under the Companies Act or the Listing Manual or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning set out under the Companies Act or the Listing Manual or any modification thereof, as the case may be, unless otherwise provided.

Any reference to date and time of day in this Circular shall be a reference to Singapore date and time, unless otherwise stated.

Any discrepancies in the figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation.

GAYLIN HOLDINGS LIMITED

(Company Registration No. 201004068M)
(Incorporated in the Republic of Singapore)

Board of Directors

Kyle Arnold Shaw, Jr. (Executive Chairman)
Peter Pil Jae Ko (Non-executive Director)
David Wood Hudson (Lead Independent Non-executive Director)
Lim Shook Kong (Independent Non-executive Director)
Alan John Hargreaves (Independent Non-executive Director)

Registered Office

7 Gul Avenue
Singapore 629651

14 September 2018

To: The Shareholders of the Company

Dear Shareholders

(1) THE PROPOSED ACQUISITION OF THE ENTIRE SHARE CAPITAL OF AMOS INTERNATIONAL HOLDINGS PTE. LTD. AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION; AND

(2) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 863,410,176 ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S$0.060 EACH, AS CONSIDERATION FOR THE PROPOSED ACQUISITION.

1. INTRODUCTION

1.1 On 9 July 2018, the Board announced that the Company had entered into a sale and purchase agreement (the "**SPA**") with the Vendors on 7 July 2018 for the acquisition of the entire issued and paid up share capital of the Target Company, on the terms and conditions of the SPA (the "**Proposed Acquisition**").

1.2 The consideration for the Proposed Acquisition is S$48,614,987, which will be satisfied by the allotment and issuance of 810,249,784 Consideration Shares to the Relevant Shareholders or their nominees (the "**Proposed Allotment**"). The number of Consideration Shares which will be allotted and issued to the Relevant Shareholders may be adjusted pursuant to the SPA as set out in more detail at Section 3 of this Circular, but the aggregate number of Consideration Shares shall not exceed 863,410,176 Consideration Shares.

1.3 The Board is convening an EGM to be held on 3 October 2018 at 7 Gul Avenue, Singapore 629651 to seek the approval of Shareholders for:

(a) the Proposed Acquisition as a major transaction under Chapter 10 of the Listing Manual and an interested person transaction which value exceeds 5% of the latest consolidated audited NTA value of the Group pursuant to Chapter 9 of the Listing Manual (Ordinary Resolution 1); and

(b) the Proposed Allotment pursuant to Section 161 of the Companies Act and Rule 805(1) of the Listing Manual (Ordinary Resolution 2).

1.4 The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Transaction and to seek the approval of Shareholders for the resolutions relating to the Proposed Transaction at the EGM.

2. INFORMATION ON THE TARGET GROUP, THE VENDOR SHARES, AND THE VENDORS

2.1 Information on the Target Group

The Target Company is an investment holding company incorporated in Singapore on 28 January 2010. As at the date of the SPA, the Target Company has an issued and paid-up capital of S$23,743,413 comprising 8,422,555 ordinary shares.

The Target Group comprises the Target Company and the following companies, which are direct or indirect subsidiaries of the Target Company:

Name	**Country of Incorporation**	**Principal Activities**	**Particulars of registered/paid-up capital**	**Percentage of equity interest attributable to Target Company (%)**	
				Direct	Indirect
Amos International (S) Pte. Ltd.	Singapore	Ship chandlers and logistics management	S$2,000,000	100%	-
Amos International (Shanghai) Co., Ltd	China	Ship chandlers, general traders and commission agent	US$160,000	100%	-
Amos International (HK) Limited	Hong Kong	Ship chandlers and logistics management	HK$1,249,200	-	100%
GO Logistics Services Pte. Ltd.	Singapore	Lighterage services, and passenger water transport	S$10,000	100%	-
Amos Asia Pte. Ltd.	Singapore	Dormant	S$150,002	100%	-
Amos Offshore and Engineering Pte. Ltd.	Singapore	Dormant	S$1,600,002	100%	-

Name	Country of Incorporation	Principal Activities	Particulars of registered/paid-up capital	Percentage of equity interest attributable to Target Company (%)	
				Direct	Indirect
Amos Solutions (S) Pte. Ltd.	Singapore	Dormant	S$25,000	-	100%
Amos Myanmar Services Company Limited	Myanmar	Sales of marine equipment and provision of engineering services	Myanmar Kyatt 500,000,000	-	30%(1)
Amos International Lanka (Private) Limited	Sri Lanka	Ship chandlers	Sri Lanka Rupee 11,000,000	-	30%(2)
Amos International (M) Sdn Bhd	Malaysia	Dormant	RM635,439	-	70%(3)
World Hand Shipping Limited	Hong Kong	Dormant	HK$10,000	-	100%

Notes:

(1) The remaining 70% of Amos Myanmar Services Company Limited is held by Soe Aung Kyaw and Oakkar Tun. Soe Aung Kyaw and Oakkar Tun are not related to Lighthouse.

(2) The remaining 70% of Amos International Lanka (Private) Limited is held by Interocean Services Limited, which is not related to Lighthouse.

(3) The remaining 30% of Amos International (M) Sdn Bhd is held by Michael Tan, who is not related to Lighthouse.

As at the Latest Practicable Date, the Target Group is principally engaged in marine and offshore services, which involves the provision of supplies, services and logistic solutions to the maritime fleet and offshore oil and gas operators. The Target Group has operations in Singapore, Shanghai and Hong Kong. Through a single point of contact, customers of the Target Group have access to an international network of over 2,500 validated partners and suppliers.

The top 10 customers of the Target Group account for an average of 55% of its total revenue for the past three financial years.

2.2 **Information on the Vendor Shares**

The Vendor Shares comprise 8,169,757 ordinary shares in the Target Company, representing 97% of the total issued and paid-up ordinary share capital of the Target Company as at the Latest Practicable Date, and are held by the Vendors in the following proportions:

NAME OF VENDOR	NO. OF VENDOR SHARES HELD	PERCENTAGE SHAREHOLDING
Lighthouse	5,848,836	69.44%
Danny Lien Chong Tuan	2,320,921	27.56%
Total:	8,169,757	97.00%

In order for the Company to acquire the entire issued and paid-up share capital of the Target Company, Lighthouse will, pursuant to the SPA, exercise its drag-along rights conferred upon it by the constitution of the Target Company to require the other Relevant Shareholders (other than the Vendors) to sell and transfer all their respective Relevant Shares to the Company, in each case in accordance with the provisions of the aforesaid constitution.

2.3 **Information on the Vendors**

Lighthouse

Lighthouse is a company incorporated in the British Virgin Islands, indirectly wholly-owned by the ShawKwei Group. Kyle Arnold Shaw, Jr. is the chairman of the Target Company.

PeakBayou Ltd (which owns 75.64% of the Company) is indirectly wholly-owned by the ShawKwei Group. The ShawKwei Group is under the control of Kyle Arnold Shaw, Jr., who is also a Director and the Executive Chairman of the Company.

Accordingly, the Proposed Acquisition between the Company as the Entity at Risk, and Lighthouse as an "interested person" would constitute an "interested person transaction" for the purpose of Chapter 9 of the Listing Manual.

Danny Lien Chong Tuan

Danny Lien Chong Tuan is the founder and managing director of Amos International Holdings Pte. Ltd.

2.4 **Key Financial Information on the Target Group**

Based on the unaudited consolidated management accounts of the Target Group for the financial period beginning 1 January 2018 and ended 31 May 2018, the Target Group had a Book Value and NTA of S$27,937,565, loss before income tax of S$87,313, and loss after income tax of S$87,313.

Based on the audited consolidated accounts of the Target Group audited by BDO LLP for the financial year ended 31 December 2017:-

(a) for the financial year ended 31 December 2017, the Target Group had a Book Value and NTA of S$28,019,197, loss before income tax of S$1,064,530, and loss after income tax of S$860,048; and

(b) for the financial year ended 31 December 2016, the Target Group had a Book Value and NTA of S$28,828,352, loss before income tax of S$67,612, and profit after income tax of S$71,473.

A copy of the unaudited consolidated management accounts of the Target Group for the financial period beginning 1 January 2018 and ended 31 May 2018, and copies of the audited consolidated accounts of the Target Group audited by BDO LLP for the financial years ended 31 December 2017 and 31 December 2016, are set out in Appendix B to this Circular.

2.5 **The Property**

The Target Group, through Amos International (S) Pte. Ltd., a wholly-owned subsidiary of the Target Company, owns a property located at 156 Gul Circle, Singapore 629613 (the "**Property**"). Based on the Valuation Report (as set out in Appendix C to this Circular), the Property is leased by JTC Corporation to the Target Group under a 51-year lease commencing 1 February 1974 and expiring on 31 January 2025, with an offer dated 26 July 2016 by JTC Corporation (the "**Lease Extension Offer**") to further extend for 15 years and 11 months subject to certain conditions being met, including the requirement to develop the Property to a minimum GFA at plot ratio of 2.05 by 25 July 2021 (the "**GFA Condition**").

The construction work required by the Target Group to increase the GFA is already in progress. The Target Group has already entered into contracts with Boustead Projects E&C Pte. Ltd. (the "**Contractor**") for improvement works on the Property, including the increase of its GFA to conform with the GFA Condition. The Contractor has already commenced work on the Property and is committed to deliver the final completed project on 21 January 2019.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 **The Sale and Purchase Agreement**

The Company and the Vendors have agreed to the sale and purchase of the Vendor Shares on the terms and subject to the conditions set out in the SPA, under which the Company shall purchase, and the Vendors shall sell their respective proportion of the Vendor Shares. In addition, Lighthouse shall procure the sale to the Company of the Relevant Shares (other than the Vendor Shares).

In order for the Company to acquire the entire issued and paid-up share capital of the Target Company, Lighthouse will, pursuant to the terms of the SPA, exercise its drag-along rights conferred upon it by the constitution of the Target Company to require the registered holders of all the Remaining Shares (other than the Vendors) to sell and transfer all their respective Remaining Shares to the Company, in each case in accordance with the provisions of the aforesaid constitution.

3.2 **Consideration**

The total consideration payable by the Company to the shareholders of the Target Company holding the existing issued ordinary shares in the Target Company comprising 8,422,555 Vendor Shares and Remaining Shares (as at the date of the SPA) shall be S$48,614,987 (the

"**Consideration**") on the basis that the price of each Relevant Share is S$5.772 (the "**Relevant Share Price**"). The above does not include any Restricted Shares which may be issued pursuant to the exercise of the Employee Options (please refer to Section 3.3 of this Circular). The Consideration is derived based on the Target Company's unaudited consolidated NAV as of 31 May 2018 plus the market value[1] of the Property. The Target Company's unaudited consolidated NAV as of 31 May 2018 is S$27,937,565. For the avoidance of doubt, in determining the Consideration, the aggregate of the Target Company's unaudited consolidated NAV as of 31 May 2018, and the market value of the Property, shall be net of the book value of the Property as of 31 May 2018, being S$20,324,504.

The Consideration shall be satisfied by the Company by the issuance and allotment of new ordinary shares in the capital of the Company to be allotted and issued by the Company at an issue price of S$0.060 for each new share (rounded up to the nearest whole number) (the "**Consideration Shares**"), credited as fully paid up and ranking *pari passu* in all respects with all the other then existing ordinary shares of the Company. The consideration of S$48,614,987 is determined on a willing-buyer and willing-seller basis as at the date of the SPA, and will be adjusted (i) for any increases in the Target Company's unaudited consolidated NAV as at the Completion date (provided always that, the absolute amount of any such increase shall not exceed 1.5% of the Target Company's unaudited consolidated NAV as of 31 May 2018) (the "**NAV Adjustment**"); and (ii) as set out in Section 3.3 of this Circular. For the avoidance of doubt, the NAV Adjustment does not take into account any Restricted Shares which may be issued by the Target Company pursuant to the exercise of the Employee Options. Please refer to Section 3.3 of this Circular for further details.

NAV Adjustment

The Consideration and NAV Adjustment were agreed pursuant to negotiations with the Vendors and approved by the Audit Committee of the Company. In the event that the Target Company's unaudited consolidated NAV as at the Completion date is lower than the Target Company's unaudited consolidated NAV of S$27,937,565 as at 31 May 2018, there is no downward adjustment mechanism to the Consideration. While there is no downward adjustment mechanism, should the Target Company's unaudited consolidated NAV as at the Completion date be lower than the Target Company's unaudited consolidated NAV as at 31 May 2018, the Company notes that the Company is not required to complete the purchase of the Target Company unless the following Sale Conditions (among others) in the SPA are complied with:-

(a) the satisfactory completion of a legal, financial and business due diligence review by the Company in respect of the operations, business, management and affairs of the Target Group (including the resolution of all issues relating to the Target Group on terms satisfactory to the Company); and

(b) there having been no material adverse change (as determined by the Company) in respect of (i) the prospects, operations and/or financial condition of the Target Group (or any member thereof); and/or (ii) the economic, political and investment environment in Singapore and/or the other countries in which the Target Group carries on business.

[1] Based on the Valuation Report (as set out in Appendix C to this Circular), the market value of the Property on an 'as-is' basis is S$41,000,000.

Accordingly, the Company is of the view that should there be a significant adverse finding from the due diligence review or if there is a reduction in the Target Company's unaudited consolidated NAV as at the Completion date, the above Sale Conditions would be relevant and applicable.

With reference to paragraph 4.10 of the IFA Letter, should the Target Company's unaudited consolidated NAV as of the date of Completion fall below the Target Company's unaudited consolidated NAV as of 31 May 2018, the Independent Directors (led by the lead Independent Director, Mr. David Wood Hudson) will assess the Company's rights and position under the SPA. In such a scenario, subject to the Sale Conditions set out above, the Directors will decide to either mutually agree to reduce the Consideration or decide not to proceed with the Proposed Transaction. In coming to this decision, the Independent Directors (led by the lead Independent Director, Mr. David Wood Hudson) will, amongst other factors, (i) take into consideration the applicability of the Sale Conditions set out above; and (ii) consider if any reduction in the Target Company's unaudited consolidated NAV constitutes a material adverse change, taking into account factors such as the materiality of the impact of the NAV reduction on the prospects, financial condition and operations of the Target Group (or any member thereof), and the expected duration of such impact. In such event, the assessment and decision of the Independent Directors will be subject to the unanimous view of the Audit Committee, and will be announced.

On the Completion date, the Company will announce the final Consideration and the Target Company's unaudited consolidated NAV as at such date.

Value of the Property

According to the Valuation Report, the market value of the Property of S$49,500,000 reflects the value of the Property after fulfilment of the conditions set out under the Lease Extension Offer, including fulfilment of the GFA Condition. As disclosed in Section 2.5 of this Circular, the construction work required by the Target Group to increase the GFA of the Property is already in progress. The net increase in assets to the Target Company from the increase in Property value is calculated by including the committed capital expenditure of approximately S$8.5 million to reduce the Target Group's adjusted NAV as follows:

Target Group's NAV at 31 May 18 (per the Reviewed Target Group Financial Statements)	S$27.9 million
Add market value of Property on a 'completed' basis (per the Valuation Report)	S$49.5 million
Less book value of Property (as at 31 May 18 based on the Reviewed Target Group Financial Statements)	(S$20.3 million)
Less committed cost of Property expansion construction (per Valuation Report)	(S$8.5 million)
Adjusted NAV of Target Group	**S$48.6 million**

3.3 **Adjustment**

As at the Latest Practicable Date, there are 480,000 existing employee options (the "**Employee Options**") granted by the Target Company pursuant to a share option plan, each aforesaid option being exercisable in exchange for one (1) Restricted Share in the Target Company. Based on the Target Company's constitution, the employees will have to pay an exercise price to exercise their Employee Options. The exercise price for each Employee Option is the sum of (i) S$4.00 and (ii) an amount equal to the interest on S$4.00 at a compound interest rate of 7% per annum (on the basis of a 365-day year) from the date of the share option plan until the date of payment of the exercise price. Based on the formula for calculating the exercise price for each Employee Option, the aggregate cash proceeds which the Target Company may receive from the exercise of the Employee Options cannot be determined until such Employee Options are exercised as the exercise price of an Employee Option will increase until the date such option is exercised.

As of 31 July 2018, the exercise price is S$4.795 per Restricted Share of the Target Company. Accordingly, for illustrative purposes, assuming all of the Employee Options were exercised on 31 July 2018, and 480,000 Restricted Shares were issued, the Target Company will receive proceeds of approximately S$2,301,600. Such proceeds will be retained by the Target Company in its cash account.

In the event that any of the Employee Options are validly exercised pursuant to which the Target Company allots and issues the resulting number of Restricted Shares before 5 p.m. five (5) Business Days prior to the date of Completion, then Lighthouse shall procure the sale of the Restricted Shares to the Company, and the Company shall purchase those Restricted Shares from the registered holders thereof at the same Relevant Share Price. The total Consideration shall be increased by an amount equal to the following equation (the "**Option Share Consideration**"):

Option Share Consideration	=	(Number of Restricted Shares as at 5p.m. five (5) Business Days prior to the date of Completion)	X	The Relevant Share Price, being S$5.772

For the avoidance of doubt, the Option Share Consideration amount shall not exceed S$2,770,560.

The Company will purchase the Restricted Shares for the Option Share Consideration, to be satisfied by the Company by the issuance and allotment of Consideration Shares (rounded up to the nearest whole number), credited as fully paid up and ranking *pari passu* in all respects with all the other then existing ordinary shares in the capital of the Company. For the avoidance of doubt, the number of Consideration Shares to be issued and allotted by the Company to satisfy the Option Share Consideration shall not exceed 46,176,000 Consideration Shares.

For illustrative purposes, the number of Consideration Shares which the Company will issue pursuant to the NAV Adjustment and the Option Share Consideration is set out below:

Adjustments	Consideration	Consideration Shares
Assuming no NAV Adjustment and no acquisition of Restricted Shares	S$48,614,987	810,249,784
Assuming full NAV Adjustment and no acquisition of Restricted Shares	S$49,034,050	817,234,176
Assuming no NAV Adjustment and the acquisition of all 480,000 Restricted Shares	S$51,385,547	856,425,784
Assuming full NAV Adjustment and the acquisition of all 480,000 Restricted Shares	S$51,804,611	863,410,176

Any unexercised Employee Options as at 5 p.m. on the day falling five (5) Business Days prior to the date of Completion will cease to be exercisable and will be terminated in accordance with the terms of the share option plan of the Target Company.

3.4 **Source of Funds**

The Consideration will be satisfied by the issue and allotment of up to 863,410,176 Consideration Shares.

3.5 **Sale Conditions**

Completion is conditional upon, *inter alia*, the following matters (the "**Sale Conditions**") being fulfilled or done on or prior to Completion or waived by the Company (as applicable):

(a) the satisfactory completion of a legal, financial and business due diligence review by the Company in respect of the operations, business, management and affairs of the Target Group (including the resolution of all issues relating to the Target Group on terms satisfactory to the Company);

(b) the warranties being true, complete and accurate in all respects as at Completion;

(c) there having been no material adverse change (as determined by the Company) in respect of:-

(i) the prospects, operations and/or financial condition of the Target Group (or any member thereof); and

(ii) the economic, political and investment environment in Singapore and/or the other countries in which the Target Group carries on business;

(d) all necessary governmental or regulatory filings, permits or approvals having been made or obtained in connection with the SPA and the transactions contemplated therein; and

(e) the Company having obtained the approval of its Board and/or the Shareholders at an extraordinary general meeting to be convened, as may be necessary, for the Company's entry into the SPA and the transactions contemplated therein, including but not limited to the sale and purchase of the Relevant Shares and the issue and allotment of the Consideration Shares, and such approval(s) remaining valid and in full force and effect and not having been withdrawn or revoked as at Completion.

If any of the Sale Conditions are not fulfilled (or waived by the Company (as applicable)) by 30 October 2018 (or such other date as the parties to the SPA may agree), the SPA shall *ipso facto* cease and determine (save for certain specified clauses) and none of the parties to the SPA shall have any claim against the others for costs, damages, compensation or otherwise save for any claim by a party against any other party for a breach of its undertaking to use its best endeavours to ensure the satisfaction of the Sale Conditions.

3.6 **Limitation of Liability**

The liability of the Vendors in respect of:

(a) all claims under the warranties relating to the ownership, title and rights to the Vendor Shares shall not exceed 100% of the amount of the Consideration, such liability being in proportion to the value of the Consideration Shares received by each Vendor respectively; and

(b) all other claims made under the SPA shall not exceed 50% of the amount of the Consideration, such liability being in proportion to the value of the Consideration Shares received by each Vendor respectively,

provided always that the aggregate liability of the Vendors for all claims made against them under the SPA shall not in any case exceed 100% of the amount of the Consideration.

No Vendor shall be liable to the Company in respect of any claim unless (i) notice of a claim is given by the Company to the Vendors within 12 months from the date of Completion (and if such claim is capable of remedy and is not remedied to the reasonable satisfaction of the Company within 30 days of receipt of such notice by the Vendors); (ii) the aggregate liability for all claims exceeds S$50,000, in which case such Vendor shall be liable for the entire amount and not merely the excess, and in calculating liability for such claims, any claim which is less than S$25,000 (excluding interest, costs and expenses) shall be disregarded and any number of claims arising out of the same or similar subject matter, facts, events or circumstances shall be aggregated and form a single claim.

The limitation of liability set out under Section 3.6(b) above was mutually agreed after extensive negotiations on an arm's length basis between the Vendors and the Company and taking into consideration the Target Group's significant asset value, low liabilities, positive EBITDA as well as the nature of the Consideration as follows:

(i) the Consideration of approximately S$48.6 million is derived based on the Target Company's unaudited consolidated NAV as of 31 May 2018 plus the market value of the Property. As a result, the revalued NAV of the Target Group comprises total assets of S$74.0 million and total liabilities of S$25.4 million;

(ii) the market value of the Property (which forms part of the assets of the Target Company) on a 'completed basis' per the Valuation Report is S$49.5 million, representing approximately 101.9% of the S$48.6 million Consideration value. The

Property, as well as most of the other assets of the Target Company, are based in Singapore;

(iii) the Target Group has positive operating profit producing an annualized EBITDA of approximately S$2.2 million for the financial year ending 31 December 2018 (based on the EBITDA of the Target Group as at 31 May 2018, as reported by the IFA at paragraph 4.6 of the IFA Letter); and

(iv) the Consideration payable to the Vendors comprise solely the Consideration Shares, for which there is no certainty following Completion as to their market value and ability to sell due to both market conditions and the history of low trading liquidity.

In the event of any claim by the Company falling under Section 3.6(b) above, the Company will in any case still retain all rights, title, and ownership of the assets and earnings, and in any case, the Company is of the view that any claim falling under Section 3.6(b) above would unlikely exceed 50% of the Consideration.

4. THE PROPOSED ALLOTMENT AND ISSUANCE OF CONSIDERATION SHARES

4.1 Rule 805(1) of the Listing Manual provides that an issuer must obtain the prior approval of shareholders in general meeting for the issuance of shares unless such issuance is being made pursuant to a general mandate obtained from shareholders.

4.2 The Company had on 21 July 2017 passed a general mandate that pursuant to Section 161 of the Companies Act, the constitution of the Company, and the Listing Manual, the Directors of the Company be authorised to allot and issue Shares in the capital of the Company. The number of Shares which may be issued pursuant to the general mandate other than on a pro-rata basis to existing Shareholders shall not exceed 20% of the total number of issued Shares at the time the general mandate was passed.

4.3 The Consideration shall be satisfied by the issue and allotment of up to an aggregate of 863,410,176 Consideration Shares to the Relevant Shareholders, representing up to 48.02% of the existing share capital of the Company as of the Latest Practicable Date, and up to 32.44% of the enlarged share capital of the Company following the completion of the Proposed Allotment. As the issue of up to 863,410,176 Consideration Shares exceeds the number of Shares allowed to be issued pursuant to the aforementioned general mandate, the issue of the Consideration Shares requires the approval of Shareholders.

4.4 The issue price of S$0.060 for each Consideration Share was determined based on a premium of 20% over the VWAP of S$0.050 per Share for transactions over the 6-month period from 6 January 2018 to 6 July 2018 (the "**Relevant VWAP**").

As the Shares in the Company have been thinly traded on the SGX-ST with very low liquidity, the Relevant VWAP was calculated based on a longer period of six months and including all off-market transactions during this period, namely: (a) the off-market transaction of 10,788,000 Shares on 23 February 2018 at S$0.059 per Share, and (b) the placement of 1,360,000,000 Shares on 13 March 2018 at S$0.050 per Share. As a result, the issue price of S$0.060 for each Consideration Share was determined on the basis that it is a premium of 20% over the Relevant

VWAP of S$0.050 per Share for all transactions over the 6-month period from 6 January 2018 to 6 July 2018.

The issue price of S$0.060 for each Consideration Share is also approximately equivalent to the Company's NAV per Share of approximately S$0.060 as of 31 March 2018, and as such, is consistent with the NAV per share-based valuation methodology used for the Target Company (i.e. based on the Target Company's unaudited consolidated NAV as of 31 May 2018 plus the market value of the Property). Accordingly, the Company is of the view that this is an additional basis on which the issue price for each Consideration Share is justified.

The last trade preceding the date of the SPA was on 30 May 2018, or 37 calendar days prior to the SPA signing date (being 7 July 2018), when 150,000 Shares were traded at S$0.080 per Share for a total value of S$12,000. The issue price of S$0.060 for each Consideration Share represents an approximately 25% discount to the S$0.080 per Share traded on 30 May 2018, being the last market day preceding the date of the SPA on which trades were done on SGX-ST.

4.5 The Consideration Shares shall be issued free from all encumbrances and shall rank *pari passu* in all respects with and carry all rights similar to the Shares existing as at the date of the allotment and issue of the Consideration Shares, save for any dividends, rights, allotments or other distributions, the record date of which falls before the issuance of the Consideration Shares.

4.6 **Additional Listing Application**

The Company has submitted an application to the SGX-ST for the listing and quotation of the Consideration Shares on the SGX-ST. The Company had on 5 September 2018 received approval-in principle from the SGX-ST for the listing and quotation of the Consideration Shares on the Mainboard of the SGX-ST, subject to compliance with the SGX-ST's listing requirements and guidelines and independent Shareholders' approval for the Proposed Transaction.

The approval-in-principle from the SGX-ST is not to be taken as an indication of the merits of the Proposed Acquisition, the Consideration Shares, the Company and/or its subsidiaries.

5. INTERESTED PERSON TRANSACTION

5.1 **Details of the Interested Person**

As at the Latest Practicable Date, Kyle Arnold Shaw, Jr. is the Executive Chairman and a Director of the Company.

Lighthouse holds 69.44% of the Target Company and is indirectly wholly-owned by the ShawKwei Group. PeakBayou Ltd (which owns 75.64% of the Company) is indirectly wholly-owned by the ShawKwei Group. The ShawKwei Group is under the control of Kyle Arnold Shaw, Jr., who is also a Director and the Executive Chairman of the Company.

Kyle Arnold Shaw, Jr. is also the chairman of the Target Company. Therefore, Lighthouse is regarded as an "interested person" within the meaning of Chapter 9 of the Listing Manual as Lighthouse is an associate of Kyle Arnold Shaw, Jr.

5.2 Interested Person Transaction

Under Chapter 9 of the Listing Manual, where a company proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of the company's latest audited NTA, shareholders' approval is required in respect of the transaction.

Based on the Group's audited consolidated financial statements for FY2018, the Group's audited NTA is S$109,396,427. The value of the Proposed Acquisition, being the amount at risk to the Company, is up to S$51,804,611. The aggregate value of the Proposed Acquisition against the Group's audited NTA is 47.35%, which exceeds 5.0% of the Group's audited NTA for FY2018.

Accordingly, the Proposed Acquisition is an interested person transaction which requires the approval of Shareholders pursuant to Rule 906(1)(a) of the Listing Manual.

5.3 Abstention from Voting

Rule 919 of the Listing Manual provides that an interested person and any associate of the interested person shall abstain from voting on the resolutions approving the interested person transactions involving themselves and their associates. Such interested persons and their associates shall not act as proxies nor accept appointments as proxies in relation to such resolutions unless specific voting instructions had been given by the shareholders.

As Lighthouse is an interested person for the purposes of Rule 919 of the Listing Manual, Lighthouse and its associates (including Kyle Arnold Shaw, Jr., the ShawKwei Group and PeakBayou Ltd) shall abstain from voting in respect of their shareholdings in the Company on Ordinary Resolution 1 and Ordinary Resolution 2 relating to the Proposed Acquisition and the Proposed Allotment respectively.

Lighthouse has also undertaken to decline, and ensure that its associates will also decline, to accept appointment as proxies to vote at and attend the forthcoming EGM in respect of Ordinary Resolution 1 and Ordinary Resolution 2 relating to the Proposed Acquisition and the Proposed Allotment respectively, unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast.

5.4 Opinion of Independent Financial Adviser

Chapter 9 of the Listing Manual provides that, where shareholders' approval is required for an interested person transaction, the Circular must include an opinion from an independent financial adviser as to whether such transaction is on normal commercial terms and if it is prejudicial to the interests of the Company and its minority Shareholders.

KPMG Corporate Finance Pte. Ltd. ("**IFA**") has been appointed as the independent financial adviser to advise the Independent Directors on whether the Proposed Acquisition is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders. Each Director (excluding Kyle Arnold Shaw, Jr. and Peter Pil Jae Ko (who is managing director within the ShawKwei Group)) is deemed to be an Independent Director for the purpose of the Proposed Acquisition.

A copy of the letter dated 14 September 2018 from the IFA (the "**IFA Letter**"), containing its opinion in full, is set out in Appendix A to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety. The advice of the IFA to the Independent Directors has been extracted from the IFA Letter and is reproduced in italics below:

> "*In arriving at our opinion on whether the Proposed Transaction is on normal commercial terms and whether it is prejudicial to the interests of Gaylin and its minority Shareholders, we have examined the factors below:*
>
> *(i) The rationale for the Proposed Acquisition appears to be reasonable;*
>
> *(ii) The asset-based valuation of Gaylin;*
>
> *(iii) The asset-based valuation for Amos;*
>
> *(iv) Peer group and precedent comparable transactions analysis for Amos;*
>
> *(v) The pro forma financial effects of the Proposed Transaction;*
>
> *(vi) The adjustment to the consideration due to changes to the Target Company's unaudited consolidated net asset value as of the Completion Date (as set out in paragraph 4.10.1 of this letter);*
>
> *(vii) The adjustment to the Consideration due to the Employee Options;*
>
> *(viii) The pro forma financial effects of the Proposed Transaction indicates that the acquisition is earnings per share accretive (as represented by a reduction in loss per share) and NTA dilutive on a per share basis to Gaylin shareholders, assuming that the revaluation surplus, as estimated by Colliers International Consultancy & Valuation (Singapore) Pte Ltd in the Valuation Report, was not taken into account; and*
>
> *(ix) Other relevant considerations including other key commercial terms of the SPA and the synergies arising from the Proposed Transaction.*
>
> ***After carefully considering the information available to us as at the Latest Practicable Date, and based upon the monetary, industry, market, economic and other relevant conditions subsisting as at the Latest Practicable Date, and based on the analysis undertaken and subject to the qualifications and assumptions made herein, we are of the opinion that the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of Gaylin Holdings Limited and its minority Shareholders.***"

5.5 **Audit Committee's Statement**

Having considered the terms, the rationale and the benefits of the Proposed Transaction, and the opinion of the IFA on the Proposed Transaction, the Audit Committee concurs with the opinion of the IFA and is of the view that the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. In particular, with respect to the NAV Adjustment and the lack of a downward adjustment to the Consideration, as set out in Section 3.2 of this Circular, the Audit Committee is of the view that such terms are on normal commercial terms and are not prejudicial to the interests of the Company and its minority

Shareholders, taking into account the reasons set out in Section 3.2 of this Circular, which have been extracted and reproduced in italics below:

> *"While there is no downward adjustment mechanism, should the Target Company's unaudited consolidated NAV as at the Completion date be lower than the Target Company's unaudited consolidated NAV as at 31 May 2018, the Company notes that the Company is not required to complete the purchase of the Target Company unless the following Sale Conditions (among others) in the SPA are complied with:-*
>
> *(a) the satisfactory completion of a legal, financial and business due diligence review by the Company in respect of the operations, business, management and affairs of the Target Group (including the resolution of all issues relating to the Target Group on terms satisfactory to the Company); and*
>
> *(b) there having been no material adverse change (as determined by the Company) in respect of (a) the prospects, operations and/or financial condition of the Target Group (or any member thereof); and/or (b) the economic, political and investment environment in Singapore and/or the other countries in which the Target Group carries on business.*
>
> *Accordingly, the Company is of the view that should there be a significant adverse finding from the due diligence review or if there is a reduction in the Target Company's unaudited consolidated NAV as at the Completion date, the above Sale Conditions would be relevant and applicable.*
>
> *With reference to paragraph 4.10 of the IFA Letter, should the Target Company's unaudited consolidated NAV as of the date of Completion fall below the Target Company's unaudited consolidated NAV as of 31 May 2018, the Independent Directors (led by the lead Independent Director, Mr. David Wood Hudson) will assess the Company's rights and position under the SPA. In such a scenario, subject to the Sale Conditions set out above, the Directors will decide to either mutually agree to reduce the Consideration or decide not to proceed with the Proposed Transaction. In coming to this decision, the Independent Directors (led by the lead Independent Director, Mr. David Wood Hudson) will, amongst other factors, (i) take into consideration the applicability of the Sale Conditions set out above; and (ii) consider if any reduction in the Target Company's unaudited consolidated NAV constitutes a material adverse change, taking into account factors such as the materiality of the impact of the NAV reduction on the prospects, financial condition and operations of the Target Group (or any member thereof), and the expected duration of such impact. In such event, the assessment and decision of the Independent Directors will be subject to the unanimous view of the Audit Committee, and will be announced."*

6. RATIONALE

The Board views the Proposed Acquisition as an opportunity for the Group to improve its financial strength and business capabilities by acquiring a well-established and profitable (based on the EBITDA of the Target Group) business with complementary products and capabilities. By comparison, the Company is in a negative EBITDA position. The Proposed Acquisition also has significant asset value, relatively low debt, and the new equity issuance will reduce overall debt leverage. After completion of the Proposed Acquisition of the Target Group, which has a NAV of approximately S$48.6 million, the Company will increase its assets by approximately S$74.0 million (included revaluation of leasehold property), increase its total liabilities by approximately S$25.4 million, and increase NAV base by approximately S$48.6 million.

Based on the Reviewed Target Group Financial Statements and the IFA Letter, the Target Group had:

(a) an annualised EBITDA of approximately S$2.2 million for the financial year ending 31 December 2018 (based on the EBITDA of the Target Group as at 31 May 2018, as reported by the IFA at paragraph 4.6 of the IFA Letter);

(b) total assets of approximately S$74.0 million (including the market value of the Property on an 'as-is' basis of S$41,000,000);

(c) total bank borrowings of approximately S$6.32 million;

(d) total liabilities of approximately S$25.4 million; and

(e) total equity of approximately S$48.6 million (based on total assets of approximately S$74.0 million including the market value of the Property on an 'as-is' basis of S$41,000,000).

On 28 May 2018 the Company announced the following financial results as of 31 March 2018:

(i) a negative EBITDA of approximately S$1.6 million;

(ii) total assets of approximately S$182.4 million

(iii) total bank borrowings of approximately S$57.1 million;

(iv) total liabilities of approximately S$73.0 million; and

(v) total equity of approximately S$109.4 million.

As a result of acquiring the Target Group, the Company will benefit from a significant improvement to its leverage ratios, thereby enhancing the creditworthiness and reducing the perceived credit risk of the Company. For illustrative purposes, using the above figures and assuming the Proposed Transaction had been completed on 31 March 2018, the pro forma effects on the Company’s leverage ratios are as follows:

(A) debt to equity ratio improves to approximately 40% after the Proposed Acquisition from approximately 52% before the Proposed Acquisition;

(B) debt to assets ratio improves to approximately 25% after the Proposed Acquisition from approximately 31% before the Proposed Acquisition; and

(C) total EBITDA improves to approximately positive S$0.62 million after the Proposed Acquisition from a loss of approximately S$1.6 million before the Proposed Acquisition.

In addition, the Proposed Acquisition will bring in new customers, new products, and expand the Group’s geographic scope. The Proposed Acquisition will enable the Group to strengthen its current market position, improve financial strength, and achieve its corporate objectives in the following areas:

Expand its customer base and product range

The Group's customer base are largely companies involved in offshore oil and gas services, whereas the Target Group's customer base are largely maritime vessel owners. The Group is well known and has a long history of serving the rigging and heavy lifting customers from its various locations in Asia, Europe, and the Middle East. The Group's chandelling sales revenue comprised 23% (being S$15,700,000) of the Group's total in FY2018, whereas the Target Group's sales revenues were 100% but with a different customer base. It is expected that following completion of the Proposed Acquisition, the Group will be able to benefit from cross-selling opportunities across product lines, with the Group also able to access and deepen the Target Group's connections.

The Target Group has developed the proprietary product line Alcona. Under the Alcona brand, the Target Group offers a complete range of products including consumable essentials, crew gear (e.g. coveralls, clothing, footwear), and personal protective equipment at competitive pricing for working men and women on ships and in the offshore oil and gas industry at sea. The Proposed Acquisition is expected to allow the Group to distribute Alcona products to a wider customer base, including the Group's offshore oil and gas customers.

Expand geographical coverage of existing product and service

The Group has existing chandelling businesses in Singapore (through its wholly-owned subsidiary, Allseas Marine Services Pte. Ltd.) and South Korea (through its majority owned subsidiary, Phoenix Offshore Co., Ltd.). The Target Group is headquartered in Singapore with wholly-owned chandelling businesses in Shanghai and Hong Kong, with all three operating in the world's busiest ports. Following completion of the Proposed Acquisition, the Group's existing chandelling business will benefit by expansion in Singapore and the extension of its geographical reach to Hong Kong and Shanghai. In addition, the expanded capabilities and base of business in chandelling will provide opportunities to expand in other existing Group locations after further business plan development and approval.

Scale and Financial Synergies

The Group expects to report significant improvements to its financial position after completion of the Proposed Acquisition, including a doubling of revenues, an increase in equity value, and improvement to debt leverage ratios. With a stronger financial position and larger size, the Group expects to benefit in ways such as economies of scale in procurement (better prices and terms), deeper and broader management resources, and improved relationships with its existing banks and creditors.

Asset efficiencies and right-sizing

The Group expects to benefit from cost savings and extra cash flow obtained by improved utilization of real estate assets, and disposing of real estate assets which no longer are needed after the Completion of the Proposed Acquisition. In particular, the Target Group has a modern logistics centre (i.e. the Property) with a GFA of approximately 178,873 square feet, which is currently being upgraded and expanded to approximately 244,873 square feet. The Group expects to dispose of unnecessary real estate in Singapore and use the Target Group's upgraded and expanded logistics centre to consolidate management, operations, and warehousing requirements. The proceeds from liquidating unnecessary real estate will reduce debt while reducing the use of other rental properties will reduce costs. This real estate consolidation will effectively improve the Group's profitability, its cash position, and strengthen the balance sheet by reducing debt.

Operational Enhancements

The Group expects to benefit from operational enhancements, including but not limited to a better utilized workforce, consolidated enterprise infrastructure, such as accounting and IT systems, and the ability to better attract and retain talent resulting from the creation of a bigger business.

7. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

7.1 Assumptions

The pro forma financial effects of the Proposed Transaction on the Group have been prepared based on the figures derived from the Group's audited consolidated financial statements for FY2018 and are purely for illustration purposes only and do not reflect the actual future results and financial position of the Group following the completion of the Proposed Transaction.

7.2 NTA

For illustrative purposes and assuming the Proposed Transaction had been completed on 31 March 2018, the pro forma financial effects on the consolidated NTA for FY2018 are as follows:

	Before the Proposed Transaction	**After the Proposed Transaction**
NTA (S$)	109,396,427	137,333,992(1) / 158,009,488(2)
Number of Shares	1,798,000,000	2,661,410,176
NTA per Share (S$)	0.06	0.05(1) / 0.06(2)

Notes:

(1) Based on the NTA of the Target Group as at 31 May 2018 (based on the Reviewed Target Group Financial Statements), before a revaluation gain of S$20,675,496 in relation to the property at 156 Gul Circle, Singapore 629613 (based on the Valuation Report).

(2) Based on the NTA of the Target Group as at 31 May 2018 (based on the Reviewed Target Group Financial Statements), assuming a revaluation gain of S$20,675,496 in relation to the property at 156 Gul Circle, Singapore 629613 (based on the Valuation Report).

7.3 **Effects on earnings per share**

For illustrative purposes and assuming the Proposed Transaction had been completed on 1 April 2017, the pro forma financial effects on the Loss per Share of the Group for FY2018 are as follows[1]:

	Before the Proposed Transaction	After the Proposed Transaction
Net loss attributable to Shareholders after tax (S$)	51,574,641	52,214,101
Number of weighted average Shares	508,794,521	1,372,204,697
Loss per Share (S$)	0.10	0.04

Notes:

(1) Based on the trailing twelve months unaudited consolidated financial statements of the Target Group for the period from 1 June 2017 to 31 May 2018, of which the financial statements for the five-month period from 1 January 2018 to 31 May 2018 have been reviewed by the Target Company's auditors, BDO LLP.

7.4 **Share Capital**

For illustrative purposes and assuming the Proposed Transaction had been completed on 31 March 2018, the effect of the Proposed Transaction on the share capital of the Company for FY2018 are as follows:

	Before the Proposed Transaction	After the Proposed Transaction
Total number of Shares (excluding treasury shares)	1,798,000,000	2,661,410,176
Total issued and paid-up capital	118,339,777	170,144,388

8. SHAREHOLDERS' APPROVAL

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST are as follows:

Rule 1006	Bases	Size of Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net loss before tax attributable to the Relevant Shares acquired, compared with the Group's net loss before tax and minority interests	1.61[(1)]
(c)	The aggregate value of the consideration given for the Relevant Shares, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares	36.02[(2)]
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	48.02[(3)]
(e)	The aggregate volume or amount of proved and probable reserved to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Notes:

(1) Based on the net loss before tax of the Target Group for the 12-month period ended 31 May 2018 of S$823,336 and the net loss before tax for the Group for the financial year ended 31 March 2018 of S$51,282,000.

(2) Based on the aggregate value of up to 863,410,176 Consideration Shares and the issued share capital of the Company of 1,798,000,000 Shares and the weighted average price of S$0.080 transacted on the Mainboard of the SGX-ST on 30 May 2018, being the last market day preceding the date of the SPA on which trades were done on the SGX-ST.

(3) Based on up to 863,410,176 Consideration Shares to be issued and allotted by the Company in satisfaction of the Consideration.

As the relative figures on the bases set out in Rules 1006(c) and 1006(d) exceed 20%, the Proposed Acquisition constitutes a major transaction as defined in Chapter 10 of the Listing Manual and is subject to the approval of the Shareholders at the EGM.

9. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

9.1 Interests of Directors

The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

Directors	Direct Interest		Deemed Interest	
	Number of Shares	%(1)	Number of Shares	%(1)
Kyle Arnold Shaw, Jr.	-	-	1,360,000,000(2)	75.64

Notes:

(1) The percentage of Shares is computed based on 1,798,000,000 Shares being the total number of issued voting shares of the Company (excluding treasury shares) as at the Latest Practicable Date.

(2) Kyle Arnold Shaw, Jr. is deemed interested in the Shares held by PeakBayou Ltd. in the Company pursuant to section 7 of the Companies Act. PeakBayou Ltd is indirectly wholly-owned by the ShawKwei Group, which is under the control of Kyle Arnold Shaw, Jr.

9.2 Interests of Substantial Shareholders

The interests of the Substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	%(1)	Number of Shares	%(1)
PeakBayou Ltd.	1,360,000,000	75.64	-	-
ShawKwei Asia Value Fund 2017, L.P.	-	-	1,360,000,000(2)	75.64
ShawKwei Investments LLC	-	-	1,360,000,000(3)	75.64

Notes:

(1) The percentage of Shares is computed based on 1,798,000,000 Shares being the total number of issued voting shares of the Company (excluding treasury shares) as at the Latest Practicable Date.

(2) ShawKwei Asia Value Fund 2017, L.P.'s deemed interest arises by virtue of PeakBayou Ltd.'s direct interest in the Shares. PeakBayou Ltd. is wholly-owned by ShawKwei Asia Value Fund 2017, L.P.

(3) ShawKwei Investments LLC's deemed interest arises by virtue of PeakBayou Ltd.'s direct interest in the Shares. ShawKwei Asia Value Fund 2017, L.P. is managed by ShawKwei Investments LLC, its general partner.

9.3 Save as disclosed in Sections 5 and 9 of this Circular, none of the Directors or Substantial Shareholders of the Company has any direct or indirect interest in the Proposed Transaction other than through their respective shareholdings in the Company as disclosed above.

10. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction and accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. DIRECTORS' RECOMMENDATION

Having considered the terms, the rationale and the benefits of the Proposed Transaction, the Independent Directors are of the view that the Proposed Transaction is in the best interests of the Company and accordingly recommend that the Shareholders vote in favour of the resolutions for the Proposed Transaction.

12. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 33 of this Circular, will be held on 3 October 2018 at 4 p.m. (Singapore time) for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions as set out in the notice of EGM.

13. INTER-CONDITIONALITY

Shareholders' approval for the Proposed Acquisition is sought in a separate resolution (namely, Ordinary Resolution 1) from the resolution to approve the Proposed Allotment (namely, Ordinary Resolution 2) at the EGM. Shareholders should note that Ordinary Resolution 1 and Ordinary Resolution 2 are inter-conditional. This means that if Ordinary Resolution 2 is not approved, Ordinary Resolution 1 would not be approved, and if Ordinary Resolution 1 is not approved, Ordinary Resolution 2 would not be approved. The inter-conditional resolutions are inter-conditional as they are integral parts of the same transaction, namely the Proposed Transaction.

14. ABSTENTION FROM VOTING

As described in Section 5.3 above Lighthouse shall abstain, and shall procure that its associates (including Kyle Arnold Shaw, Jr., the ShawKwei Group, and PeakBayou Ltd) will abstain, from voting in respect of each of their shareholdings in the Company on Ordinary Resolution 1 and Ordinary Resolution 2 relating to the Proposed Acquisition and the Proposed Allotment respectively.

Lighthouse shall, and shall procure that its associates shall, decline to accept appointment as proxies to vote at and attend the forthcoming EGM in respect of Ordinary Resolution 1 and Ordinary Resolution 2 relating to the Proposed Acquisition and the Proposed Allotment respectively, unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast.

In addition, Peter Pil Jae Ko, being a non-Independent Director (by virtue of his position as managing director within the ShawKwei Group), shall abstain, and shall procure that his associates will abstain, from voting in respect of each of their shareholdings in the Company on Ordinary Resolution 1 and Ordinary Resolution 2 relating to the Proposed Acquisition and the Proposed Allotment respectively.

15. DOCUMENTS FOR INSPECTION

The following documents are available for inspection during normal business hours at the registered office of the Company at 7 Gul Avenue, Singapore 629651 for three (3) months from the date of this Circular:

(a) the constitution of the Company;

(b) the IFA Letter;

(c) the SPA;

(d) the Valuation Report;

(e) the Reviewed Target Group Financial Statements and the review report by BDO LLP thereon; and

(f) the letters of consent referred to in Section 18 of this Circular.

16. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form attached to the notice of EGM in accordance with the instructions printed thereon as soon as possible and in any event so as to reach 7 Gul Avenue Singapore 629651, not later than 48 hours before the time for holding the EGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

18. CONSENTS

The IFA, KPMG Corporate Finance Pte. Ltd., has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Letter set out in Appendix A of this Circular and all references thereto in the form and context in which they appear in this Circular.

Colliers International Consultancy & Valuation (Singapore) Pte Ltd has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references to the valuation report relating to 156 Gul Circle, Singapore 629613 dated 12 June 2018 in the form and context in which they appear in this Circular.

BDO LLP, being the auditors to the Target Company, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references to the Reviewed Target Group Financial Statements and its review report thereon to the board of directors of the Target Company and its subsidiaries in the form and context in which they appear in this Circular.

Yours faithfully
GAYLIN HOLDINGS LIMITED

For and on behalf of the Board of Directors
Kyle Arnold Shaw, Jr.
Executive Chairman

APPENDIX A – IFA LETTER

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Private and Confidential

The Independent Directors
Gaylin Holdings Limited
7 Gul Avenue
Singapore 629651

14 September 2018

Dear Sirs

1 THE PROPOSED ACQUISITION OF THE ENTIRE SHARE CAPITAL OF AMOS INTERNATIONAL HOLDINGS PTE. LTD. AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION; AND

2 THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 863,410,176 ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S$0.060 EACH, AS CONSIDERATION FOR THE PROPOSED ACQUISITION.

*For the purposes of this letter, capitalised terms not otherwise defined herein shall have the same meaning as given in the circular to the shareholders of Gaylin Holdings Limited ("**Gaylin**" or the "**Company**") dated 14 September 2018 (the "**Circular**").*

1. INTRODUCTION

On 9 July 2018, the board of directors of Gaylin ("**Board**") announced that Gaylin had entered into a sale and purchase agreement (the "**SPA**") with Lighthouse Logistics Ltd and Danny Lien Chong Tuan (the "**Vendors**") on 7 July 2018 for the acquisition of the entire issued and paid up share capital of Amos International Holdings Pte. Ltd. ("**Amos**" or the "**Target Company**"), on the terms and conditions of the SPA (the "**Proposed Acquisition**"). The consideration for the Proposed Acquisition is S$48,614,987, which will be satisfied by the allotment and issuance of 810,249,784 shares ("**Consideration Shares**") to the Relevant Shareholders or their nominees (the "**Proposed Allotment**", and together with the Proposed Acquisition are hereby referred to as the "**Proposed Transaction**"). The number of Consideration Shares which will be allotted and issued to the Relevant Shareholders may be adjusted pursuant to the SPA as set out in more detail in section 3 of the letter to shareholders, but the aggregate number of Consideration Shares shall not exceed 863,410,176 Consideration Shares.

Rule 919 of the Listing Manual provides that an interested person and any associate of the interested person shall abstain from voting on the resolutions approving the interested person transactions involving themselves and their associates. Such interested persons and their associates shall not act as proxies nor accept appointments as proxies in relation to such resolutions unless specific voting instructions had been given by the shareholders.

As at the Latest Practicable Date, the ShawKwei Group, through PeakBayou Ltd., is an indirect shareholder of the Company holding 1,360,000,000 Shares representing 75.64% of the existing share capital of the Company as of the Latest Practicable Date. The ShawKwei Group is under the control of Kyle Arnold Shaw Jr., who is also the Executive Chairman and a Director of the Company. Kyle Arnold Shaw Jr. is also the chairman of the Target Company. Therefore, Lighthouse is regarded as an "interested person" within the meaning of Chapter 9 of the Listing Manual as Lighthouse is an associate of Kyle Arnold Shaw, Jr.

The Proposed Transaction constitutes both a major transaction per Chapter 10 of the Listing Manual and an interested person transaction ("**IPT**") in accordance with Chapter 9 of the Listing Manual. Therefore, Lighthouse shall abstain, and shall procure that its associates (including Kyle Arnold Shaw, Jr., the ShawKwei Group, and PeakBayou Ltd) will abstain, from voting on the shareholder resolutions relating to the Proposed Transaction.

We have been appointed as the independent financial adviser to advise the directors of Gaylin who are deemed to be independent for the purposes of the Proposed Transaction (the "**Independent Directors**") on whether the Proposed Transaction is on normal commercial terms and not prejudicial to the interests of Gaylin and its minority Shareholders. Each Director of Gaylin Holdings Limited (excluding Kyle Arnold Shaw Jr. and Peter Ko (who is managing director within the Shawkwei Group)) is deemed to be an Independent Director for the purposes of the Proposed Transaction.

This letter has been prepared pursuant to Rule 921(4)(a) of the SGX-ST of the Listing Manual.

2. TERMS OF REFERENCE

The objective of this letter is to provide an independent opinion as required under Rule 921(4) of the Listing Manual, on whether the Proposed Transaction is on normal commercial terms and whether it is prejudicial to the interests of Gaylin and its minority Shareholders.

We have not conducted a comprehensive review of the business, operations or financial conditions of Gaylin. Our terms of reference also do not require us to evaluate or comment on the merits and / or risks, whether strategic, commercial, financial or otherwise, of the IPT, or on the future prospects of Gaylin and as such, we do not express opinions thereon. Such evaluations or comments remain the sole responsibility of the Independent Directors (as appropriate).

It is also not within our terms of reference to compare the relative merits of the IPT to any alternative transactions previously considered by, or that may have been available to, Gaylin or any alternative transactions that may be available in the future. Such evaluations or comments remain the sole responsibility of the Independent Directors (as appropriate), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at the opinion.

In addition, we have not made any independent evaluation or appraisal of the existing or proposed assets or liabilities (including without limitation, real property) of Gaylin.

In formulating our opinion, we have held discussions with the directors and key management of Gaylin. We have considered the information contained in the Circular, publicly available information collated by us as well as information, both written and verbal, provided by the key management of Gaylin and the Independent Directors' professional advisers, which may include solicitors, auditors, tax advisers and valuers. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of and do not accept any responsibility for the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied on by us. We have nevertheless made reasonable enquiries and used our judgment in our assessment and the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

We have relied upon the representation of the directors of Gaylin, including those who may have delegated detailed supervision of the drafting of the Circular and the negotiation of the IPT, that they have taken all reasonable care to ensure that all information and facts, both written and verbal, as provided to us by the Directors, key management of Gaylin and other professional advisers (which may include solicitors, auditors, tax advisers and valuers) and facts as stated in the Circular are fair and accurate in all material respects and all material information and facts have been disclosed to us, and that no material information and facts have been omitted, the omission of which would render any statement in the Circular, information and facts disclosed to us or our opinion in this letter to be inaccurate, incomplete or misleading in any material respect. The Directors have collectively and individually accepted responsibility in the "Directors' Responsibility Statement" of the Circular. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information and facts.

Our opinion is based upon market, economic, industry, monetary and other conditions (where applicable) in effect on the Latest Practicable Date. Such conditions and information can change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in the light of any subsequent changes or developments after the Latest Practicable Date even if it may affect our opinion contained herein.

In rendering our opinion, we did not have regard to the general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any Shareholder. As different Shareholders would have different investment objectives and profiles, we would advise the Independent Directors (as appropriate) to recommend that any Shareholders who may require specific advice in relation to his investment portfolio(s) should consult his or their stockbroker, bank manager, accountant or other professional advisers.

The Independent Directors (as appropriate) have been separately advised by their own professional advisers in the preparation of the Circular (other than this letter). We have no role or involvement and have not and will not provide any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this letter).

Our opinion should be considered in the context of the entirety of this letter and the Circular.

3. THE AMOS GROUP AND THE PROPOSED TRANSACTION

3.1 Information on the Target Company

The Target Company is an investment holding company incorporated in Singapore on 28 January 2010. As at the execution date of the SPA, being 7 July 2018, the Target Company has an issued and paid-up capital of S$23,743,413 comprising 8,422,555 ordinary shares.

As at the Latest Practicable Date, the Target Group is principally engaged in marine and offshore services, which involves the provision of supplies, services and logistic solutions to the maritime fleet and offshore oil and gas operators. The Target Group has operations in Singapore, Shanghai and Hong Kong. Through a single point of contact, customers of the Target Group have access to an international network of over 2,500 validated partners and suppliers.

The top 10 customers of the Target Group account for an average of 55% of its total revenue for the past three financial years.

Further details of the Target Group, which comprises the Target Company and other direct or indirect subsidiaries of the Target Company are described in paragraph 2.1 of the letter to shareholders contained in the Circular.

3.2 The Proposed Transaction

Principal terms of the Proposed Transaction are provided in section 3 and 4 of the letter to shareholders. Selected paragraphs of section 3 and 4 are presented below.

3.2.1 Consideration

The total consideration payable by the Company to the shareholders of the Target Company holding 8,422,555 Vendor Shares and Remaining Shares (as at the date of the SPA) shall be S$48,614,987 (the "**Consideration**") on the basis that the price of each Relevant Share is S$5.772 (the "**Relevant Share Price**"). The Consideration is derived based on the Target Company's unaudited consolidated net asset value as of 31 May 2018 plus the market value[1] of a property located at 156 Gul Circle, Singapore 629613 (the "**Property**") owned by Amos International (S) Pte. Ltd., a wholly-owned subsidiary of the Target Company. The Target Company's unaudited consolidated net asset value as of 31 May 2018 is S$27,937,565. For the avoidance of doubt, in determining the Consideration, the aggregate of the Target Company's unaudited consolidated net asset

[1] Determined based on the Valuation Report.

value as of 31 May 2018, and the market value of the Property[2], shall be net of the book value of the Property[3] as of 31 May 2018.

The Consideration shall be satisfied by the Company by the issuance and allotment of Consideration Shares to be allotted and issued by the Company at an issue price of S$0.060 for each new share (rounded up to the nearest whole number), credited as fully paid up and ranking *pari passu* in all respects with all the other then existing ordinary shares of the Company. The consideration of S$48,614,987 is determined on a willing-buyer and willing-seller basis as at the date of the SPA, and will be adjusted (i) for any increases in the Target Company's unaudited consolidated net asset value as at the date of Completion ("**Completion Date**") (provided always that, the absolute amount of any such increase shall not exceed 1.5% of the Company's unaudited consolidated net asset value as of 31 May 2018) (the "**NAV Adjustment**"); and (ii) as set out in paragraph 3.3 of the letter to shareholders. For the avoidance of doubt, the NAV Adjustment does not take into account any Restricted Shares which may be issued by the Target Company pursuant to the exercise of the Employee Options. Please refer to paragraph 3.3 of the letter to shareholders for further details.

NAV Adjustment

The Consideration and NAV Adjustment were agreed pursuant to negotiations with the Vendors and approved by the Audit Committee of the Company. In the event that the Target Company's unaudited consolidated NAV as at the Completion Date is lower than the Target Company's unaudited consolidated NAV of S$27,937,565 as at 31 May 2018, there is no downward adjustment mechanism to the Consideration. While there is no downward adjustment mechanism, should the Target Company's unaudited consolidated NAV as at the Completion Date be lower than the Target Company's unaudited consolidated NAV as at 31 May 2018, the Company notes that the Company is not required to complete the purchase of the Target Company unless the following conditions precedent (among others) in the SPA are complied with:

(a) the satisfactory completion of a legal, financial and business due diligence review by the Company in respect of the operations, business, management and affairs of the Target Group (including the resolution of all issues relating to the Target Group on terms satisfactory to the Company); and

(b) there having been no material adverse change (as determined by the Company) in respect of (a) the prospects, operations and / or financial condition of the Target Group (or any member thereof); and / or (b) the economic, political and investment environment in Singapore and / or the other countries in which the Target Group carries on business.

[2] The 'as is' valuation of the Property, taking into consideration the proposed extension and the associated capital expenditure is estimated to be S$41,000,000.
[3] The net book value of the Property as of 31 May 2018 is S$20,324,504.

Accordingly, the Company is of the view that should there be a significant adverse finding from the due diligence review or if there is a reduction in the Target Company's unaudited consolidated NAV as at Completion Date, the above conditions precedent would be relevant and applicable.

3.2.2 Adjustment

As at the Latest Practicable Date, there are 480,000 existing employee options (the "**Employee Options**") granted by the Target Company pursuant to a share option plan, each aforesaid option being exercisable in exchange for one (1) Restricted Share in the Target Company. In the event that any of the Employee Options are validly exercised pursuant to which the Target Company allots and issues the resulting number of Restricted Shares before 5 p.m. five (5) business days prior to the date of Completion, then Lighthouse shall procure the sale of the Restricted Shares to the Company, and the Company shall purchase those Restricted Shares from the registered holders thereof at the same Relevant Share Price. The total Consideration shall be increased by an amount equal to the following equation (the "**Option Share Consideration**"):

Option Share Consideration	=	(Number of Restricted Shares as at 5p.m. five (5) business days prior to the date of Completion)	X	The Relevant Share Price, being S$5.772

For the avoidance of doubt, the Option Share Consideration amount shall not exceed S$2,770,560.

The Company will purchase the Restricted Shares for the Option Share Consideration, to be satisfied by the Company by the issuance and allotment of Consideration Shares (rounded up to the nearest whole number), credited as fully paid up and ranking *pari passu* in all respects with all the other then existing ordinary shares in the capital of the Company. For the avoidance of doubt, the number of Consideration Shares to be issued and allotted by the Company to satisfy the Option Share Consideration shall not exceed 46,176,000 Consideration Shares.

For illustrative purposes, the number of Consideration Shares which the Company will issue pursuant to the NAV Adjustment and the Option Share Consideration is set out below:

Adjustments	Consideration	Consideration Shares
Assuming no NAV Adjustment and no acquisition of Restricted Shares	S$48,614,987	810,249,784
Assuming full NAV Adjustment and no acquisition of Restricted Shares	S$49,034,050	817,234,176

Assuming no NAV Adjustment and the acquisition of all 480,000 Restricted Shares	S$51,385,547	856,425,784
Assuming full NAV Adjustment and the acquisition of all 480,000 Restricted Shares	S$51,804,611	863,410,176

3.2.3 Source of Funds

The Consideration will be satisfied by the allotment and issuance of up to 863,410,176 Consideration Shares.

3.2.4 The Proposed Allotment and issuance of Consideration Shares

Rule 805(1) of the Listing Manual provides that an issuer must obtain the prior approval of shareholders in general meeting for the issuance of shares unless such issuance is being made pursuant to a general mandate obtained from shareholders.

The Company had on 21 July 2017 passed a general mandate that pursuant to section 161 of the Companies Act, the constitution of the Company, and the Listing Manual, the Directors of the Company be authorised to allot and issue Shares in the capital of the Company. The number of Shares which may be issued pursuant to the general mandate other than on a pro-rata basis to existing Shareholders shall not exceed 20% of the total number of issued Shares at the time the general mandate was passed.

The Consideration shall be satisfied by the allotment and issuance of up to an aggregate of 863,410,176 Consideration Shares to the Relevant Shareholders, representing up to 48.02% of the existing share capital of the Company as of the Latest Practicable Date, and up to 32.44% of the enlarged share capital of the Company following the completion of the Proposed Allotment. As the issue of up to 863,410,176 Consideration Shares exceeds the number of Shares allowed to be issued pursuant to the aforementioned general mandate, the issue of the Consideration Shares requires the approval of Shareholders.

The Consideration Shares shall be issued free from all encumbrances and shall rank *pari passu* in all respects with and carry all rights similar to the Shares existing as at the date of the allotment and issuance of the Consideration Shares, save for any dividends, rights, allotments or other distributions, the record date of which falls before the issuance of the Consideration Shares.

4. EVALUATION OF THE PROPOSED TRANSACTION

In arriving at our opinion in relation to the Proposed Transaction, we have considered the following factors:

(i) The rationale for the Proposed Transaction;

(ii) Historical share price and block trade analysis for Gaylin shares;

(iii) Peer group and precedent comparable transactions analysis for Gaylin;

(iv) Asset-based valuation for Gaylin;

(v) Peer group and precedent comparable transactions analysis for Amos;

(vi) Asset-based valuation for Amos;

(vii) The pro forma financial effects of the Proposed Transaction;

(viii) The adjustment to the Consideration due to the Employee Options; and

(ix) Other relevant considerations.

4.1 The rationale for the Proposed Transaction

The Board of Directors of Gaylin have provided their rationale for the Proposed Transaction, which is set out in section 6 of the letter to shareholders contained in the Circular.

We have reviewed the rationale and consider it to be reasonable.

4.2 Historical share price and block trades analysis for Gaylin shares

The historical share price, trading volumes, together with the key corporate actions of Gaylin, are presented below:

Chart 1: Gaylin's historical share price and trading volumes for the three years preceding the Latest Practicable Date

Source: Company filings, CapitalIQ

Chart 2: Gaylin's historical share price and trading volumes since the White Knight Transaction

Source: Company filings, CapitalIQ

We note that, on 23 October 2017, Gaylin announced PeakBayou Limited's proposed subscription for 1,360,000,000 new ordinary shares in the capital of Gaylin Holdings Limited (the "**White Knight Transaction**"). We note that the White Knight Transaction was completed on 13 March 2018 and the announcement for the proposed acquisition of Amos was on 26 March 2018.

Table 1: Gaylin’s key corporate actions over the past three years

Ref No.	Date	Announcement
1	14-Aug-15	Announcement of 1Q16 results
2	16-Sep-15	Distribution of cash dividends
3	11-Nov-15	Announcement of 2Q16 results
4	5-Feb-16	Announcement of 3Q16 results
5	27-May-16	Announcement of FY16 results
6	12-Aug-16	Announcement of 1Q17 results
7	14-Nov-16	Announcement of 2Q17 results
8	13-Feb-17	Announcement of 3Q17 results
9	13-Apr-17	Supplemental agreement to the further amended and restated sale and purchase agreement for acquisition of Rig Marine Holdings FZC (100% stake)
10	26-May-17	Announcement of FY17 results
11	7-Aug-17	Announcement of 1Q18 results
12	23-Oct-17	Proposed subscription for 1,360,000,000 new ordinary shares by PeakBayou Ltd
13	8-Nov-17	Announcement of 2Q18 results
14	12-Feb-18	Announcement of 3Q18 results
15	7-Mar-18	Resolution passed at EGM
16	26-Mar-18	Announcement of the proposed acquisition of Amos International Holdings
17	28-May-18	Announcement of FY18 results
18	9-Jul-18	Announcement of entry into sale and purchase agreement in relation to the Proposed Acquisition
19	10-Aug-18	Announcement of 1Q19 results

Source: Company filings

We have calculated the volume-weighted average prices (“**VWAPs**”) of Gaylin for various periods prior to the Latest Practicable Date, together with the implied discounts of the VWAPs to the proposed issue price of S$0.060. This VWAP analysis, together with a summary of the historical trading volumes, is presented below:

Table 2: Historical trading statistics, including VWAP analysis

Period reference	From	To	VWAP(S$)	Premium / (discount)	Average daily traded value (S$ '000)	Average daily traded volume ('000)	Average daily traded value / Market cap (1)	Average daily traded volume / Total shares outstanding (2)
Post Amos acquisition announcement to Latest Practicable Date	27-Mar-18	31-Aug-18	0.088	(31.8)%	2.66	30.4	0.0019%	0.0017%
Post announcement of White Knight Transaction to Proposed Transaction announcement	24-Oct-17	26-Mar-18	0.096	(37.5)%	0.24	2.55	0.0005%	0.0005%
12-mth prior to announcement of the White Knight Transaction	24-Oct-16	23-Oct-17	0.099	(39.4)%	0.50	5.09	0.0011%	0.0012%
24-mth prior to announcement of the White Knight Transaction	26-Oct-15	23-Oct-17	0.202	(70.3)%	0.93	4.62	0.0011%	0.0011%

Source: CapitalIQ

Note:

(1) Market capitalisation figures are based on the respective closing prices of the day

(2) Total shares outstanding are based on the total shares outstanding at the end of each of the respective trading days

Transactions relating to the capital injection by PeakBayou Limited and other off market transactions were not considered in these VWAP calculations

We note the following:

(i) When excluding block transactions, the proposed issue price of S$0.060 represents a discount to the VWAPs of Gaylin over various periods prior to the Latest Practicable Date ranging from 31.8% to 70.3%; and

(ii) When excluding block transactions, liquidity in Gaylin shares, when taken as average daily value traded as a percentage of market capitalisation, ranged from 0.0005% to 0.0019%; and

(iii) When excluding block transactions, liquidity in Gaylin shares, when taken as average daily volume as a percentage of total shares outstanding, ranged from 0.0005% to 0.0017%.

While we have presented the trading statistics of Gaylin shares for various periods before and after the announcement of the White Knight Transaction, we do not consider the trading statistics prior to the White Knight Transaction to be relevant given that the investment profile for Gaylin shares has changed significantly as a result of this transaction. Furthermore, based on our analysis of trading statistics for Gaylin shares over various periods following the White Knight Transaction, we would consider Gaylin shares to be highly illiquid. We would therefore not consider the historical VWAPs to be a reliable or accurate measure of Gaylin's corporate value, as at the Latest Practicable Date.

Recent block trades involving Gaylin shares

The table below provides salient details of recent significant transactions involving Gaylin shares:

Table 3: Precedent block trades

Date	Block Trades / Placements	Buyer	Seller	Price per share (S$)	No. of shares
23-Feb-18	Off market disposal of part of the shares owned by Keh Swee Investment Pte. Ltd.	N.A.	Keh Swee Investment Pte. Ltd.	0.059	10,788,000
13-Mar-18	PeakBayou completes S$68 mil investment for new ordinary shares and becomes a substantial shareholder	PeakBayou Limited	-	0.05	1,360,000,000
10-May-18	Off market disposal of part of the shares owned by Keh Swee Investment Pte. Ltd.	N.A.	Keh Swee Investment Pte. Ltd.	0.091	253,622,000

Source: Company filings

We understand from the management of Gaylin that the block trade on 10 May 2018 relates to an internal restructuring of Gaylin's shareholding within the Teo founding family. Given the nature of the transaction, we are of the view that this trade would involve a limited price discovery mechanism and hence is not considered for the purposes of our analysis. Nonetheless we would like to note that the price for this block trade was in line with the last traded market price of S$0.095 on 8 May 2018.

However, the other two block trades on 23 February 2018 ("**Keh Swee Disposal**") and the White Knight Transaction, involved the acquisition of shares by unrelated third parties.[4] We note that the issue price for the Proposed Transaction of S$0.06 for each new Gaylin share is at a 1.7% and 20% premium to the price of S$0.059 and S$0.05 per share relating to the Keh Swee Disposal and White Knight Transaction respectively. We further note that, in relation to the White Knight Transaction, the independent financial advisor opined that the terms of the share placement were not fair but reasonable.[5]

4.3 Peer group and precedent comparable transactions analysis for Gaylin

4.3.1 Peer group analysis of Gaylin

We have attempted to identify listed peers which are similar to Gaylin in terms of the composition of business activities, product lines, scale of operations, asset-base, geographical spread of activities, customer base, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria.

[4] The Gaylin management has confirmed that the Keh Swee Disposal, which occurred on 23 February, involved a buyer who is not related to the Teo Family.

[5] Refer to Tata Capital Markets Pte. Ltd.'s independent financial adviser's opinion contained in the Company's circular dated 14 February 2018.

The list of Gaylin's publicly-listed comparable companies is set out below:

Table 4: Brief description of Gaylin's peer group

Company Name	Business Description
KTL Global Limited	KTL Global Limited, an investment holding company, engages in the trading of rigging equipment and related services in Singapore, the United Arab Emirates, Indonesia, Malaysia, Rest of Asia, and internationally. The company operates through Sales of Goods, Services, and Others. It offers heavy lift slings and grommets, high performance compacted wire ropes, standard wire ropes, blocks, swivels and sheaves, shackles, ROV shackles and hooks, synthetic slings and ropes, links and hooks, towing equipment, chasers and grapnels, spreader beam product ranges, drill lines, KimLoft rigging lofts, rigging accessories, hooks, and fittings. The company also engages in the inspection and certification of offshore rigging equipment; and certification of wire ropes, as well as in property investment business. In addition, it provides testing, inspection, spooling, rental, training, and wire rope lubrication services. KTL Global Limited serves customers in the offshore oil and gas, marine, and construction industries. The company was incorporated in 2007 and is based in Singapore. KTL Global Limited is a subsidiary of Kim Teck Leong Pte. Ltd.
SBI Offshore Limited	SBI Offshore Limited, an investment holding company, markets and distributes drilling and related equipment in Singapore, China, Southeast Asia other than Singapore, Europe, the United States, and internationally. The company also provides integrated engineering and equipment solutions; and manufactures offshore rig equipment. In addition, it designs, engineers, develops, constructs, owns, operates, maintains, and stores solar photovoltaic energy systems and plants. The company was founded in 1994 and is based in Singapore.
TEHO International Inc Ltd.	TEHO International Inc Ltd., an investment holding company, supplies and trades in rigging and mooring equipment to the marine, offshore oil and gas, and real estate industries in Singapore, rest of Asia, and internationally. The company operates through Marine and Offshore, and Property Development segments. It is also involved in the design and fabrication of rope and chain products; and provision of tensile testing, rope analysis, and optimization products. In addition, the company provides fiber and wire ropes; and electrical and mechanical engineering equipment, such as HVAC, outfitting, water and automation systems. Further, it designs and engineers STS reverse osmosis water makers, and STS hydrophore and hot water calorifier systems for workboats and supply vessels; and distributes CAT pumps products, marine sewage treatment plants, and other consumable components. Additionally, the company invests in, develops, markets, manages, and sells various real estate properties; and offers real estate agency and valuation services. It also supplies offshore oil and gas equipment; and trades in related marine and engineering hardware and accessories. The company was founded in 1986 and is headquartered in Singapore.

Source: CapitalIQ

Table 5: Gaylin's peer group metrics

Company Name	Market Capitalisation (S$ mil)	Enterprise Value (S$ mil)	Total Equity (S$ mil)	LTM Revenue (S$ mil)	LTM EBITDA [1] (S$ mil)	Enterprise Value / LTM Revenue	Enteprise Value / LTM EBITDA	Price to Book (LTM)
KTL Global Limited	4.0	44.0	(10.8)	34.4	(6.2)	1.3x	NM	NM
SBI Offshore Limited	20.7	(1.9)	22.2	0.0	(3.8)	NM	NM	0.9x
TEHO International Inc Ltd.	11.0	60.0	48.5	64.7	(2.7)	0.9x	NM	0.2x
Mean	11.9	34.0	19.9	33.0	(4.2)	1.1x	NM	0.6x
Median	11.0	44.0	22.2	34.4	(3.8)	1.1x	NM	0.6x
Gaylin Holdings Limited	**106.1**	**110.6**	**108.0**	**64.4**	**(38.6)**	**1.7x**	**NM**	**1.0x**

Source: CapitalIQ as at the Latest Practicable Date
Note:
(1) Latest 12 months EBITDA has been normalised to exclude abnormal and extraordinary items

While we have identified certain comparable listed oil and gas equipment and service providers which, *inter alia*, provide lifting and rigging products and services, since the above comparable companies and Gaylin are all loss making on an EBITDA basis, we were unable to apply the peer group pricing metrics for the purposes of our analysis.

4.3.2 Precedent comparable transactions analysis of Gaylin

We have also performed a search for precedent transactions which had been announced in the three years preceding the Latest Practicable Date, and which comprised acquisitions of target companies that are principally engaged in the provision of offshore lifting and rigging equipment, and related services. The only relevant transaction that we identified was the White Knight Transaction by ShawKwei & Partners in Gaylin itself. Details of the transaction are set out below:

Table 6: Precedent comparable transaction

Announced Date	Target Company	Bidder Company	Deal Value (S$ mil)	% Sought	Implied Equity Value (S$ mil)	Target LTM Revenue (S$ mil)	Target LTM Net Income (S$ mil)	Price to Earnings (LTM)
23-Oct-17	Gaylin Holdings Limited	ShawKwei & Partners	68.0	75.6	89.9	78.2	(12.8)	NM

Source: Company filings, CapitalIQ, MergerMarket

4.4 Asset-based valuation for Gaylin

We have assessed the intrinsic value of Gaylin on an asset value per share basis as of 30 June 2018. We note that, following completion of the White Knight Transaction, Gaylin performed a group-wide asset rationalisation exercise resulting in the Company recording a S$35.5 million provision for slow moving and aged inventory, while recording non-recurring and restructuring related expenses of S$6.0 million. The asset-based valuation analysis is presented below:

Table 7: Gaylin's asset-based valuation

Asset-based Valuation	
As of 30 June 2018	
Equity attributable to owners of the Company ("**Gaylin NAV**") (S$ mil)	107.9
Total number of issued shares excluding treasury shares (mil)	1,798.0
Gaylin NAV / Total issued shares (S$)	0.060
In relation to the Proposed Transaction	
Issue price of new Gaylin shares (S$)	0.060
Implied premium / (discount) to the NAV/Total issued share	(0.0)%

Source: Company filings

4.5 Conclusion – Gaylin valuation

Given that there is no meaningful data that can be used to indicate value of Gaylin shares other than its net asset value as at 30 June 2018, we have benchmarked the proposed issue price of S$0.06 against the net asset value per share as at 30 June 2018.

We note that the proposed issue price of S$0.060 per Consideration Share is approximately equivalent to the net asset value per issued share of Gaylin as of 30 June 2018.

4.6 Peer group and precedent comparable transactions analysis for Amos

4.6.1 Peer group analysis of Amos

We have attempted to identify listed peers which are similar to Amos in terms of the composition of business activities, product lines, scale of operations, asset-base, geographical spread of activities, customer base, track record, financial performance, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria.

The list of Amos's publicly-listed comparable companies with a market capitalisation of less than S$500 million is set out below:

Table 8: Brief description of Amos' peer group

Company Name	Business Description
MMA Offshore Limited	MMA Offshore Limited provides marine logistics and supply base services to the offshore oil and gas industry in Australia and internationally. The company engages in a range of offshore marine activities, including FPSO offtake support; construction support; survey support; dive and ROV support; subsea installation support; subsea inspection, maintenance, and repair; and tug and barge operations, as well as supply operations comprising drilling and production. It also offers slipway facilities to third party operators comprising routine and emergency dockings, mobilizations, and other marine repairs and maintenance services. In addition, the company operates onshore facilities that build commercial and customized offshore support vessels; and focus on vessel mobilizations and demobilizations. It owns and operates approximately 40 vessels. The company was formerly known as Mermaid Marine Australia Limited and changed its name to MMA Offshore Limited in December 2014. MMA Offshore Limited was founded in 1982 and is headquartered in Fremantle, Australia.
Sinwa Limited	Sinwa Limited, an investment holding company, operates as a marine supply and logistics company servicing the marine and offshore industry in Singapore, the People's Republic of China, Thailand, and Australia. The company supplies deck stores, engine stores, electrical stores, safety equipment, general consumables and tools, provisions, and bonded stores and slop chests. It also offers agency support services, including immigration, port and customs clearances and documentation, renewal of certificates, deslopping, and sludge removal and other general agency services for the crew, vessels, and oil rigs of ship owners, ship management companies, and oil rig operators; and logistics support services consisting of temporary, medium, and long-term storage of goods and equipment. In addition, the company provides offshore support services comprising the supply of provisions, stores, and spare parts, such as anchors, anchor chains, ropes, and heavy deck fittings; and new building and mobilization support services for dry-docks. Further, it distributes wolf safety lamps consisting of hand-held halogen or xenon bulbs and LED torches, flashlights, hand lamps, and lanterns. Additionally, the company engages in holding warehouse and office facilities; and the provision of warehousing and freight forwarding services. Sinwa Limited was incorporated in 2002 and is headquartered in Singapore.
Cool Link (Holdings) Limited	Cool Link (Holdings) Limited, an investment holding company, imports, exports, and supplies various food products to ship supply industry in Singapore, Cambodia, the Philippines, and Indonesia. It supplies various food products, including canned food and packaged beverages; and various dairy products, ice cream and frozen cakes, and pies. It serves ship supply customers, and retail and food service customers. The company was founded in 2001 and is headquartered in Singapore.
Atlantic Navigation Holdings (Singapore) Limited	Atlantic Navigation Holdings (Singapore) Limited, an investment holding company, provides marine logistic, ship repair, fabrication, and other marine services. It operates through two segments, Marine Logistics Services; and Ship Repair, Fabrication, and other Marine Services. The Marine Logistics Services segment offers ship chartering and technical management services principally for the offshore oil and gas, as well as marine construction industries through its fleet of 22 vessels, which comprise various AHT, AHTS, liftboats, work and maintenance utility vessels, tugs vessels, and supply vessels. This segment also cross-charters vessels from third parties to serve the needs of its customers; offers various services supporting the exploration, construction and development, production, and post-production phases of offshore oil and gas; and provides vessel chartering and chandlery services to external customers. The Ship Repair, Fabrication, and other Marine Services segment provides afloat and drydock repair and maintenance services comprising mechanical, electrical, air-conditioning, steel, blasting and painting, and carpentry works to customers in the shipping industry. The company also owns and manages ships; and provides ship brokerage services. It serves various oil companies, contractors, survey companies, ship owners, ship yards, and charterers in the United Arab Emirates, South Korea, Singapore, India, the Kingdom of Saudi Arabia, the Sultanate of Oman, the Kingdom of Bahrain, Qatar, and internationally. The company was founded in 1997 and is based in Sharjah, the United Arab Emirates.

Source: CapitalIQ

Table 9: Financials and trading performance of Amos' peer group

Company Name	Market Capitalisation (S$ mil)	Enterprise Value (S$ mil)	Total Equity (S$ mil)	LTM Revenue (S$ mil)	LTM EBITDA (1) (S$ mil)	Enterprise Value / LTM Revenue	Entep rise Value / LTM EBITDA	Price to Book (LTM)
MMA Offshore Limited	195.3	385.3	331.0	202.1	18.9	1.9x	20.4x	0.6x
Sinwa Limited	80.2	52.9	85.9	177.7	13.4	0.3x	3.9x	0.9x
Cool Link (Holdings) Limited	105.2	107.7	18.1	25.7	0.9	4.2x	NM (2)	5.8x
Atlantic Navigation Holdings (Singapore) Limited	33.9	175.6	103.3	62.9	10.2	2.8x	17.2x	0.3x
Min	33.9	52.9	18.1	25.7	0.9	0.3x	3.9x	0.3x
Mean	103.6	180.4	134.6	117.1	10.9	2.3x	13.8x	1.9x
Median	92.7	141.7	94.6	120.3	11.8	2.3x	17.2x	0.8x
Max	195.3	385.3	331.0	202.1	18.9	4.2x	20.4x	5.8x

Source: Company filings, CapitalIQ as at the Latest Practicable Date
Note:
(1) Latest 12 months EBITDA has been normalised to exclude abnormal and extraordinary items
(2) We note that the Enterprise Value / LTM EBITDA for Cool Link (Holdings) Limited is greater than 100.0x, which we do not consider to be a meaningful multiple in the context of the ship chandlery industry. We have therefore disregarded this multiple for the purposes of ascertaining the relevant industry multiple

Whilst we have made comparisons against other publicly-listed marine suppliers in the above table, we wish to highlight that these peers differ from Amos in terms of their range of products, business mix, scale of operations, equity valuation and implied pricing multiples. In addition, the information relating to the peers is compiled from publicly available information. The Independent Directors should note that any comparison made with respect to Amos is for illustrative purposes and serves as a general guide only.

Table 10: Implied valuation of Amos based on EV / EBITDA multiples of peers

Implied valuation of Amos based on market EV / EBITDA multiples		
EBITDA of Amos YTD as at 31 May 2018 (S$ mil)	0.91	
Annualised EBITDA of Amos for FY2018 (S$ mil)	2.2	
Indicative valuation of Amos		
	Min	**Max**
EBITDA Multiple	3.9x	20.4x
Implied enterprise value of Amos (S$mil)	8.6	44.3
Implied equity value (S$mil) [(1)]	**5.6**	**41.3**

Note:
(1) Implied equity value = implied enterprise value - net debt - minority interests - market value of preferred equity. As of 31 May 2018, Amos did not have any minority interests or preference shares in issue

Based on the implied equity value of Amos derived from the minimum and maximum multiples based on Amos' peer group, we obtain an implied equity value of approximately S$5.6 million and approximately S$41.3 million. We have provided this analysis for illustrative purposes only.

4.6.2 Precedent comparable transactions analysis of Amos

We have also performed a search for transactions which had been announced in the three years preceding the Latest Practicable Date, and which comprised acquisitions of target companies that are principally engaged in provision of ship chandlery services.

While we have identified a number of relevant acquisitions in this period, we note that these transactions involved private acquirers and target companies for which financial information is not publicly available.

4.7 Asset-based valuation for Amos

We have assessed the intrinsic value of Amos on an asset value basis, as at 31 May 2018. We note that the consolidated balance sheet of Gaylin had effectively been revalued at 31 March 2018. As such, we consider it appropriate to take a revised net asset value ("**RNAV**") approach to estimating the intrinsic value of Amos. The asset-based valuation analysis for Amos is presented below:

Table 11: RNAV calculation for Amos

RNAV for Target Group	
As at 31 May 2018	S$ mil
Consolidated net asset value of Amos ("**Amos NAV**")	27.9
Revaluation of leasehold property (156 Gul Circle, Singapore 629613) :	
Net book value of the Amos Property	20.3
Market Value of the Amos Property as appraised by the Independent Valuer on an 'as-is' basis taking into consideration the proposed extension and capital expenditure[1]	41.0
Revaluation surplus attributable to the Amos Property	20.7
Amos Revalued Net Asset Value ("**Amos RNAV**")	**48.6**

Source: Unaudited financial statements of Target Group for the period ending 31 May 2018, Amos Property valuation report
Note: (1) Based on the valuation of the Amos Property as at 31 May 2018, as prepared by the Independent Valuer

We note that the Amos RNAV has been calculated to account for the redevelopment value of the site where Amos's principal place of business and headquarters is located, being located at 156 Gul Circle, Singapore 629613 (the "**Property**").

The net book value of the Property has been revised based on the 'as-is' valuation of the site by Colliers International Consultancy & Valuation (Singapore) Pte Ltd (the "**Independent Valuer**") dated 12 June 2018. We note that the Independent Valuer has estimated the 'as-is' market value of the Property taking into consideration the proposed extension and the associated capital expenditure. As at the Latest Practicable Date, Amos has formally accepted a tender from Boustead Projects E&C Pte Ltd (the "**Contractor**") to undertake the design, construction and maintenance works relating to the proposed addition and alteration of the Property. We further note that the Contractor has already commenced work on the Property and is committed to deliver the completed project by 21 January 2019.

The revaluation surplus attributable to the extension of the Property is S$20.7 million, resulting in a consolidated RNAV for Amos of S$48.6 million as at 31 May 2018.

4.8 Conclusion – Amos valuation

We note that based on the market approach (peer group analysis of Amos) presented in paragraph 4.6 of this letter, Amos is valued at lower than the valuation derived from the asset-based valuation for Amos. We understand from the Directors that Amos' current profitability has been adversely impacted due to recent investments that have been incurred to drive future growth of the business.

We note that the potential benefits relating to the synergies arising from the Proposed Transaction, as well as the incremental income that may be ultimately realised from the completion of the extension of the Property (both of which are described in paragraph 4.11.2 of this letter), has not been factored into the market approach. We further note that a substantial proportion (in excess of 80%) of the Amos RNAV is attributable to the valuation of the Property performed by the Independent Valuer and is therefore assumed to be realisable.

Accordingly, we are of the view that the asset-based approach is the appropriate value in this instance and for the purposes of our analysis.

4.9 The pro forma financial effects of the Proposed Transaction

The pro forma financial effects (and the relevant assumptions thereof) of the Proposed Acquisition and the Proposed Allotment are provided in section 7 of the letter to shareholders contained in the Circular, and are strictly for illustrative purposes only.

Table 12: NTA per share and loss per share

	Before the Proposed Transaction	After the Proposed Transaction
NTA per Share (S$)	0.06	0.05 (1) / 0.06 (2)
Loss per Share (S$)	0.10	0.04 (3)

Note:
(1) Based on the NTA of the Target Group as at 31 May 2018 (based on the Reviewed Target Group Financial Statements), before a revaluation surplus of S$20,675,496 in relation to the Property (based on the Valuation Report)
(2) Based on the NTA of the Target Group as at 31 May 2018 (based on the Reviewed Target Group Financial Statements), assuming a revaluation surplus of S$20,675,496 in relation to the Property (based on the Valuation Report)
(3) Based on the trailing twelve months unaudited consolidated financial statements of the Target Group for the period from 1 June 2017 to 31 May 2018, of which the financial statements for the five-month period from 1 January 2018 to 31 May 2018 have been reviewed by the Target Company's auditors, BDO LLP

We note that the pro forma financial effects of the Proposed Transaction, as calculated by the management of Gaylin, indicates that the Proposed Transaction would be earnings accretive and NTA dilutive on a per share basis to Shareholders.

4.10 The adjustment to the Consideration

4.10.1 Adjustments due to changes in the Target Company's unaudited consolidated net asset value as of the Completion Date

We have reviewed the terms of the SPA which relate to a potential adjustment to the Consideration. In accordance with these terms, the Consideration shall be adjusted for any increases in the Target Company's unaudited consolidated net asset value as of the Completion Date (provided always that, the absolute amount of any such increase shall not exceed 1.5% of the Target Company's unaudited consolidated net asset value as of 31 May 2018).

Under the terms of the SPA, the Company is not required to complete the purchase of the Target Company unless the following Sale Conditions (among others) in the SPA are complied with:

(i) the satisfactory completion of a legal, financial and business due diligence review by the Company in respect of the operations, business, management and affairs of the Target Group (including the resolution of all issues relating to the Target Group on terms satisfactory to the Company); and

(ii) there having been no material adverse change (as determined by the Company) in respect of (a) the prospects, operations and / or financial condition of the Target Group (or any member thereof); and / or financial condition of the Target Group (or any member thereof); and / or (b) the economic, political and investment environment in Singapore and / or the other countries in which the Target Group carries on business.

The Company is of the view that should there be a significant adverse finding from the due diligence review or if there is a reduction in the Target Company's unaudited consolidated NAV as at the Completion Date, the above Sale Conditions would be relevant and applicable.

In addition, whilst we note that the SPA does not provide for a potential reduction to the consideration should the Target Company's unaudited consolidated net asset value as of Completion Date fall below the consolidated net asset value as of 31 May 2018, we understand from the Directors that in such a scenario, subject to the conditions precedent set out above, both parties would either mutually agree to reduce the consideration or decide not to proceed with the Proposed Transaction. The Directors have also represented to us that the Target Company's consolidated financial statements at the Completion Date shall be reviewed by an appointed independent auditor in order to determine whether there shall be any adjustment to the Consideration.

4.10.2 Adjustments due to the exercise of Employee Options

We note that pursuant to the SPA, in the event any of the Employee Options are validly exercised prior to the Completion Date, then Gaylin shall acquire those Restricted Shares from the registered holders at the same Relevant Share Price of S$5.772.

The SPA does not provide for any adjustment to Relevant Share Price pursuant to the exercise of Employee Options.

It should be noted that, based on the formula for calculating the exercise price for each Employee Option, the aggregate cash proceeds which the Target Company may receive from the exercise of the Employee Options cannot be determined until such Employee Options are exercised as the exercise price of an Employee Option will increase until the date such options are exercised.

As such, one can only infer the aggregate sum of cash proceeds arising from the exercise of Employee Options by making specific assumptions about the exercise date and the number of Employee Options that are exercised.

For illustrative purposes, if all of the outstanding Employee Options had been exercised on 31 July 2018 and the cash proceeds which relate to the exercise of the Employee Options were to be added to the Amos RNAV, then the Amos RNAV would be S$50.9 million instead of S$48.6 million. Should all of the outstanding Employee Options be exercised, and assuming that there is no adjustment for changes to the consolidated NAV of the Target Company, as at the Completion Date, there would be 856,425,784 Consideration Shares at a nominal consideration of approximately S$51.4 million. We further note that, due to the additional 480,000 Amos shares that would be issued, the RNAV per Amos share would be $5.719 instead of the Relevant Share Price of $5.772, which is 0.92% lower than the Relevant Share Price.

It is important to note that the number of Employee Options that will be exercised is uncertain.

4.11 Other relevant considerations

4.11.1 Other key commercial terms

Aside from the financial terms of the Proposed Transaction, we have also reviewed the other key commercial terms of the SPA and would like to highlight the following terms:

- Under the SPA, the Vendors have provided certain representations and warranties to Gaylin in relation to:
  - the audited consolidated financial statements of Amos for the financial year ended 31 December 2017;
  - certain changes in the company since 31 December 2017;
  - outstanding litigation and taxation liabilities;
  - the assets held by, and employees of, the Target Group; and,
  - other matters including, *inter alia*, financial liabilities of the Target Group, properties held by the Target Group, compliance with applicable regulations and licencing requirements.
- As set out in paragraph 3.6 of the letter to shareholders, the Vendors' liability with respect to potential claims in relation to the aforementioned representations and warranties shall be capped at:
  - 100% of aggregate consideration for breach of representations and warranties relating to the ownership, title and rights of the Amos shares held by them;
  - 50% of aggregate consideration for breach of all other representations and warranties; and
- The Vendors' liability shall be subject to a *de minimis* of S$25,000 for any single claim and a minimum aggregate liability claim of S$50,000.

We note that representation and warranty terms across transactions range from the vendor(s) providing uncapped liability and no *de minimis* amounts (i.e. the vendor(s) paying from the first dollar) to offering no Representation and Warranty terms and, as such, it is not possible to provide a specific justification or opinion for these specific quantitative terms.

4.11.2 Synergies arising from the Proposed Transaction

We have held discussions with the directors and management of both Gaylin and Amos and understand that, since the announcement of the Proposed Transaction, there has been open dialogue and planning in relation to identifying and assessing the potential synergies that may be realised as a result of the Proposed Transaction. Based on this evaluation to date, the potential synergies arising from the Proposed Transaction may be broadly categorised as follows:

(a) *Expand customer base and product range*

Gaylin's customer base are largely companies involved in offshore oil and gas services, whereas the Target Group's customer base are largely maritime vessel owners. Gaylin is well known and has a long history of serving the rigging and heavy lifting customers from its various locations in Asia, Europe, and the Middle East. Gaylin's chandelling sales revenue comprised 23% (being S$15,700,000) of the Group's total sales in FY2018, whereas the Amos' sales revenues were entirely derived from chandelling services, albeit from a largely different customer base to Gaylin's. It is expected that following completion of the Proposed Acquisition, Gaylin will be able to benefit from cross-selling opportunities across product lines, with Gaylin also able to access and deepen Amos' connections.

Amos has developed a proprietary product line, Alcona. Under the Alcona brand, Amos offers a complete range of products including consumable essentials, crew gear (e.g. coveralls, clothing, footwear), and personal protective equipment at competitive pricing for working men and women on ships and in the offshore oil and gas industry at sea. The Proposed Acquisition is expected to allow Gaylin to distribute Alcona products to a wider customer base, including the Gaylin's offshore oil and gas customers.

(b) *Expand geographical coverage of existing product and service*

Gaylin has existing chandelling businesses in Singapore (through its wholly-owned subsidiary, Allseas Marine Services Pte. Ltd.) and South Korea (through its majority owned subsidiary, Phoenix Offshore Co., Ltd.). The Target Group is headquartered in Singapore with wholly-owned chandelling businesses in Shanghai and Hong Kong, with all three operating in the world's busiest ports. Following completion of the Proposed Acquisition, Gaylin's existing chandelling business will benefit via expansion in Singapore and the extension of its geographical reach to Shanghai and Hong Kong. In addition, the expanded capabilities and base of business in chandelling will provide further opportunities to expand into other locations where Gaylin has existing operations following further business planning and approvals.

(c) *Scale and financial synergies*

Gaylin expects to report significant improvements to its financial position after completion of the Proposed Acquisition, including a doubling of revenues, an increase in equity value, and improvement to debt leverage ratios. With a stronger financial position and larger size, Gaylin expects to benefit in ways such as economies of scale in procurement (better prices and terms), deeper and broader management resources, and improved relationships with its existing banks and creditors.

(d) *Asset efficiencies and right-sizing*

Gaylin expects to benefit from cost savings and extra cash flow obtained via the improved utilisation of real estate assets, and disposing of real estate assets which are no longer needed after the completion of the Proposed Transaction. In particular, Amos has a modern logistics centre with a gross floor area of approximately 178,873 square feet, which is currently being upgraded and expanded to approximately 244,873 square feet. Gaylin expects to dispose of unnecessary real estate in Singapore and use the upgraded and expanded logistics centre of Amos to consolidate management, operations, and warehousing requirements. The proceeds from liquidating unnecessary real estate will reduce debt while reducing the use of other rental properties will reduce costs. This real estate consolidation will effectively improve Gaylin's profitability, its cash position, and strengthen the balance sheet by reducing debt.

(e) *Operational enhancements*

Gaylin expects to benefit from operational enhancements, including but not limited to a better utilised workforce, consolidated enterprise infrastructure, such as accounting and IT systems, and the ability to better attract and retain talent resulting from the creation of a bigger business.

Further, based on our discussions with the management of Gaylin, we understand that there is minimal overlap between the customer bases and product mixes of both groups, therefore, it is expected that post-completion, there will not be any material dissynergies arising as a result of potential customer cannibalisation.

We have also reviewed the current synergy case that has been jointly prepared by the management of both Gaylin and Amos and consider the synergies identified above to have a sound commercial basis. We note, however, that the actual post-merger implementation will take a period of time post-completion to address and may be subject to a variety of execution risks, a number of which may also be out of the direct control of the combined group.

5. OUR OPINION

In arriving at our opinion on whether the Proposed Transaction is on normal commercial terms and whether it is prejudicial to the interests of Gaylin and its minority Shareholders, we have examined the factors below:

(i) The rationale for the Proposed Acquisition appears to be reasonable;

(ii) The asset-based valuation of Gaylin;

(iii) The asset-based valuation for Amos;

(iv) Peer group and precedent comparable transactions analysis for Amos;

(v) The pro forma financial effects of the Proposed Transaction;

(vi) The adjustment to the consideration due to changes to the Target Company's unaudited consolidated net asset value as of the Completion Date (as set out in paragraph 4.10.1 of this letter);

(vii) The adjustment to the Consideration due to the Employee Options;

(viii) The pro forma financial effects of the Proposed Transaction indicates that the acquisition is earnings per share accretive (as represented by a reduction in loss per share) and NTA dilutive on a per share basis to Gaylin shareholders, assuming that the revaluation surplus, as estimated by Colliers International Consultancy & Valuation (Singapore) Pte Ltd in the Valuation Report, was not taken into account; and

(ix) Other relevant considerations including other key commercial terms of the SPA and the synergies arising from the Proposed Transaction.

After carefully considering the information available to us as at the Latest Practicable Date, and based upon the monetary, industry, market, economic and other relevant conditions subsisting as at the Latest Practicable Date, and based on the analysis undertaken and subject to the qualifications and assumptions made herein, we are of the opinion that the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of Gaylin Holdings Limited and its minority Shareholders.

The recommendations to be made by the Independent Directors to the Shareholders shall remain their responsibility.

A copy of this letter may be reproduced in the Circular.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
KPMG Corporate Finance Pte Ltd

Vishal Sharma	Jason Yong
Executive Director	*Director*

APPENDIX B – FINANCIAL STATEMENTS OF THE TARGET GROUP

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Review Report to the Board of Directors of Amos International Holdings Pte. Ltd. and its subsidiaries

Introduction

We have reviewed the accompanying consolidated interim financial information of Amos International Holdings Pte. Ltd. ("Company") and its subsidiaries ("Group"), which comprise the consolidated statement of financial position as at 31 May 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial period from 1 January 2018 to 31 May 2018, and other explanatory information. Management is responsible for the preparation of this consolidated interim financial information in accordance with the Company's accounting policies ("Basis of Preparation"). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with the Basis of Preparation.

Basis of Preparation, and Restriction on Distribution and Use

Without modifying our conclusion, we draw attention to Note 1 to the consolidated interim financial information, which describes the Basis of Preparation. The interim financial information is prepared in relation to the proposed acquisition of the Group by Gaylin Holdings Limited. As a result, the consolidated interim financial information may not be suitable for another purpose. Our report is intended solely for the Company and Gaylin Holdings Limited and should not be distributed to or used by parties other than the Company and Gaylin Holdings Limited.

BDO LLP

BDO LLP
Public Accountants and
Certified Public Accountants

Singapore
14 June 2018

AMOS INTERNATIONAL HOLDINGS PTE. LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MAY 2018

	Period from 1.1.2018 to 31.5.2018	Period from 1.1.2017 to 31.5.2017 (Unaudited)	Year ended 31.12.2017 (Audited)
	$	$	$
Revenue	28,479,254	23,399,971	56,323,214
Cost of sales	(21,598,371)	(17,668,328)	(42,648,104)
Gross profit	6,880,883	5,731,643	13,675,110
Other item of income			
Other income	505,806	157,949	642,904
Other items of expenses			
Selling and distribution expenses	(2,585,799)	(1,856,371)	(4,972,960)
Administrative expenses	(3,312,870)	(2,897,135)	(6,792,561)
Other expenses	(1,455,553)	(1,373,959)	(3,340,752)
Finance costs	(119,780)	(90,634)	(275,715)
Share of loss of associate	-	-	(556)
Loss before income tax	(87,313)	(328,507)	(1,064,530)
Income tax (expense)/credit	-	(23,137)	204,482
Loss for the financial period/year	(87,313)	(351,644)	(860,048)
Other comprehensive income:			
Items that will or may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations, net of tax	5,681	(16,372)	43,455
Total comprehensive income for the financial period/year	(81,632)	(368,016)	(816,593)
Loss attributable to:			
Owner of the parent	(82,097)	(354,281)	(911,644)
Non-controlling interest	(5,216)	2,637	51,596
	(87,313)	(351,644)	(860,048)
Total comprehensive income attributable to:			
Owner of the parent	(76,416)	(370,653)	(868,189)
Non-controlling interest	(5,216)	2,637	51,596
	(81,632)	(368,016)	(816,593)

On behalf of the Board of Directors

Danny Lien Chong Tuan
Director

14 June 2018

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MAY 2018

	Group	
	31.5.2018	31.12.2017 (Audited)
	$	$
ASSETS		
Non-current assets		
Property, plant and equipment	25,502,848	26,362,374
Investments in an associate	30,244	30,244
Intangible asset	26,500	26,500
Goodwill	425,185	425,185
Total non-current assets	25,984,777	26,844,303
Current assets		
Inventories	4,077,747	3,632,203
Trade and other receivables	19,175,152	15,829,047
Prepayments	350,694	195,855
Cash and bank balances	3,618,516	3,250,060
Fixed deposits	102,129	102,129
Income tax recoverable	-	762
	27,324,238	23,010,056
Non-current assets held for sale	-	3,643,987
Total current assets	27,324,238	26,654,043
TOTAL ASSETS	53,309,015	53,498,346
EQUITY AND LIABILITIES		
Equity		
Share capital	23,743,413	23,743,413
Other reserves	268,216	262,535
Accumulated profits	3,925,936	4,008,033
Equity attributable to owners of the parent	27,937,565	28,013,981
Non-controlling interests	-	5,216
Total equity	27,937,565	28,019,197
Non-current liabilities		
Bank borrowings	1,640,000	2,180,000
Finance lease payables	243,379	282,639
Total non-current liabilities	1,883,379	2,462,639
Current liabilities		
Trade and other payables	18,649,987	18,185,062
Bank borrowings	4,677,815	4,653,007
Finance lease payables	160,269	178,441
Total current liabilities	23,488,071	23,016,510
Total liabilities	25,371,450	25,479,149
TOTAL EQUITY AND LIABILITIES	53,309,015	53,498,346

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2018

Group	Share capital $	Share-based payment reserve $	Capital reserve $	Foreign currency translation reserve $	Accumulated profits $	Equity attributable to owners of the parent $	Non-controlling interests $	Total equity $
Balance as at 1 January 2018	23,743,413	65,182	64,282	133,071	4,008,033	28,013,981	5,216	28,019,197
Loss for the financial period	-	-	-	-	(82,097)	(82,097)	(5,216)	(87,313)
Other comprehensive income:								
Exchange differences arising from translation of foreign operations	-	-	-	5,681	-	5,681	-	5,681
Total comprehensive income for the financial period	-	-	-	5,681	(82,097)	(76,416)	(5,216)	(81,632)
Balance as at 31 May 2018	23,743,413	65,182	64,282	138,752	3,925,936	27,937,565	-	27,937,565
Balance as at 1 January 2017	23,743,413	57,744	64,282	89,616	4,919,677	28,874,732	(46,380)	28,828,352
Loss for the financial year	-	-	-	-	(911,644)	(911,644)	51,596	(860,048)
Other comprehensive income:								
Exchange differences arising from translation of foreign operations	-	-	-	43,455	-	43,455	-	43,455
Total comprehensive income for the financial year	-	-	-	43,455	(911,644)	(868,189)	51,596	(816,593)
Issuance of share options	-	7,438	-	-	-	7,438	-	7,438
Balance as at 31 December 2017	23,743,413	65,182	64,282	133,071	4,008,033	28,013,981	5,216	28,019,197

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MAY 2018

	Period from 1.1.2018 to 31.5.2018	Year ended 31.12.2017 (Audited)
	$	$
Operating activities		
Loss before income tax	(87,313)	(1,064,530)
Adjustments for:		
Allowance for impairment loss on doubtful trade receivables	90,737	159,492
Allowance for impairment loss on doubtful non-trade receivables	-	39,330
Allowance for impairment loss on doubtful trade receivables written back	(1,064)	-
Depreciation of property, plant and equipment	873,213	2,089,374
Interest expense	119,779	275,715
Interest income	(2)	(10,118)
(Gain)/Loss on disposal of plant and equipment	(27,349)	64,960
Gain on disposal of non-current assets held for sale	(192,722)	-
Property, plant and equipment written off	-	845
Share options expense	-	7,438
Share of loss of an associate	-	556
Trade receivables due from related companies written off	-	8,544
Operating cash flows before working capital changes	775,279	1,571,606
Working capital changes:		
Inventories	(445,544)	(79,328)
Trade and other receivables	(3,478,797)	(1,844,571)
Prepayments	(154,839)	38,056
Trade and other payables	1,854,213	1,648,339
Cash from operations	(1,449,688)	1,334,102
Income tax paid	762	53,190
Net cash (used in)/from operating activities	(1,448,926)	1,387,292
Investing activities		
Interest received	2	10,118
Proceeds from disposal of plant and equipment	47,800	449,996
Proceed from disposal of non-current assets held for sale	10,000,000	-
Payment of proceeds from non-current assets held for sale to owners of property	(6,062,181)	-
Investment in an associate	-	(30,800)
Purchase of plant and equipment	(81,211)	(1,425,553)
Net cash from/(used in) investing activities	3,904,410	(996,239)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2018 TO 31 MAY 2018

	Period from 1.1.2018 to 31.5.2018	Year ended 31.12.2017 (Audited)
	$	$
Financing activities		
(Repayments)/Advance from immediate holding company	(1,399,588)	1,399,588
Fixed deposit pledged	-	(8)
Interest paid	(119,779)	(275,715)
Repayments of bank borrowings	(515,192)	(1,398,490)
Repayments of finance lease payables	(57,432)	(346,637)
Net cash used in financing activities	(2,091,991)	(621,262)
Net changes in cash and cash equivalents	363,493	(230,209)
Cash and cash equivalents at beginning of the financial period/year	3,250,060	3,458,840
Effect of foreign exchange rate changes on cash and cash equivalents	4,963	21,429
Cash and cash equivalents at end of the financial period/year	3,618,516	3,250,060

1. Basis of preparation

On 26 March 2018, the immediate holding company, Lighthouse Logistics Limited, a company incorporated in British Virgin Islands entered into a non-binding letter of intent (the "LOI") with Gaylin Holdings Limited in respect of the proposed acquisition of the entire issued and paid-up share capital of the Company. The parties have agreed to grant each other an exclusivity period of 120 days commencing from the date of the LOI, during which the parties will negotiate in good faith to enter into a legally binding sale and purchase agreement in respect of the proposed acquisition.

The consolidated interim financial information has been prepared by management in accordance with Amos International Holdings Pte. Ltd. (the "Company") accounting policies in relation to Gaylin Holdings Limited's proposed acquisition of the Company and its subsidiaries (the "Group"). As a result, the interim financial information may not be suitable for another purpose.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group are presented in Singapore dollar ("$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

The consolidated interim financial information for the financial period ended 31 May 2018 were authorised for issue by the Board of Directors on 14 June 2018.

2. On 15 March 2018, the Board of Directors approved a resolution to redevelop a subsidiary's property at 156 Gul Circle to increase the gross floor area of the property to 24,506.17 square metre at an estimated cost of $10 million.

Pursuant to the Jurong Town Corporation's (JTC) letter dated 26 July 2016, JTC offered the subsidiary a further lease extension of 15 years 11 months from 1 February 2025 subject to the subsidiary fulfilling certain terms and conditions which includes among others; (1) redevelop the property to a minimum gross floor area at the gross plot ratio of not less than 2.05 but no more than 2.50, (2) new investment of at least $3.9 million of which $3.6 million must consist of new plant and machinery and (3) redevelopment of the property to be completed within 4 years 6 months from the date of letter.

On 31 May 2018, the Company entered into a binding letter of acceptance with Boustead Projects E&C Pte Ltd, to redevelop the property at a total construction cost of $8,155,980. The construction will take 8 months to complete and the plot ratio will increase to 2.3 upon completion. The Group has budgeted capex expenditure of $1.8 million in its financial year 2018 budget, and including the cumulative investment to-date of $1.8 million, the Company will meet the investment criteria for plant and machinery.

The Board of Directors is of the view with the approved redevelopment plan of the property, the subsidiary will comply with JTC's terms and conditions and the further lease extension will be granted by JTC and had instructed their independent valuer to value the property on that basis for corporate reporting purposes.

Based on the valuation report dated 29 March 2018, the fair value of the property is estimated to be $50 million using a market and income approach and based on the key assumptions that the subsidiary will comply with JTC's terms and conditions, the proposed extension to increase the gross floor area of the property from 16,617.81 square metre to 24,506.17 square metre will be fully completed and the lease will be further extended by 15 years 11 months.

3. As at end of the financial period, the carrying amount of the Group's leasehold property included in property, plant and equipment is as follow:

	31.5.2018
	$
At cost	22,261,368
Less: Accumulated depreciation	(1,936,864)
Net book value	20,324,504

4. The Company is in the process of striking off the following subsidiaries/associates as part of the restructuring process:

   a) Amos Offshore & Engineering Pte. Ltd.
   b) Amos Solutions (S) Pte. Ltd.
   c) Amos Asia Pte. Ltd.
   d) Amos International (M) Sdn. Bhd.
   e) World Hand Shipping Limited
   f) Amos Myanmar Services Company Limited
   g) Amos International Lanka (Private) Limited

   Provision for liquidation expenses amounted to $40,000 has been provided during the financial period.

5. Consolidated statement of comprehensive income disclosed in earnings before interest, taxes, and amortisation ("EBITDA") as below:

	Period from 1.1.2018 to 31.5.2018 $	Period from 1.1.2017 to 31.5.2017 $	Year ended 31.12.2017 $
Loss for the financial period/year	(87,313)	(351,644)	(860,048)
Plus:			
Income tax (expense)/credit	-	23,137	(204,482)
Finance costs	119,780	90,634	275,715
Depreciation and amortisation	873,213	857,023	2,089,374
EBITDA	905,680	619,150	1,300,559
Plus:			
(Gain)/Loss on disposal of property, plant and equipment	(220,071)	(31,524)	64,960
Rental income	(20,000)	(22,500)	(226,800)
Other operating income	(134,781)	(30,569)	(239,182)
Government grants received	(58,444)	(105,560)	(127,546)
Allowance for impairment in trade receivables	90,737	264,974	159,492
Allowance for impairment in non-trade receivables	-	-	39,330
Consultancy expense (one-time expense)	190,000	50,000	395,392
Recruitment expense (one-time expense)	141,733	25,970	88,064
Property expense (one-time expense)	66,359	116,176	279,764
Miscellaneous (one-time expense)	21,002	92,019	175,556
	76,535	358,986	609,030
Adjusted EBITDA	982,215	978,136	1,909,589

AMOS INTERNATIONAL HOLDINGS PTE. LTD.
(Company registration number: 201002188Z)
AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT
AND
FINANCIAL STATEMENTS

31 DECEMBER 2017

BDO LLP
Public Accountants and
Chartered Accountants

DIRECTORS' STATEMENT

The Directors of Amos International Holdings Pte. Ltd. (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2017 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2017.

1. In the opinion of the Board of Directors,

   (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

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

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Danny Lien Chong Tuan
Kyle Arnold Shaw Jr
Ma Ka Man

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. Directors' interests in shares and debentures

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

	Shareholdings registered in name of Director	
	Balance at 1 January 2017	Balance at 31 December 2017
	Number of ordinary shares	
The Company		
Danny Lien Chong Tuan	2,320,921	2,320,921
	Number of employee share option	
The Company		
Danny Lien Chong Tuan	-	100,000

By virtue of Section 7 of the Act, Danny Lien Chong Tuan is deemed to have an interest in all the wholly-owned subsidiaries of the Company at the beginning and end of the financial year.

5. Share options

Pursuant to a resolution passed in the special general meeting on 25th November 2015, the Amos Employee Share Option Plan (the "AESOP") was established.

The AESOP is administered by the Board of Directors of the Company.

The salient features of the AESOP is as follows:

- The AESOP is a share option plan, in which the options can be exercised in exchange for restricted shares of the Company.
- The AESOP is proposed on the basis that it is important to retain key employees whose contributions are essential to the Company's long-term growth and profitability.
- The AESOP will give Participants an opportunity to have a personal equity interest in the Company and will help to achieve better and long-term performance.

The purpose of adopting the AESOP is to align the interests of directors, employees and especially key executives, with the interests of Shareholders.

(i) Eligibility

The eligibility of Group Participants shall be limited to persons who have received written notifications from the Directors, or from the Chief Executive Officer of the Company on behalf of the Directors, that they have been selected to participate in the plan.

There shall be no restriction on the eligibility of any Participant to participate in any other share option schemes or share award schemes implemented or to be implemented by the Group.

(ii) Grant of Options

Options may be granted at any time during the period when the AESOP is in force. The selection of a Participant and the quantum of the Option shall be determined at the absolute discretion of the Directors. Options shall be time-based and/or performance-based and released in tranches over such number of years as may be determined by the Directors in its absolute discretion.

Options are personal to the selected Participant and shall not be transferred, assigned, charged, pledged or otherwise disposed of, in whole or in part, unless with the approval of the Directors.

Options are granted to the Participants in consideration for their performance and contribution to the Group.

(iii) Size and duration

The AESOP shall continue in force at the discretion of the Directors, subject to a maximum period of seven years commencing on the date on which the AESOP is adopted by the Company in general meeting, provided always that the AESOP may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the AESOP, any Options which have been vested in accordance with the AESOP will continue to remain valid.

The total number of restricted shares to be issued and/or transferred under the AESOP will be subject to a maximum limit of 1,247,340 shares.

5. Share options (Continued)

(iv) Events of forfeiture

An Option, to the extent not yet released, shall forthwith become void and cease to have effect on the occurrence of any of the following events:

(a) the Participant ceases to be employed by any companies within the Group; or

(b) the Participant's employment or service is not terminated, but the Directors subsequently determines that the Participant has engaged in conduct which is materially injurious or contrary to the interest of any companies within the Group.

The share options awarded under the AESOP to the selected management staff are described below:

Plan description	:	Award of share options of Amos International Holdings Pte. Ltd., which can be exercised into restricted shares of the Company.
Date of grant	:	25 November 2015, 1 April 2017 and 20 December 2017
Vesting condition	:	The share options will vest immediately upon the date it is granted

The details of share options awarded during the financial year pursuant to the AESOP are as follows:

Date of grant	**At the beginning of the financial year**	**Granted during the financial year**	**Options (lapsed)/ (exercised) during the financial year**	**At the end of the financial year**	**Exercise price per share**	**Exercisable period**
25 November 2015	320,000	-	(20,000)	300,000	Note 1	Note 2
1 April 2017	-	50,000	-	50,000	Note 1	Note 2
20 December 2017	-	100,000	-	100,000	Note 1	Note 2
	320,000	150,000	(20,000)	450,000		

Note 1: \$4.00 plus a compound interest of 7% per annum from the date of AESOP until the date of payment of the exercise price.

Note 2: 7 years from date of grant.

6. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Danny Lien Chong Tuan
Director

Ma Ka Man
Director

Singapore

07 MAY 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Amos International Holdings Pte. Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statements of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 29(ii) to the financial statements, which describes the Group's proposed plan to redevelop a subsidiary's property and the basis of valuation for the redeveloped property. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement.

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

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

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements

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

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

The Director's responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on the Audit of the Financial Statements (Continued)

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

BDO LLP

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
7 May 2018

AMOS INTERNATIONAL HOLDINGS PTE. LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 $	2016 $
Revenue	4	56,323,214	46,872,784
Cost of sales		(42,648,104)	(34,747,877)
Gross profit		13,675,110	12,124,907
Other item of income			
Other income	5	642,904	686,025
Other items of expenses			
Selling and distribution expenses		(4,972,960)	(4,060,155)
Administrative expenses		(6,792,561)	(6,205,198)
Other expenses		(3,340,752)	(2,464,822)
Finance costs	6	(275,715)	(148,369)
Share of loss of associate	12	(556)	-
Loss before income tax	8	(1,064,530)	(67,612)
Income tax credit	9	204,482	139,085
(Loss)/Profit for the financial year		(860,048)	71,473
Other comprehensive income:			
Items that will or may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations, net of tax	20	43,455	60,758
Total comprehensive income for the financial year		(816,593)	132,231
(Loss)/Profit attributable to:			
Owner of the parent		(911,644)	84,275
Non-controlling interest		51,596	(12,802)
		(860,048)	71,473
Total comprehensive income attributable to:			
Owner of the parent		(868,189)	145,033
Non-controlling interest		51,596	(12,802)
		(816,593)	132,231

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

AMOS INTERNATIONAL HOLDINGS PTE. LTD.
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
ASSETS					
Non-current assets					
Property, plant and equipment	10	26,362,374	27,261,954	-	-
Investments in subsidiaries	11	-	-	21,369,219	21,369,219
Investments in an associate	12	30,244	-	-	-
Intangible asset	13	26,500	26,500	-	-
Goodwill	14	425,185	425,185	-	-
Total non-current assets		26,844,303	27,713,639	21,369,219	21,369,219
Current assets					
Inventories	15	3,632,203	3,551,738	-	-
Trade and other receivables	16	15,829,047	14,211,377	793,085	-
Prepayments		195,855	234,174	-	-
Cash and cash equivalents	17	3,352,189	3,560,961	22,301	21,995
Income tax recoverable		762	30,700	-	-
		23,010,056	21,588,950	815,386	21,995
Non-current assets held for sale	18	3,643,987	3,643,987	-	-
Total current assets		26,654,043	25,232,937	815,386	21,995
TOTAL ASSETS		53,498,346	52,946,576	22,184,605	21,391,214
EQUITY AND LIABILITIES					
Equity					
Share capital	19	23,743,413	23,743,413	23,743,413	23,743,413
Other reserves	20	262,535	211,642	65,182	57,744
Accumulated profits/(losses)		4,008,033	4,919,677	(3,049,753)	(2,770,554)
Equity attributable to owners of the parent		28,013,981	28,874,732	20,758,842	21,030,603
Non-controlling interests		5,216	(46,380)	-	-
Total equity		28,019,197	28,828,352	20,758,842	21,030,603
Non-current liabilities					
Bank borrowings	21	2,180,000	3,476,000	-	-
Finance lease payables	22	282,639	360,952	-	-
Deferred tax liabilities	23	-	181,000	-	-
Total non-current liabilities		2,462,639	4,017,952	-	-

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2017	2016	2017	2016
		$	$	$	$
Current liabilities					
Trade and other payables	24	18,185,062	15,182,883	1,425,763	360,611
Bank borrowings	21	4,653,007	4,755,497	-	-
Finance lease payables	22	178,441	161,892	-	-
Total current liabilities		23,016,510	20,100,272	1,425,763	360,611
Total liabilities		25,479,149	24,118,224	1,425,763	360,611
TOTAL EQUITY AND LIABILITIES		53,498,346	52,946,576	22,184,605	21,391,214

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Note	Share capital $	Share-based payment reserve $	Capital reserve $	Foreign currency translation reserve $	Accumulated profits $	Equity attributable to owners of the parent $	Non-controlling interests $	Total equity $
Balance as at 1 January 2017		23,743,413	57,744	64,282	89,616	4,919,677	28,874,732	(46,380)	28,828,352
Loss for the financial year		-	-	-	-	(911,644)	(911,644)	51,596	(860,048)
Other comprehensive income:									
Exchange differences arising from translation of foreign operations	20	-	-	-	43,455	-	43,455	-	43,455
Total comprehensive income for the financial year		-	-	-	43,455	(911,644)	(868,189)	51,596	(816,593)
Issuance of share options		-	7,438	-	-	-	7,438	-	7,438
Balance as at 31 December 2017		23,743,413	65,182	64,282	133,071	4,008,033	28,013,981	5,216	28,019,197
Balance as at 1 January 2016		23,743,413	57,744	64,282	28,858	4,835,402	28,729,699	(33,578)	28,696,121
Profit for the financial year		-	-	-	-	84,275	84,275	(12,802)	71,473
Other comprehensive income:									
Exchange differences arising from translation of foreign operations	20	-	-	-	60,758	-	60,758	-	60,758
Total comprehensive income for the financial year		-	-	-	60,758	84,275	145,033	(12,802)	132,231
Balance as at 31 December 2016		23,743,413	57,744	64,282	89,616	4,919,677	28,874,732	(46,380)	28,828,352

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Company	Note	Share capital	Share-based payment reserve	Accumulated losses	Total equity
		$	$	$	$
Balance as at 1 January 2017		23,743,413	57,744	(2,770,554)	21,030,603
Loss for the financial year, representing total comprehensive income for the financial year		-	-	(279,199)	(279,199)
Issuance of share options		-	7,438	-	7,438
Balance as at 31 December 2017		23,743,413	65,182	(3,049,753)	20,758,842
Balance as at 1 January 2016		23,743,413	57,744	(2,422,941)	21,378,216
Loss for the financial year, representing total comprehensive income for the financial year		-	-	(347,613)	(347,613)
Balance as at 31 December 2016		23,743,413	57,744	(2,770,554)	21,030,603

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		$	$
Operating activities			
Loss before income tax		(1,064,530)	(67,612)
Adjustments for:			
Allowance for impairment loss on doubtful trade receivables	16	159,492	95,643
Allowance for impairment loss on doubtful non-trade receivables	16	39,330	52,848
Allowance for impairment loss on doubtful trade receivables written back	16	-	(112,861)
Depreciation of property, plant and equipment	10	2,089,374	1,532,250
Interest expense	6	275,715	148,369
Interest income	5	(10,118)	(16,761)
Loss on disposal of plant and equipment	8	64,960	193
Property, plant and equipment written off	10	845	-
Share options expense	20	7,438	-
Share of loss of an associate	12	556	-
Trade receivables due from related companies written off	8	8,544	-
Waiver of amount due to a director	5	-	(133,336)
Operating cash flows before working capital changes		1,571,606	1,498,733
Working capital changes:			
Inventories		(79,328)	(830,838)
Trade and other receivables		(1,844,571)	1,501,293
Prepayments		38,056	231,766
Trade and other payables		1,648,339	3,305,098
Cash from operations		1,334,102	5,706,052
Income tax refund/(paid)		53,190	(58,980)
Net cash from operating activities		1,387,292	5,647,072
Investing activities			
Acquisition of a subsidiary, net of cash acquired	11	-	(224,579)
Interest received	5	10,118	16,761
Proceeds from disposal of plant and equipment		449,996	2,151
Investment in an associate	12	(30,800)	-
Purchase of plant and equipment	10	(1,425,553)	(9,457,705)
Net cash used in investing activities		(996,239)	(9,663,372)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		$	$
Financing activities			
Advance from immediate holding company	25	1,399,588	-
Fixed deposit pledged		(8)	(21)
Interest paid	6	(275,715)	(148,369)
Proceeds from bank borrowings		-	3,000,000
Repayments of bank borrowings		(1,398,490)	(1,412,324)
Repayments of finance lease payables		(346,637)	(148,979)
Net cash (used in)/from financing activities		(621,262)	1,290,307
Net changes in cash and cash equivalents		(230,209)	(2,725,993)
Cash and cash equivalents at beginning of the financial year		3,458,840	6,180,198
Effect of foreign exchange rate changes on cash and cash equivalents		21,429	4,635
Cash and cash equivalents at end of the financial year	17	3,250,060	3,458,840

Note A: Reconciliation of liabilities arising from financing activities

	2016	Cash flows	Non-cash changes: Additions of property, plant and equipment under finance leases	2017
	$	$	$	$
Bank borrowings	8,231,497	(1,398,490)	-	6,833,007
Finance lease payables	522,844	(346,637)	284,873	461,080
	8,754,341	(1,745,127)	284,873	7,294,087

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

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

1. General corporate information

Amos International Holdings Pte. Ltd. (the "Company") (registration number: 201002188Z) is a private limited company incorporated and domiciled in Singapore with its principal place of business and registered office at 156 Gul Circle, Singapore 629613.

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

The principal activities of the subsidiaries are set out in Note 11 to the financial statements.

The Company's immediate and ultimate holding company is Lighthouse Logistics Limited, a company incorporated in British Virgin Islands. Related companies in these financial statements refer to the group of companies within the Lighthouse Logistics Limited.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017 were authorised for issue by the Board of Directors on 7 May 2018.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3 to the financial statements.

In the current financial year, the Group has adopted all the new and revised FRS that are relevant to its operations and effective for the current financial year. The adoption of these new or revised FRS does not result in any changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years, except as detailed below.

2. Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS 7 (Amendments) *Disclosure Initiative*

The amendments require additional disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Company adopted these amendments on 1 January 2017 and the additional disclosures have been included in the statement of cash flows.

FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Group were issued but not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
FRS 28 (Amendments)	: Long-term Interests in Associate and Joint Venture	1 January 2019
FRS 40 (Amendments)	: Transfers of Investment Property	1 January 2018
FRS 102 (Amendments)	: Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 109	: Financial Instruments	1 January 2018
FRS 115	: Revenue from Contracts with Customers	1 January 2018
FRS 115 (Amendments)	: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	: Leases	1 January 2019
Improvements to FRSs (December 2016)		
- FRS 28 (Amendments)	: Investments in Associates and Joint Ventures	1 January 2018
- FRS 101 (Amendments)	: First-time Adoption of International Financial Reporting Standards	1 January 2018
Improvements to FRSs (March 2018)		
- FRS 103	: Business Combinations	1 January 2019
- FRS 12	: Income Taxes	1 January 2019
- FRS 23	: Borrowing Costs	1 January 2019
INT FRS 122	: Foreign Currency Transactions and Advance Consideration	1 January 2018
INT FRS 123	: Uncertainty over Income Tax Treatments	1 January 2019

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

The management anticipates that the adoption of the above FRSs, in future periods, will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except as detailed below.

2. **Significant accounting policies** (Continued)

2.1 Basis of preparation (Continued)

FRS issued but not yet effective (Continued)

FRS 109 *Financial Instruments*

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

Impairment

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or debt instruments at fair value through other comprehensive income, the Group will recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition under the three-stage model or from initial recognition if the simplified model is applied.

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade and non-trade receivables, due to earlier recognition or credit losses. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For non-trade receivables, the Group will initially provide for 12 months expected losses under the three-stage model. The Group is currently finalising the policies and procedures in determining how to estimate expected credit losses and the sources of forward-looking data, and evaluating the tax implications arising from the above change in impairment model.

Transition

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions and intends to elect not to restate comparatives for the previous financial year.

2. **Significant accounting policies** (Continued)

2.1 **Basis of preparation** (Continued)

FRS issued but not yet effective (Continued)

FRS 109 ***Financial Instruments*** (Continued)

Transition (Continued)

FRS 109 also requires additional financial statements disclosures which the Group will include in its financial statements in the financial year when FRS 109 is adopted.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard, there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. The Group is in the process of making a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 January 2018 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

FRS 116 *Leases*

FRS 116 supersedes FRS 17 *Leases* and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a "right-of-use" asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under FRS 116. FRS 116 also requires enhanced disclosures by both lessees and lessors.

On adoption of FRS 116, the Group will be required to capitalise it rented office premises and other operating facilities on the statement of financial position by recognising them as 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments. The Company plans to adopt the standard in the financial year beginning on 1 January 2019 using the modified retrospective method in accordance with the transitional provisions, and therefore will only recognise leases on balance sheet as at 1 January 2019. The Company will include the required additional disclosures in its financial statements for that financial year.

2. Significant accounting policies (Continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the 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 owners of the Company.

2. Significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

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

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

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

2. Significant accounting policies (Continued)

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and it is probable that the agreed consideration will be received. Normally these criterion are considered to be met when the goods are delivered to and accepted by the buyer.

Revenue from services income and chartering fees income are recognised when the services have been performed and accepted by the customers in accordance with the relevant terms and conditions of the contract.

Rental income under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

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

2.5 Government grants

Government grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

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

2.6 Employee benefits

Retirement benefit costs

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

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the end of the financial year as a result of services rendered by employees up to the end of the financial year.

2. Significant accounting policies (Continued)

2.6 Employee benefits (Continued)

Share-based payments

Share options

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

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

2.7 Leases

Finance leases

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

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

Operating leases

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

Where the Group is the lessee

Property, plant and equipment acquired through finance lease are capitalised as property, plant and equipment at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease. The corresponding liability is included in the statements of financial position as a finance lease payables.

2. **Significant accounting policies** (Continued)

2.7 **Leases** (Continued)

Operating leases (Continued)

Where the Group is the lessee (Continued)

Lease payments are apportioned between finance charge and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Where the Group is the lessor

Lease of investment property where the Group retain substantially all risks and rewards incidental to ownership is classified as operating leases. Rental income from operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

2.8 **Borrowing costs**

Borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.9 **Taxes**

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

Current income tax

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

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

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

2. Significant accounting policies (Continued)

2.9 Taxes (Continued)

Deferred tax (Continued)

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.10 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. Significant accounting policies (Continued)

2.10 Foreign currency transactions and translation (Continued)

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign currency translation reserve.

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

On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that operation is reclassified to profit or loss.

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

2.11 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

2. Significant accounting policies (Continued)

2.11 Property, plant and equipment (Continued)

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

Leasehold property	24 years
Motor vehicles	5 to 10 years
Plant and equipment	3 to 8 years
Renovation	3 years
Supply boats	15 years

No depreciation is charged on assets under construction as they are not yet in use as at the end of the financial year.

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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

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

2.12 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the separate financial statements, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any.

2. Significant accounting policies (Continued)

2.13 Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Associates are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for associates above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associates.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate.

Where the Group transacts with an associate, unrealised profits are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

In the separate financial statements of the Company, investments in associates are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.14 Intangible asset

Club memberships

Transferable club membership is measured at cost on initial recognition. Following initial recognition, transferable club membership is carried at cost less accumulated impairment losses. Transferable club membership is assessed for impairment whenever there is an indication that the asset may be impaired.

2.15 Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred (see Note 2.3), the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill on subsidiaries and jointly controlled entities is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

2. Significant accounting policies (Continued)

2.15 Goodwill (Continued)

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

Goodwill on associates and joint ventures is included in the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

On disposal of a subsidiary, jointly controlled entity or an associate, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

2.16 Impairment of non-financial assets excluding goodwill

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2. Significant accounting policies (Continued)

2.18 Financial instruments

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

Effective interest method

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

Financial assets

All financial assets are initially recognised at fair value, plus transaction costs.

The Group classifies its financial assets as loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

Trade and other receivables and cash and cash equivalents which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statements of financial position comprise trade and other receivables and cash and cash equivalents.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the assets have been impacted.

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

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

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

2. Significant accounting policies (Continued)

2.18 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

2. Significant accounting policies (Continued)

2.18 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities (Continued)

Bank borrowings

Bank borrowings are initially recognised at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Bank borrowings which are due to be settled within 12 months after the end of the financial year are presented as current borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the financial year and before the financial statements are authorised for issue. Other bank borrowings due to be settled more than 12 months after the end of the financial year are presented as non-current borrowings in the statement of financial position.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.19 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand, demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.20 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

2. **Significant accounting policies** (Continued)

2.21 Contingencies

A contingent liability is:

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

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

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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

3. **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

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

3.1 Critical judgements made in applying the accounting policies

Management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty as at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year, are discussed below.

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

3.2 Key sources of estimation uncertainty (Continued)

(i) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there is objective evidence that the investments in subsidiaries are impaired. The management's assessment is based on the estimation of the value-in-use of the cash-generating unit by forecasting the expected future cash flows and using a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of investments in subsidiaries as at 31 December 2017 is disclosed in Note 11 to the financial statements.

(ii) Impairment of goodwill

Management performs impairment test on goodwill on an annual basis and whenever there is objective evidence or indication that they are impaired. The process of evaluating the potential impairment of goodwill is subjective and requires significant judgement. Management estimates the recoverable amount based on the expected future cash flows from the cash generating units to which the goodwill belong. The carrying values of the cash generating units are then compared against the recoverable amounts. Any excess of the carrying values over the discounted future cash flows are recognised as impairment loss in profit or loss. The carrying amount of goodwill as at 31 December 2017 is disclosed in Note 14 to the financial statements.

(iii) Depreciation of property, plant and equipment

The Group depreciates property, plant and equipment using the straight line method over their estimated useful lives after taking into account their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's property, plant and equipment at 31 December 2017 is disclosed in Note 10 to the financial statements.

(iv) Inventory valuation method

Inventory is valued at the lower of actual cost and net realisable value. Cost is determined using the first-in, first-out method. Market price is generally the merchandise's selling price quoted from the market of similar items. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete merchandise and identifies items of inventory which have a market price that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2017 is disclosed in Note 15 to the financial statements.

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

3.2 Key sources of estimation uncertainty (Continued)

(v) Allowance for doubtful receivables

The management establishes allowance for doubtful receivables on a case-by-case basis when they believe the payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers the historical experience and changes to its customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, allowances may be required. The carrying amounts of the Group's trade and other receivables as at 31 December 2017 is disclosed in Note 16 to the financial statements.

4. Revenue

	Group	
	2017	2016
	$	$
Sale of goods	52,547,082	42,967,775
Services income	3,776,132	3,905,009
	56,323,214	46,872,784

5. Other income

	Group	
	2017	2016
	$	$
Allowance for impairment loss on doubtful trade receivables written back	-	112,861
Gain on disposal of plant and equipment	-	2,150
Foreign exchange gain	39,258	725
Government grants	127,546	207,914
Interest income		
- deposits with banks	94	1
- late payment charges on customers	10,024	16,760
Rental income	226,800	72,670
Waiver of amount due to a director	-	133,336
Other income	239,182	139,608
	642,904	686,025

6. Finance costs

	Group	
	2017	2016
	$	$
Interest expenses		
- finance leases	20,798	19,492
- borrowings	254,917	128,877
	275,715	148,369

7. Employee benefits expense

	Group	
	2017	2016
	$	$
Salaries, wages, bonuses and related costs	7,259,917	6,644,425
Contributions to Central Provident Fund	592,196	563,093
	7,852,113	7,207,518

Included in the employee benefits expense are Directors' remuneration as disclosed in Note 25 to the financial statements.

The employee benefits expense are recognised in the following line items of profit or loss:

	Group	
	2017	2016
	$	$
Cost of sales	389,055	354,533
Selling and distribution expenses	3,278,997	2,613,071
Administrative expenses	4,184,061	4,239,914
	7,852,113	7,207,518

8. Loss before income tax

In addition to the charges disclosed elsewhere in the notes to the statement of comprehensive income, the above includes the following charges:

	Group	
	2017	2016
	$	$
Administrative expenses		
Operating lease expenses		
- land	414,580	460,078
- office premises and warehouse	229,429	148,261
- office equipment	44,858	19,544
- motor vehicle	29,986	28,100
Professional fee	532,381	398,626
Share options expense	7,438	-

8. Loss before income tax (Continued)

In addition to the charges disclosed elsewhere in the notes to the statement of comprehensive income, the above includes the following charges: (Continued)

	Group	
	2017	2016
	$	$
Other expenses		
Allowance for impairment loss on doubtful trade receivables	159,492	86,371
Allowance for impairment loss on doubtful non-trade receivables	39,330	52,848
Trade receivables due from related companies written off	8,544	-
Consultancy expenses	395,392	208,715
Depreciation of property, plant and equipment	2,089,374	1,532,250
Foreign exchange loss, net	10,739	85,419
Loss on disposal of plant and equipment	64,960	193
Recruitment expenses	88,064	-

9. Income tax (credit)/ expense

	Group	
	2017	2016
	$	$
Current income tax		
- current financial year	2,750	49,187
- over provision in prior years	(26,232)	(98,585)
	(23,482)	(49,398)
Deferred tax		
- current financial year	-	(7,017)
- over provision in prior years	(181,000)	(82,670)
	(181,000)	(89,687)
Total income tax credit recognised in profit or loss	(204,482)	(139,085)

Domestic income tax is calculated at 17% (2016: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. Income tax (credit)/ expense (Continued)

The income tax expenses varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2016: 17%) to profit before income tax as a result of the following differences:

	Group 2017	Group 2016
	$	$
Loss before income tax	(1,064,530)	(67,612)
Less: Share of loss of an associate	556	-
	(1,063,974)	(67,612)
Tax calculated at Singapore income tax rate of 17%	(180,876)	(11,494)
Tax effect of:		
- expenses not deductible	479,567	291,862
- income not subject to tax	(189,984)	(29,889)
- tax incentive	(381,564)	(253,738)
- over provision of income tax in prior years	(26,232)	(98,585)
- over provision of deferred tax in prior years	(181,000)	(82,670)
Utilisation of deferred tax assets not recognised	(4,403)	-
Deferred tax assets not recognised	292,592	37,847
Effect of different tax rate in other countries	20,425	(551)
Others	(33,007)	8,133
Total income tax credit	(204,482)	(139,085)

The amount of temporary differences for which no deferred tax asset has been recognised are as follows:

	2017	2016
	$	$
Property, plant and equipment	4,984,501	4,049,195
Unabsorbed capital allowances	1,027,725	1,027,725
Unutilised tax losses	1,568,780	889,103
Others	116,598	10,452
	7,697,604	5,976,475

These deferred tax assets have not been recognised as it is not certain whether future taxable profits will be available against which the Company can utilise these benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements.

10. Property, plant and equipment

	Leasehold property	Motor vehicles	Plant and equipment	Renovation	Supply boats	Assets under construction	Total
	$	$	$	$	$	$	$
Group							
Cost							
Balance at 1 January 2017	22,230,735	2,036,157	3,863,108	1,193,156	1,116,631	1,119,005	31,558,792
Additions	30,633	331,254	991,075	47,725	-	309,739	1,710,426
Disposals	-	(918,562)	(2,532)	-	-	-	(921,094)
Write-off	-	-	(8,856)	(3,481)	-	-	(12,337)
Transfer from assets under construction	-	-	1,119,005	-	-	(1,119,005)	-
Currency re-alignment	-	(3,191)	(3,561)	3,767	-	-	(2,985)
Balance at 31 December 2017	22,261,368	1,445,658	5,958,239	1,241,167	1,116,631	309,739	32,332,802
Accumulated depreciation							
Balance at 1 January 2017	624,575	790,831	1,606,651	1,036,482	238,299	-	4,296,838
Depreciation	928,105	211,915	813,900	54,624	80,830	-	2,089,374
Disposals	-	(403,606)	(2,532)	-	-	-	(406,138)
Write-off	-	-	(8,011)	(3,481)	-	-	(11,492)
Currency re-alignment	-	(707)	(1,086)	3,639	-	-	1,846
Balance at 31 December 2017	1,552,680	598,433	2,408,922	1,091,264	319,129	-	5,970,428
Net carrying amount							
Balance at 31 December 2017	20,708,688	847,225	3,549,317	149,903	797,502	309,739	26,362,374

10. Property, plant and equipment (Continued)

	Leasehold property	Motor vehicles	Plant and equipment	Renovation	Supply boats	Assets under construction	Total
	$	$	$	$	$	$	$
Group							
Cost							
Balance at 1 January 2016	17,437,630	1,964,804	2,354,487	972,596	1,118,975	2,839,343	26,687,835
Acquisition of a subsidiary (Note 11)	-	79,132	20,672	101,904	-	-	201,708
Additions	6,649,362	22,721	1,535,422	178,276	-	1,119,005	9,504,786
Disposals	-	(30,500)	-	-	(2,344)	-	(32,844)
Transfer from building under construction	2,839,343	-	-	-	-	(2,839,343)	-
Reclassified to assets held for sale (Note 18)	(4,695,600)	-	(47,472)	(59,620)	-	-	(4,802,692)
Currency re-alignment	-	-	(1)	-	-	-	(1)
Balance at 31 December 2016	22,230,735	2,036,157	3,863,108	1,193,156	1,116,631	1,119,005	31,558,792
Accumulated depreciation							
Balance at 1 January 2016	1,039,328	544,655	1,094,735	941,799	168,990	-	3,789,507
Acquisition of a subsidiary (Note 11)	-	56,384	14,355	93,728	-	-	164,467
Depreciation	673,488	220,424	532,627	36,402	69,309	-	1,532,250
Disposals	-	(30,500)	-	-	-	-	(30,500)
Reclassified to assets held for sale (Note 18)	(1,088,241)	-	(35,017)	(35,447)	-	-	(1,158,705)
Currency re-alignment	-	(132)	(49)	-	-	-	(181)
Balance at 31 December 2016	624,575	790,831	1,606,651	1,036,482	238,299	-	4,296,838
Net carrying amount							
Balance at 31 December 2016	21,606,160	1,245,326	2,256,457	156,674	878,332	1,119,005	27,261,954

10. Property, plant and equipment (Continued)

As at the end of the financial year, the carrying amount of the Group's leasehold property of $20,708,688 (2016: $21,606,160) which had been pledged for banking facilities as set out in Note 21 to the financial statements and the carrying amounts of plant and equipment which were acquired under finance lease arrangements were as follows:

	Group	
	2017	2016
	$	$
Motor vehicles	801,572	987,794
Plant and equipment	75,562	40,333
	877,134	1,028,127

As at 31 December 2017, motor vehicles with net carrying amounts of $150,849 (2016: $19,420) of the Group were registered in the name of the Directors of the Company who are holding the motor vehicles in trust for the Group.

For the purpose of consolidated statement of cash flows, the additions to plant and equipment during the financial year were financed as follows:

	Group	
	2017	2016
	$	$
Additions of plant and equipment	1,710,426	9,504,785
Acquired under finance lease arrangements	(284,873)	(47,080)
Cash payments to acquire plant and equipment	1,425,553	9,457,705

11. Investments in subsidiaries

	Company	
	2017	2016
	$	$
Unquoted equity shares, at cost	6,000,064	6,000,064
Quasi-equity loan	17,089,159	17,089,159
Accumulated impairment loss	(1,720,004)	(1,720,004)
Carrying amount of investments	21,369,219	21,369,219

11. **Investments in subsidiaries** (Continued)

Movements in allowance for impairment loss is as follows:

	Company 2017 $	Company 2016 $
Balance at beginning and end of financial year	1,720,004	1,720,004

Quasi-equity loan

Quasi-equity loan represent an interest-free loan provided by the Company to its subsidiary, Amos International (S) Pte. Ltd., which is not expected to be repaid within the next 12 months.

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and principal place of business	Portion of ownership interest held 2017 %	Portion of ownership interest held 2016 %	Ownership interest held by the Non-Controlling-Interest 2017 %	Ownership interest held by the Non-Controlling-Interest 2016 %
Held by the Company						
Amos International (S) Pte. Ltd.	Business of ship chandlers and general traders	Singapore	100	100	-	-
Amos Offshore & Engineering Pte. Ltd. [2]	Business of commission agents and providing supplies and services to offshore clients	Singapore	100	100	-	-
Amos Logistics Pte. Ltd. [1]	Dormant	Singapore	100	100	-	-
Amos Ventures Pte. Ltd. [1]	Dormant	Singapore	100	100	-	-
Amos Asia Pte. Ltd. [2]	Dormant	Singapore	100	100	-	-
Amos International (Shanghai) Co. Ltd	General traders and commission agent	People's Republic of China	100	100	-	-
Go Logistics (S) Pte. Ltd.	Business of sea transport and related services	Singapore	100	100	-	-

(1) The subsidiaries are in the process of being struck off subsequent to the financial year ended.
(2) The Directors of the subsidiaries are intend to wind up the subsidiaries subsequent to 31 December 2017.

11. Investments in subsidiaries (Continued)

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

Name of subsidiaries	Principal activities	Country of incorporation and principal place of business	Portion of ownership interest held		Ownership interest held by the Non-Controlling-Interest	
			2017	2016	2017	2016
			%	%	%	%
Held by subsidiaries						
Amos Solutions (S) Pte. Ltd.	Provision of industrial and process plant engineering services	Singapore	100	100	-	-
Amos International (HK) Limited	Business of ship chandler and general traders	Hong Kong	100	100	-	-
Amos International (M) Sdn. Bhd.	Business of general procurement and provision of logistics services to marine and offshore oil and gas industry	Malaysia	70	70	30	30
World Hand Shipping Limited	Business of ship chandlers and general traders	Hong Kong	100	100	-	-

Acquisition of subsidiary

In previous financial year, Amos International (HK) Limited, a wholly owned subsidiary acquired 100% equity interest in World Hand Shipping Limited, with an aggregate purchase consideration of HK$3,500,000 (equivalent to $574,412). Upon the acquisition, WHS became a subsidiary of the Group. The Company acquired WHS to expand its ship chandlers business in Hong Kong.

The fair value and carrying amounts of the identifiable assets and liabilities of WHS as at the date of acquisition were as follows:

	$
Plant and equipment	37,241
Inventories	135,085
Trade and other receivables	561,600
Cash and cash equivalents	38,672
Trade and other payables	(565,218)
Net identifiable assets acquired	207,380
Goodwill on consolidation	367,032
Purchase consideration	574,412

11. Investments in subsidiaries (Continued)

Acquisition of subsidiary (Continued)

	$
Purchase consideration satisfied by:	
- Cash paid	263,250
- Contingent consideration arrangement	311,162
Total consideration	574,412

The contingent consideration requires the Group to pay the vendors an additional HK$2,000,000 (equivalent to $311,162) if WHS's gross revenue in each of the years 2016 exceeds HK$4,125,000, 2017 exceeds HK$14,000,000, 2018 exceeds HK$15,000,000 and 2019 exceeds HK$16,000,000. WHS's average gross revenue for the past three years has been HK$21,213,840 and the management considers it is highly probable that this payment will be required. The contingent consideration of HK$2,000,000 (equivalent to $311,162) represents the estimated fair value of this obligation estimated based on an income approach and discounted at 5% per annum.

During the financial year, an amount of $85,450 relating to the contingent consideration was paid to the vendors as the gross revenue target was met.

For the period from the date of acquisition to the end of the previous financial year, WHS contributed $452,402 to the Group's revenue and a loss of $80,045 to the Group's profit after tax. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit after income tax would have been approximately $49,597,964 and $366,141 respectively.

Goodwill of $367,032 arising from the acquisition is mainly due to premium paid for WHS's profitable business with strong operating track record that can contribute positively to the Group's revenue and profits.

None of the goodwill is expected to be deductible for tax purposes.

Transaction costs related to the acquisition of approximately $18,859 have been recognised in "Administrative and other operating expenses" line item in the Group's profit or loss for the financial year ended 31 December 2016.

The effects of the acquisition of the subsidiary on cash flows are as follows:

	$
Consideration settled in cash	263,250
Less: Cash and cash equivalents of subsidiary acquired	(38,671)
Net cash outflow on acquisition	224,579

12. Investments in associates

	Group	
	2017	2016
	$	$
Unquoted equity shares, at cost	30,800	15,000
Share of post-acquisition results	(556)	(15,000)
	30,244	-

12. Investments in associates (Continued)

The detail of the associates are as follows:

Name of associates	Principal activities	Country of incorporation and principal place of business	Proportion of ownership interest held 2017 %	2016 %
Amos Myanmar Services Company Limited	Sales of marine equipment and provision of engineering services	Union of Myanmar	30	30
Amos International Lanka (Private) Limited	Business of ship chandler	Sri Lanka	30	-

On 11 October 2016, the Group entered into a Shareholders' Agreement to incorporate Amos International Lanka (Private) Limited by allotment of 330,000 shares for a total cash consideration LKR3,300,000 (equivalent to $30,800). Subsequent to the allotment on 7 April 2017, the Group held equity interest of 30% in Amos International Lanka (Private) Limited and the investment has been accounted for as investment in associate.

13. Intangible asset

	Group 2017 $	2016 $
Cost		
At beginning and end of financial year	26,500	26,500

The club membership is registered in the name of a Director who is holding the club membership in trust for the Company.

14. Goodwill

	Group 2017 $	2016 $
At 1 January	425,185	-
Acquisition of subsidiary (Note 11)	-	367,032
Currency re-alignment	-	58,153
At 31 December	425,185	425,185

14. Goodwill (Continued)

Goodwill acquired in a business combination is allocated to the cash-generating units ("CGU") that are expected to benefit from that business combination. The carrying amount of goodwill was allocated to the shipping chandlers segment in Hong Kong.

The recoverable amount of the CGU is determined from value-in-use calculations based on cash flow forecasts derived from the most recent financial budgets approved by management. The key assumptions for these value-in-use calculations are based on gross margin ranging from 25% to 26% (2016: 14% to 16%), a discount rate at 5% (2016: 5%) and revenue growth rate of approximately 66% (2016:15%).

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU.

The Group tests the CGU for impairment annually, or more frequently when there is an indication that the unit may be impaired.

There is no reasonable possible change in key assumptions on which management has based its determination of the CGU's recoverable amount that would cause the CGU's carrying amount to exceed its recoverable amount.

15. Inventories

	Group	
	2017	2016
	$	$
Raw materials	27,675	38,000
Finished goods held for resale	3,604,528	3,513,738
	3,632,203	3,551,738

Inventories recognised as an expense and included in "cost of sales" line item in profit or loss amounted to $40,169,280 (2016: $31,506,473).

16. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Current				
Trade receivables				
- third parties	14,500,181	12,866,418	-	-
- associate	136,906	77,429	-	-
	14,637,087	12,943,847	-	-
Allowance for doubtful trade receivables	(533,133)	(597,201)	-	-
	14,103,954	12,346,646	-	-
Other receivables				
- third parties	821,598	756,707	-	-
- subsidiary	-	-	793,085	-
- related parties	-	509	-	-
- associate	92,178	52,848	-	-
GST receivables	420,560	504,072	-	-
Deposits	256,425	332,098	-	-
Advanced payments to suppliers	133,294	246,763	-	-
Staff loans	93,216	24,582	-	-
	15,921,225	14,264,225	793,085	-
Allowance for doubtful non-trade receivables	(92,178)	(52,848)	-	-
	15,829,047	14,211,377	793,085	-

Trade receivables are unsecured, non-interest bearing and on 30 to 90 (2016: 30 to 90) days credit term.

The non-trade amounts due from third parties, a subsidiary, related parties and an associate are unsecured, non-interest bearing and repayable on demand.

Staff loans are interest free and repayable by fixed monthly instalments.

Movement in the allowance for doubtful trade receivables are as follows:

	Group	
	2017	2016
	$	$
Balance at beginning of financial year	597,201	603,806
Acquisition of a subsidiary	-	15,179
Allowance charged to profit or loss	159,492	95,643
Allowance credited to profit or loss	-	(112,861)
Bad debts written off against allowance	(223,560)	(4,566)
Balance at end of financial year	533,133	597,201

16. Trade and other receivables (Continued)

Movement in the allowance for doubtful non-trade receivables are as follows:

	Group	
	2017	2016
	$	$
Balance at beginning of financial year	52,848	-
Allowance charged to profit or loss	39,330	52,848
Balance at end of financial year	92,178	52,848

As at the end of financial year, the management carried out a review on the recoverable amount of the Group's trade and other receivables. The review led to an allowance for doubtful trade receivables of $159,492 (2016: $95,643), allowance for doubtful non-trade receivables of $39,330 (2016: $52,848) and a reversal of allowance of $ Nil (2016: $112,861) due to collection received from customers during the financial year.

Trade and other receivables are denominated in the following currencies:

	Group	
	2017	2016
	$	$
Singapore dollar	14,250,706	12,697,624
United States dollar	1,095,193	605,752
Euro	88,709	128,637
Chinese Yuan Renminbi	75,943	271,403
Ringgit Malaysia	-	20,857
Hong Kong Dollar	318,496	487,104
	15,829,047	14,211,377

17. Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Cash and bank balances	3,250,060	3,458,840	22,301	21,995
Fixed deposits - restricted in use	102,129	102,121	-	-
	3,352,189	3,560,961	22,301	21,995

The fixed deposits are pledged to banks for banking facilities as set out in Note 21 to the financial statements. The fixed deposits bear interest rate of 0.16% to 0.25% (2016: 0.16% to 0.25%) per annum with maturity of 1 year (2016: 1 year) from their value dates.

17. Cash and cash equivalents (Continued)

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

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Fixed deposits	102,129	102,121	-	-
Cash and bank balances	3,250,060	3,458,840	22,301	21,995
	3,352,189	3,560,961	22,301	21,995
Fixed deposits pledged with banks	(102,129)	(102,121)	-	-
	3,250,060	3,458,840	22,301	21,995

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Singapore dollar	3,114,222	3,167,843	22,301	21,995
United States dollar	116,487	224,124	-	-
Chinese Yuan Renminbi	10,570	33,054	-	-
Ringgit Malaysia	19,710	8,013	-	-
Hong Kong Dollar	52,891	99,523	-	-
Others	38,309	28,404	-	-
	3,352,189	3,560,961	22,301	21,995

18. Non-current assets held for sale

On 2 May 2016, the Board of Directors approved the planned disposal of its leasehold property located at 33 Chin Bee Crescent, Singapore 619901 due to relocation of its principal place of business to 156 Gul Circle, Singapore 629613.

Accordingly, the property has been classified as assets held for sale and the management expects to complete the sale within the next twelve months.

In July 2017, the Company agreed with an interested buyer of the property on the terms that the buyer will move into the property on a rental basis while the parties negotiate the terms of the sale of the property. The rental income arising from this arrangement amounted to $150,000 for period from July 2017 to December 2017.

On 6 December 2017, the Sale and Purchase Agreement was signed with the buyer. The sale was completed on 28 March 2018 and the Company received the sales proceeds of $10,000,000.

19. Share capital

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares		$	$
Issued and paid up:				
At beginning and end of financial year	8,422,555	8,422,555	23,743,413	23,743,413

The Company has one class of ordinary shares which carry no right to fixed income. The holders of ordinary shares are entitled to receive dividends when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

20. Other reserves

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Foreign exchange reserve	133,071	89,616	-	-
Capital reserve	64,282	64,282	-	-
Share-based payment reserve	65,182	57,744	65,182	57,744
	262,535	211,642	65,182	57,744

Foreign exchange reserve

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

	Group	
	2017	2016
	$	$
At beginning of financial year	89,616	28,858
Exchange differences arising on translation of foreign operations	43,455	60,758
At end of financial year	133,071	89,616

Capital reserve

The capital reserve represents the effects of transactions with non-controlling interest on the equity attributable to owners of the parent for the financial year.

Share-based payment reserve

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

20. **Other reserves** (Continued)

Share-based payment reserve (Continued)

Pursuant to a resolution passed in the special general meeting on 25th November 2015, the Amos Employee Share Option Plan (the "AESOP") was established.

The share options awarded under the AESOP to the selected management staff are described below:

Plan description	Award of share options of Amos International Holdings Pte. Ltd., which can be exercised into restricted shares of the Company.
Date of grant	25 November 2015, 1 April 2017 and 20 December 2017
Vesting condition	The share options will vest immediately upon the date it is granted

The details of share options awarded during the financial year pursuant to the AESOP were as follows:

Date of grant	At the beginning of the financial year	Options vested during the financial year	Options lapsed/ (exercised) during the financial year	At the end of the financial year	Exercise price per share	Exercisable period
25 November 2015	320,000	-	(20,000)	300,000	Note 1	Note 2
1 April 2017	-	50,000	-	50,000	Note 1	Note 2
20 December 2017	-	100,000	-	100,000	Note 1	Note 2
	320,000	150,000	(20,000)	450,000		

Note 1: $4.00 plus a compound interest of 7% per annum from the date of AESOP until the date of payment of the exercise price.

Note 2: 7 years from date of grant.

The fair values of the share options granted was estimated to be $0.0737 per share option (2015: $0.1805) as determined using the Black-Scholes pricing model at the date of grant. The inputs into the model were as follows:

	2017 $	2015 $
Weighted average share price	3.04	3.42
Weighted average exercise price	4.79	4.79
Expected volatility	20.74%	21.71%
Expected life	2.67	2.67
Risk free rate	2.13%	2.46%
Expected dividend yield	Nil	Nil

Expected volatility was determined by calculating the historical volatility of a comparable Singapore listed company's share price over the expected life of option of 2.67 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

21. Bank borrowings

	Group 2017	Group 2016
	$	$
Secured		
Mortgage term loan	3,476,000	4,772,000
Short term loans I	357,007	459,497
Short term loans II	3,000,000	3,000,000
Total bank borrowings	6,833,007	8,231,497
Less:		
Amount due for settlement within 12 months	(4,653,007)	(4,755,497)
Amount due for settlement after 12 months	2,180,000	3,476,000

The mortgage term loan and short term loans II are secured by the first legal mortgage of the Group's leasehold property at 156 Gul Circle, Singapore 629613 (Note 10), fixed deposits (Note 17) and corporate guarantee from the Company.

The mortgage term loan is repayable over 5 years from the commencement date in September 2015 and bear effective interest rates ranging from 2.21% to 2.82% (2016: 1.71% to 2.26%) per annum. The interest rates are re-priced yearly.

The short term loans I included bills receivable purchased and trust receipt and have maturities between 88 to 120 (2016: 65 to 120) days. The short term loans bear effective interest rates of 6% (2016: 5%) per annum.

The short term loans II have maturities of 90 days (2016: 120 days) and bear interest ranging from 2.28% to 2.67% (2016: 2.28% to 2.48%). The short term loans are rolled over upon maturity dates.

The bank borrowings are denominated in Singapore dollar.

As at the end of the financial year, the Group has banking facilities as follows:

	Group 2017	Group 2016
	$	$
Facilities granted	10,115,000	10,115,000
Facilities utilised	9,857,007	9,959,497

22. Finance lease payables

	Minimum lease payments	Future finance charges	Present value of minimum lease payments
	$	$	$
Group			
2017			
Current liabilities			
Not later than one financial year	198,256	(19,815)	178,441
Non-current liabilities			
Later than one financial year but not later than five financial years	323,080	(40,441)	282,639
	521,336	(60,256)	461,080
2016			
Current liabilities			
Not later than one financial year	181,806	(19,914)	161,892
Non-current liabilities			
Later than one financial year but not later than five financial years	401,294	(40,342)	360,952
	583,100	(60,256)	522,844

The lease terms range from 3 to 7 (2016: 3 to 7) years. The interest rates range from 4.15% to 5.68% (2016: 4.15% to 5.68%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The carrying amount of assets acquired under finance leases is disclosed in Note 10 to the financial statements.

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

The finance lease payables are denominated in Singapore dollar.

23. Deferred tax liabilities

	Group	
	2017	2016
	$	$
Balance at beginning of financial year	181,000	235,000
Charge to profit or loss	(181,000)	(54,000)
Balance at end of financial year	-	181,000

As at end of the financial year, deferred tax liabilities related to accelerated tax depreciation.

24. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade payables				
- third parties	11,803,796	11,281,495	-	-
- related parties	22,128	-	-	-
Other payables				
- third parties	2,955,888	1,417,116	-	-
- subsidiary	-	-	-	121,611
- immediate holding company	1,399,588	225,000	1,399,588	225,000
- related parties	13,066	-	-	-
Accrued expenses	1,755,794	1,948,110	26,175	14,000
GST payable	9,090	-	-	-
Deferred purchase consideration (Note 11)	225,712	311,162	-	-
	18,185,062	15,182,883	1,425,763	360,611

Trade payables due to third parties and related parties are unsecured, non-interest bearing and repayable within 30 to 90 days (2016: 30 to 90 days).

The non-trade amounts due to third parties, a subsidiary and related parties are unsecured, non-interest bearing and repayable on demand. The amount of $1,399,588 (2016: Nil) owing to the immediate holding company is subject to interest charge at 8% per annum.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Singapore dollar	13,553,203	12,849,076	26,175	360,611
United States dollar	2,250,047	814,695	1,399,588	-
Chinese Yuan Renminbi	283,682	151,779	-	-
Ringgit Malaysia	2,326	180,511	-	-
Hong Kong Dollar	1,944,356	1,132,164	-	-
Others	151,448	54,658	-	-
	18,185,062	15,182,883	1,425,763	360,611

25. Significant related party transactions

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
With immediate holding company				
Advance from	1,399,588	-	1,399,588	-
With subsidiaries				
Advances to	-	-	1,395,000	-
Payments made on behalf of	-	-	-	(121,611)
With immediate holding company				
Professional fees	225,000	225,000	225,000	225,000
Loan interest	82,304	-	-	-

Compensation of key management personnel

Key management personnel are Directors of the Company and those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly and indirectly.

The remuneration of Directors of the Company and key management personnel of the Group during the financial year was as follows:

	Group	
	2017	2016
	$	$
Directors of the Company		
- Short-term employee benefits	634,793	722,214
- Post-employment benefits	56,735	57,443
	691,528	779,657
Directors of the subsidiaries		
- Short-term employee benefits	361,057	421,167
- Post-employment benefits	21,317	21,570
	382,374	442,737
	1,073,902	1,222,394

26. Commitments

26.1 Operating lease commitments

Where the Group is lessee

The Group leases leasehold land and equipment under non-cancellable operating lease agreements. As at the end of the financial year, there were operating lease commitments for rental payable in subsequent accounting periods as follows:

	Group	
	2017	2016
	$	$
Not later than one year	698,830	592,985
Later than one year but not later than five years	1,902,411	1,939,612
Later than five years	3,666,046	4,390,590
	6,267,287	6,923,187

The above operating lease commitments are based on existing rental rates. Rental are fixed for an average of 5 to 30 years. The lease agreements provide for periodic revision of rental rates in the future.

Where the Group is lessor

The Group leases out its warehouse and office space under non-cancellable operating leases with remaining lease terms of 6 to 27 months.

As at the end of the financial year, the Group has the following minimum lease receivables under non-cancellable operating leases:

	Group	
	2017	2016
	$	$
Not later than one year	265,881	90,244
Later than one year but not later than five years	30,000	72,724

26.2 Capital commitments

As at the end of the financial year, the Group has the following capital commitments:

	Group	
	2017	2016
	$	$
Plant and equipment	215,031	3,248,516

27. Financial instruments and financial risks

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

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

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

27.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

The Group does not have any significant concentration of credit risk at the end of the financial year. The maximum exposure to credit risks is represented by the carrying amount of the financial assets of the Group recorded on the financial statements.

The Group's major classes of financial assets are cash and cash equivalents and trade and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

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

	Group	
	2017	2016
	$	$
Past due for 1 to 30 days	1,522,271	2,724,502
Past due for 31 to 60 days	330,577	1,530,442
Past due for 61 to 90 days	286,629	848,940
Past due for 91 to 120 days	-	507,778
Past due for more than 120 days	43,358	1,903,696

27. Financial instruments and financial risks (Continued)

27.2 Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk

The Group is exposed to foreign currency risks arise from transactions and balances that are denominated in a currency other than the functional currency of entities within the Group. The Group does not hedge the foreign currency exposure using derivative financial instruments. The Group manages foreign currency risks by close monitoring of the timing of inception and settlement of the foreign currency transactions.

The Group transacts in United States dollar and hence is exposed to foreign currency risk. Foreign currency exposures are monitored by management on an ongoing basis.

As at the end of the financial year, the Group has monetary assets and liabilities denominated in currencies other than the functional currency of the entities within the Group as follows:

	Group	
	2017	2016
	$	$
Monetary assets		
United States dollar	1,211,680	829,876
Others	127,018	656,138
Monetary liabilities		
United States dollar	2,250,047	814,695
Others	151,140	221,177

Foreign currency sensitivity analysis

The Group is mainly exposed to United States dollar ("USD").

The following table details the Group's sensitivity to 2% (2016: 2%) change in Singapore dollar ("SGD") against USD. The sensitivity analysis assumes an instantaneous 2% (2016: 2%) change in the foreign currency exchange rates from the end of the financial year, with all variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in USD are included in the analysis.

	Increase/(Decrease) Profit or (Loss)	
	Group	
	2017	2016
	$	$
USD		
Strengthens against SGD	(20,767)	304
Weakens against SGD	20,767	(304)

27. Financial instruments and financial risks (Continued)

27.2 Market risks (Continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its bank borrowings and non-trade payable to an immediate holding company

The Group's policy is to obtain the most favourable interest rate available. The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

Information regarding the interest rates of the Group's bank borrowings and non-trade payable to an immediate holding company are as disclosed in Note 21 and 24 to the financial statements.

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities as at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding as at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% change in the interest rates from the end of the financial year, with all variables held constant.

Interest rate sensitivity analysis

If the interest rate increases/decreases by 0.5%, profit or loss of the Group will decrease/increase by:

	2017	2016
	$	$
Bank borrowings	34,165	41,157
Non-trade payable- Immediate holding company	6,998	-
	41,163	41,157

27.3 Liquidity risk

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage operating cash flows so as to ensure that all payment obligations are met. As part of overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash to meet working capital requirements.

27. Financial instruments and financial risks (Continued)

27.3 Liquidity risk (Continued)

	Effective interest rate	Within one financial year	After one financial year but within five financial years	Total
	%	$	$	$
Group				
2017				
Financial liabilities				
Trade and other payables	0% - 8.00%	18,297,029	-	18,297,029
Bank borrowings	2.21% - 2.86%	4,740,463	2,228,937	6,969,400
Finance lease payables	4.15% - 5.68%	198,256	323,080	521,336
Total undiscounted financial liabilities		23,235,748	2,552,017	25,787,765
2016				
Financial liabilities				
Trade and other payables	-	15,182,883	-	15,182,883
Bank borrowings	2.12% - 2.46%	4,860,443	3,586,817	8,447,260
Finance lease payables	4.15% - 5.68%	181,806	401,294	583,100
Total undiscounted financial liabilities		20,225,132	3,988,111	24,213,243

	Within one financial year
	$
Company	
2017	
Financial liabilities	
Trade and other payables, representing total undiscounted financial liabilities	1,537,730
2016	
Financial liabilities	
Trade and other payables, representing total undiscounted financial liabilities	360,611

28. Capital risk management policies and objectives

The Group manages capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

The management reviews the capital structure to ensure that the Group is able to service any debt obligations (including principal repayment and interest) based on operating cash flows. Upon review, the Group will balance the overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's overall strategy remain unchanged from 2016.

In the current and previous financial year, the Group has complied with all externally-imposed capital requirements which comprise loan covenants imposed by banks in respect of bank term loans granted to a certain subsidiary.

29. Events subsequent to the reporting date

(i) On 26 March 2018, the immediate holding company entered into a non-binding letter of intent (the "LOI") with Gaylin Holdings Limited in respect of the proposed acquisition of the entire issued and paid-up share capital of the Company. The parties have agreed to grant each other an exclusivity period of 120 days commencing from the date of the LOI, during which the parties will negotiate in good faith to enter into a legally binding sale and purchase agreement in respect of the proposed acquisition.

(ii) On 15 March 2018, the Board of Directors approved a resolution to redevelop a subsidiary's property at 156 Gul Circle to increase the gross floor area of the property to 24,506.17 square metre at an estimated cost of $10 million.

Pursuant to the Jurong Town Corporation's (JTC) letter dated 26 July 2016, JTC offered the subsidiary a further lease extension of 15 years 11 months from 1 February 2025 subject to the subsidiary fulfilling certain terms and conditions which includes among others; (1) redevelop the property to a minimum gross floor area at the gross plot ratio of not less than 2.05 but no more than 2.50, (2) new investment of at least $3.9 million of which $3.6 million must consist of new plant and machinery and (3) redevelopment of the property to be completed within 4 years 6 months from the date of letter.

The Board of Directors is of the view with the approved redevelopment plan of the property, the subsidiary will comply with JTC's terms and conditions and the further lease extension will be granted by JTC and had instructed their independent valuer to value the property on that basis for corporate reporting purposes.

Based on the valuation report dated 29 March 2018, the fair value of the property is estimated to be $50 million using a market and income approach and based on the key assumptions that the subsidiary will comply with JTC's terms and conditions, the proposed extension to increase the gross floor area of the property from 16,617.81 square metre to 24,506.17 square metre will be fully completed and the lease will be further extended by 15 years 11 months.

AMOS INTERNATIONAL HOLDINGS PTE. LTD. AND ITS SUBSIDIARIES

(Company Registration No. 201002188Z)

Directors' Statement and Financial Statements
for the financial year ended 31 December 2016

BDO

DIRECTORS' STATEMENT

The Directors of Amos International Holdings Pte. Ltd. (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2016 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2016.

1. In the opinion of the Board of Directors,

   (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

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

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Danny Lien Chong Tuan
Chua Chin Wee Leslie
Kyle Arnold Shaw Jr
Zheng Luyi
Ma Ka Man

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. Directors' interests in shares and debentures

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

	Shareholdings registered in name of Director	
	Balance at 1 January 2016	Balance at 31 December 2016
	Number of ordinary shares	
The Company		
Danny Lien Chong Tuan	2,320,921	2,320,921
Chua Chin Wee Leslie	994,681	994,681

By virtue of Section 7 of the Act, Danny Lien Chong Tuan is deemed to have an interest in all the wholly-owned subsidiaries of the Company at the beginning and end of the financial year.

5. Share options

Pursuant to a resolution passed in the special general meeting on 25th November 2015, the Amos Employee Share Option Plan (the "AESOP") was established.

The AESOP is administered by the Board of Directors of the Company.

The salient features of the AESOP is as follows:

- The AESOP is a share option plan, in which the options can be exercised in exchange for restricted shares of the Company.
- The AESOP is proposed on the basis that it is important to retain key employees whose contributions are essential to the Company's long-term growth and profitability.
- The AESOP will give Participants an opportunity to have a personal equity interest in the Company and will help to achieve better and long-term performance.

The purpose of adopting the AESOP is to align the interests of directors, employees and especially key executives, with the interests of Shareholders.

(i) Eligibility

The eligibility of Group Participants shall be limited to persons who have received written notifications from the Directors, or from the Chief Executive Officer of the Company on behalf of the Directors, that they have been selected to participate in the plan.

There shall be no restriction on the eligibility of any Participant to participate in any other share option schemes or share award schemes implemented or to be implemented by the Group.

(ii) Grant of Options

Options may be granted at any time during the period when the AESOP is in force. The selection of a Participant and the quantum of the Option shall be determined at the absolute discretion of the Directors. Options shall be time-based and/or performance-based and released in tranches over such number of years as may be determined by the Directors in its absolute discretion.

Options are personal to the selected Participant and shall not be transferred, assigned, charged, pledged or otherwise disposed of, in whole or in part, unless with the approval of the Directors.

Options are granted to the Participants in consideration for their performance and contribution to the Group.

(iii) Size and duration

The AESOP shall continue in force at the discretion of the Directors, subject to a maximum period of seven years commencing on the date on which the AESOP is adopted by the Company in general meeting, provided always that the AESOP may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the AESOP, any Options which have been vested in accordance with the AESOP will continue to remain valid.

The total number of restricted shares to be issued and/or transferred under the AESOP will be subject to a maximum limit of 1,247,340 shares.

5. **Share options** (Continued)

(iv) Events of forfeiture

An Option, to the extent not yet released, shall forthwith become void and cease to have effect on the occurrence of any of the following events:

(a) the Participant ceases to be employed by any companies within the Group; or

(b) the Participant's employment or service is not terminated, but the Directors subsequently determines that the Participant has engaged in conduct which is materially injurious or contrary to the interest of any companies within the Group.

The share options awarded under the AESOP to the selected management staff are described below:

Plan description	:	Award of share options of Amos International Holdings Pte. Ltd., which can be exercised into restricted shares of the Company.
Date of grant	:	25 November 2015
Vesting condition	:	The share options will vest immediately upon the date it is granted

The details of share options awarded during the financial year pursuant to the AESOP are as follows:

	At the beginning of the financial year	Granted during the financial year	Options lapsed/ (exercised) during the financial year	At the end of the financial year	Exercise price per share	Exercisable period
Date of grant						
25 November 2015	-	320,000	-	320,000	Note 1	Note 2

Note 1: $4.00 plus a compound interest of 7% per annum from the date of AESOP until the date of payment of the exercise price.

Note 2: 7 years from date of grant.

6. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Danny Lien Chong Tuan
Director

Chua Chin Wee Leslie
Director

Singapore
9 MAY 2017

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AMOS INTERNATIONAL HOLDINGS PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Amos International Holdings Pte. Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement.

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

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

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements

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

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

The Director's responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Report on the Audit of the Financial Statements (Continued)

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

BDO LLP

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
9 May 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Revenue	4	46,872,784	47,888,758
Cost of sales		(34,747,877)	(34,940,115)
Gross profit		12,124,907	12,948,643
Other item of income			
Other income	5	686,025	570,946
Other items of expenses			
Selling and distribution expenses		(4,060,155)	(3,794,633)
Administrative expenses		(6,890,144)	(6,838,731)
Other expenses		(1,779,876)	(889,586)
Finance costs	6	(148,369)	(155,104)
(Loss)/Profit before income tax	8	(67,612)	1,841,535
Income tax credit/(expense)	9	139,085	(167,121)
Profit for the financial year		71,473	1,674,414
Other comprehensive income:			
Items that will or may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations, net of tax		60,758	17,136
Total comprehensive income for the financial year		132,231	1,691,550
Profit attributable to:			
Owner of the parent		84,275	1,681,902
Non-controlling interest		(12,802)	(7,488)
		71,473	1,674,414
Total comprehensive income attributable to:			
Owner of the parent		145,033	1,699,038
Non-controlling interest		(12,802)	(7,488)
		132,231	1,691,550

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
ASSETS					
Non-current assets					
Property, plant and equipment	10	27,261,954	22,898,328	-	-
Investments in subsidiaries	11	-	-	21,369,219	21,369,219
Investments in an associate	12	-	-	-	-
Intangible asset	13	26,500	26,500	-	-
Goodwill	14	425,185	-	-	-
Total non-current assets		27,713,639	22,924,828	21,369,219	21,369,219
Current assets					
Inventories	15	3,551,738	2,591,401	-	-
Trade and other receivables	16	14,211,377	15,210,071	-	-
Prepayments		234,174	465,975	-	-
Cash and cash equivalents	17	3,560,961	6,282,298	21,995	22,045
Income tax recoverable		30,700	-	-	-
		21,588,950	24,549,745	21,995	22,045
Non-current assets held for sale	18	3,643,987	-	-	-
Total current assets		25,232,937	24,549,745	21,995	22,045
TOTAL ASSETS		52,946,576	47,474,573	21,391,214	21,391,264
EQUITY AND LIABILITIES					
Equity					
Share capital	19	23,743,413	23,743,413	23,743,413	23,743,413
Other reserves	20	211,642	150,884	57,744	57,744
Accumulated profits/(losses)		4,919,677	4,835,402	(2,770,554)	(2,422,941)
Equity attributable to owners of the parent		28,874,732	28,729,699	21,030,603	21,378,216
Non-controlling interests		(46,380)	(33,578)	-	-
Total equity		28,828,352	28,696,121	21,030,603	21,378,216
Non-current liabilities					
Bank borrowings	21	3,476,000	4,772,000	-	-
Finance lease payables	22	360,952	484,117	-	-
Deferred tax liabilities	23	181,000	235,000	-	-
Total non-current liabilities		4,017,952	5,491,117	-	-

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016	2015	2016	2015
		$	$	$	$
Current liabilities					
Trade and other payables	24	15,182,883	11,621,000	360,611	13,048
Bank borrowings	21	4,755,497	1,412,324	-	-
Finance lease payables	22	161,892	140,626	-	-
Income tax payable		-	113,385	-	-
Total current liabilities		20,100,272	13,287,335	360,611	13,048
Total liabilities		24,118,224	18,778,452	360,611	13,048
TOTAL EQUITY AND LIABILITIES		52,946,576	47,474,573	21,391,214	21,391,264

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	Note	Share capital $	Share-based payment reserve $	Capital reserve $	Foreign currency translation reserve $	Accumulated profits $	Equity attributable to owners of the parent $	Non-controlling interests $	Total equity $
Balance as at 1 January 2016		23,743,413	57,744	64,282	28,858	4,835,402	28,729,699	(33,578)	28,696,121
Profit for the financial year		-	-	-	-	84,275	84,275	(12,802)	71,473
Other comprehensive income:									
Exchange differences arising from translation of foreign operations	20	-	-	-	60,758	-	60,758	-	60,758
Total comprehensive income for the financial year		-	-	-	60,758	84,275	145,033	(12,802)	132,231
Balance as at 31 December 2016		23,743,413	57,744	64,282	89,616	4,919,677	28,874,732	(46,380)	28,828,352

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	Note	Share capital $	Share-based payment reserve $	Capital reserve $	Foreign currency translation reserve $	Accumulated profits $	Equity attributable to owners of the parent $	Non-controlling interests $	Total equity $
Balance as at 1 January 2015		23,743,413	-	64,282	11,722	3,153,500	26,972,917	(26,090)	26,946,827
Profit for the financial year		-	-	-	-	1,681,902	1,681,902	(7,488)	1,674,414
Other comprehensive income:									
Exchange differences arising from translation of foreign operations	20	-	-	-	17,136	-	17,136	-	17,136
Total comprehensive income for the financial year		-	-	-	17,136	1,681,902	1,699,038	(7,488)	1,691,550
Issuance of share options	20	-	57,744	-	-	-	57,744	-	57,744
Balance as at 31 December 2015		23,743,413	57,744	64,282	28,858	4,835,402	28,729,699	(33,578)	28,696,121

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Company	Note	Share capital	Share-based payment reserve	Accumulated losses	Total equity
		$	$	$	$
Balance as at 1 January 2016		23,743,413	57,744	(2,422,941)	21,378,216
Loss for the financial year, representing total comprehensive income for the financial year		-	-	(347,613)	(347,613)
Balance as at 31 December 2016		23,743,413	57,744	(2,770,554)	21,030,603
Balance as at 1 January 2015		23,743,413	-	(2,035,433)	21,707,980
Loss for the financial year, representing total comprehensive income for the financial year		-	-	(387,508)	(387,508)
Issuance of share options	20	-	57,744	-	57,744
Balance as at 31 December 2015		23,743,413	57,744	(2,422,941)	21,378,216

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		$	$
Operating activities			
(Loss)/Profit before income tax		(67,612)	1,841,535
Adjustments for:			
Allowance for impairment loss on doubtful trade receivables	16	86,371	116,258
Allowance for impairment loss on doubtful non-trade receivables		52,848	-
Allowance for impairment loss on doubtful trade receivables written back	16	(112,861)	(5,000)
Depreciation of property, plant and equipment	10	1,532,250	717,600
Interest expense	6	148,369	155,104
Interest income	5	(16,761)	(1,034)
Impairment loss on investment in an associate	12	-	15,000
Loss/(Gain) on disposal of plant and equipment		193	(40,011)
Share options expense	20	-	57,744
Waiver of amount due to a director	5	(133,336)	-
Operating cash flows before working capital changes		1,489,461	2,857,196
Working capital changes:			
Inventories		(830,838)	(552,377)
Trade and other receivables		1,510,565	(2,955,965)
Prepayments		231,766	(137,377)
Trade and other payables		3,305,098	299,508
Cash from/(used in) operations		5,706,052	(489,015)
Income tax paid		(58,980)	(228,868)
Net cash from/(used in) operating activities		5,647,072	(717,883)
Investing activities			
Acquisition of a subsidiary, net of cash acquired	11	(224,579)	-
Interest received	5	16,761	1,034
Proceeds from disposal of plant and equipment		2,151	194,959
Investment in an associate	12	-	(15,000)
Purchase of plant and equipment	10	(9,457,705)	(17,343,430)
Net cash used in investing activities		(9,663,372)	(17,162,437)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 $	2015 $
Financing activities			
Fixed deposit pledged		(21)	-
Interest paid		(148,369)	(155,104)
Proceeds from bank borrowings		3,000,000	6,500,000
Repayments of bank borrowings		(1,412,324)	(3,401,412)
Repayments of finance lease payables		(148,979)	(175,197)
Net cash generated from financing activities		1,290,307	2,768,287
Net changes in cash and cash equivalents		(2,725,993)	(15,112,033)
Cash and cash equivalents at beginning of the financial year		6,180,198	21,293,382
Effect of foreign exchange rate changes on cash and cash equivalents		4,635	(1,151)
Cash and cash equivalents at end of the financial year	17	3,458,840	6,180,198

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

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

1. General corporate information

Amos International Holdings Pte. Ltd. (the "Company") (registration number: 201002188Z) is a private limited company incorporated and domiciled in Singapore with its principal place of business and registered office at 156 Gul Circle, Singapore 629613.

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

The principal activities of the subsidiaries are set out in Note 11 to the financial statements.

The Company's immediate and ultimate holding company is Lighthouse Logistics Limited, a company incorporated in British Virgin Islands. Related companies in these financial statements refer to the group of companies within the Lighthouse Logistics Limited.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2016 were authorised for issue by the Board of Directors on 9 May 2017.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3 to the financial statements.

In the current financial year, the Group has adopted all the new and revised FRS that are relevant to its operations and effective for the current financial year. The adoption of these new or revised FRS does not result in any changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

2. **Significant accounting policies** (Continued)

2.1 **Basis of preparation** (Continued)

FRS issued but not yet effective

As at the date of authorisation of these financial statements, the following FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

		Effective date (annual periods beginning on or after)
FRS 7 (Amendments)	: Disclosure Initiative	1 January 2017
FRS 12 (Amendments)	: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 102 (Amendments)	: Classification and Measurement of Share-based Payment Transactions	
FRS 109	: Financial Instruments	1 January 2018
FRS 110 and FRS 28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 115	: Revenue from Contracts with Customers	1 January 2018
FRS 115 (Amendments)	: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	: Leases	1 January 2019
INT FRS 122	: Foreign Currency Transactions and Advance Consideration	1 January 2018
Improvements to FRSs (December 2016)		1 January 2018

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

The management anticipates that the adoption of the above FRSs and amendments to FRSs, in future periods, will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except as detailed below.

FRS 109 *Financial Instruments*

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

2. **Significant accounting policies** (Continued)

2.1 **Basis of preparation** (Continued)

FRS issued but not yet effective (Continued)

FRS 109 *Financial Instruments* (Continued)

Classification and measurement

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities. The Group has performed its preliminary assessment of the classification and measurement of its financial assets and liabilities and does not expect any significant changes to the classification and measurement of its financial assets and liabilities currently measured at amortised cost upon adoption of the standard.

Impairment

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition under the three-stage model or from initial recognition if the simplified model is applied.

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model. The Group is still in the process of determining how it will estimate expected credit losses and the sources of forward-looking data.

Transition

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions and intends to elect not to restate comparatives for the previous financial year. The Group will include additional disclosures in its financial statements in that year when FRS 109 is adopted.

2. **Significant accounting policies** (Continued)

2.1 Basis of preparation (Continued)

FRS issued but not yet effective (Continued)

FRS 115 ***Revenue from Contracts with Customers***

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group recognises the revenue from the business of ship chandlers and general traders. Based on the preliminary assessment of the revenue recognition policy, the Group did not identify any significant impact on the timing and pattern of revenue recognition under FRS 115. Under FRS 115, the Group expects to qualify to continue to recognise revenue at a point in time when the control of an asset has been transferred to its customer.

The Group is still in the process of making its assessment on the potential impact under FRS 115 from new guidance on linked contracts, contract modifications, incentives and other variable consideration, the allocation of consideration to separate performance obligations and the accounting for contract costs, contract assets and contract liabilities.

The Group plans to adopt FRS 115 in the financial year beginning on 1 January 2018 using the full retrospective method in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

FRS 116 *Leases*

FRS 116 supersedes FRS 17 *Leases* and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a "right-of-use" asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under FRS 116. FRS 116 also requires enhanced disclosures by both lessees and lessors.

On initial adoption of FRS 116, the management does not expect a significant impact on the accounting treatment for leases, as the Group currently has no material on-going operating leases where the Group is a lessee.

2. Significant accounting policies (Continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the 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 owners of the Company.

2. Significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

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

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

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

2. Significant accounting policies (Continued)

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and it is probable that the agreed consideration will be received. Normally these criterion are considered to be met when the goods are delivered to and accepted by the buyer.

Revenue from services income and chartering fees income are recognised when the services have been performed and accepted by the customers in accordance with the relevant terms and conditions of the contract.

Rental income under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease.

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

2.5 Government grants

Government grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

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

2.6 Employee benefits

Retirement benefit costs

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

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the end of the financial year as a result of services rendered by employees up to the end of the financial year.

2. **Significant accounting policies** (Continued)

2.6 **Employee benefits** (Continued)

Share-based payments

Share options

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

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

2.7 **Leases**

Finance leases

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

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

Operating leases

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

Where the Group is the lessee

Property, plant and equipment acquired through finance lease are capitalised as property, plant and equipment at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease. The corresponding liability is included in the statements of financial position as a finance lease payables.

2. **Significant accounting policies** (Continued)

2.7 **Leases** (Continued)

Operating leases (Continued)

Where the Group is the lessee (Continued)

Lease payments are apportioned between finance charge and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Where the Group is the lessor

Lease of investment property where the Group retain substantially all risks and rewards incidental to ownership is classified as operating leases. Rental income from operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

2.8 **Borrowing costs**

Borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.9 **Taxes**

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

Current income tax

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

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

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

2. Significant accounting policies (Continued)

2.9 Taxes (Continued)

Deferred tax (Continued)

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.10 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. Significant accounting policies (Continued)

2.10 Foreign currency transactions and translation (Continued)

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign currency translation reserve.

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

On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that operation is reclassified to profit or loss.

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

2.11 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

2. Significant accounting policies (Continued)

2.11 Property, plant and equipment (Continued)

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

Leasehold property	24 years
Motor vehicles	5 to 10 years
Plant and equipment	3 to 8 years
Renovation	3 years
Supply boats	15 years

No depreciation is charged on assets under construction as they are not yet in use as at the end of the financial year.

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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

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

2.12 Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the separate financial statements, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any.

2. Significant accounting policies (Continued)

2.13 Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Associates are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associates and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate.

Where the Group transacts with an associate, unrealised profits are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

Investments in an associate in the statement of financial position is carried at cost less any impairment that has been recognised in profit or loss.

2.14 Intangible asset

Club memberships

Transferable club membership is measured at cost on initial recognition. Following initial recognition, transferable club membership is carried at cost less accumulated impairment losses. Transferable club membership is assessed for impairment whenever there is an indication that the asset may be impaired.

2.15 Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred (see Note 2.3), the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill on subsidiaries and jointly controlled entities is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

2. Significant accounting policies (Continued)

2.15 Goodwill (Continued)

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

Goodwill on associates and joint ventures is included in the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

On disposal of a subsidiary, jointly controlled entity or an associate, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

2.16 Impairment of non-financial assets excluding goodwill

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost was calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2. Significant accounting policies (Continued)

2.18 Financial instruments

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

Effective interest method

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

Financial assets

All financial assets are initially recognised at fair value, plus transaction costs.

The Group classifies its financial assets as loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

Trade and other receivables and cash and cash equivalents which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statements of financial position comprise trade and other receivables and cash and cash equivalents.

2. Significant accounting policies (Continued)

2.18 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the assets have been impacted.

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

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities are classified as other financial liabilities.

2. Significant accounting policies (Continued)

2.18 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Bank borrowings

Bank borrowings are initially recognised at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Bank borrowings which are due to be settled within 12 months after the end of the financial year are presented as current borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the financial year and before the financial statements are authorised for issue. Other bank borrowings due to be settled more than 12 months after the end of the financial year are presented as non-current borrowings in the statement of financial position.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2. Significant accounting policies (Continued)

2.19 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand, demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.20 Contingencies

A contingent liability is:

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

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

- (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

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

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

3.1 Critical judgements made in applying the accounting policies

The management is of the opinion that there are no critical judgements (other than those involving estimates) involved that have a significant effect on the amounts recognised in the financial statements, except as discussed below.

(i) Impairment of investments and financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 in determining whether an investment or a financial asset is impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the recoverable amount of investment in subsidiaries or fair value of a financial asset is less than their carrying amount and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty as at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year, are discussed below.

(i) Accounting for business combination

The Group obtained control over World Hand Shipping Limited ("WHS") through the acquisition of the 100% equity interest in WHS on 28 September 2016, for a purchase consideration of HK$3,500,000 (equivalent to S$574,412). Accounting for the business combination requires an estimation of the fair value of identifiable assets and liabilities as at the date of acquisition as disclosed in Note 11 to the financial statements.

(ii) Impairment of goodwill

Management performs impairment test on goodwill on an annual basis and whenever there is objective evidence or indication that they are impaired. The process of evaluating the potential impairment of goodwill is subjective and requires significant judgement. Management estimates the recoverable amount based on the expected future cash flows from the cash generating units to which the goodwill belong. The carrying values of the cash generating units are then compared against the recoverable amounts. Any excess of the carrying values over the discounted future cash flows are recognised as impairment loss in profit or loss.

The carrying amount of goodwill as at 31 December 2016 is disclosed in Note 14 to the financial statements.

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

3.2 Key sources of estimation uncertainty (Continued)

(iii) Depreciation of property, plant and equipment

The Group depreciates property, plant and equipment using the straight line method over their estimated useful lives after taking into account their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's property, plant and equipment at 31 December 2016 is disclosed in Note 10 to the financial statements.

(iv) Inventory valuation method

Inventory is valued at the lower of actual cost and net realisable value. Cost is determined using the first-in, first-out method. Market price is generally the merchandise's selling price quoted from the market of similar items. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete merchandise and identifies items of inventory which have a market price that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2016 is disclosed in Note 15 to the financial statements.

(v) Allowance for doubtful receivables

The management establishes allowance for doubtful receivables on a case-by-case basis when they believe the payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers the historical experience and changes to its customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, allowances may be required. The carrying amounts of the Group's trade and other receivables as at 31 December 2016 is disclosed in Note 16 to the financial statements.

4. Revenue

	Group	
	2016	2015
	$	$
Sale of goods	42,967,775	44,495,447
Services income	3,905,009	3,393,311
	46,872,784	47,888,758

5. Other income

	Group	
	2016	2015
	$	$
Allowance for impairment loss on doubtful trade receivables written back	112,861	5,000
Gain on disposal of plant and equipment	2,150	40,011
Foreign exchange gain	725	-
Government grants	207,914	192,332
Interest income		
- deposits with banks	1	1,034
- late payment charges on customers	16,760	-
Rental income	72,670	207,522
Waiver of amount due to a director	133,336	-
Other income	139,608	125,047
	686,025	570,946

6. Finance costs

	Group	
	2016	2015
	$	$
Interest expenses		
- finance leases	19,492	23,192
- bank borrowings	128,877	131,912
	148,369	155,104

7. Employee benefits expense

	Group	
	2016	2015
	$	$
Salaries, wages, bonuses and related costs	6,644,425	6,331,647
Contributions to Central Provident Fund	563,093	512,753
	7,207,518	6,844,400

Included in the employee benefits expense are Directors' remuneration as disclosed in Note 25 to the financial statements.

7. Employee benefits expense (Continued)

The employee benefits expense are recognised in the following line items of profit or loss:

	Group	
	2016	2015
	$	$
Cost of sales	354,533	336,872
Selling and distribution expenses	2,613,071	2,268,086
Administrative expenses	4,239,914	4,239,442
	7,207,518	6,844,400

8. (Loss)/Profit before income tax

In addition to the charges disclosed elsewhere in the notes to the statement of comprehensive income, the above includes the following charges:

	Group	
	2016	2015
	$	$
Administrative expenses		
Operating lease expenses		
- land	460,078	416,228
- office premises and warehouse	148,261	50,157
- office equipment	19,544	18,064
- motor vehicle	28,100	-
Professional fee	607,341	317,855
Share options expense	-	57,744
Other expenses		
Allowance for impairment loss on doubtful trade receivables	86,371	116,258
Allowance for impairment loss on doubtful non-trade receivables	52,848	-
Bad trade receivables written off	-	50,718
Depreciation of property, plant and equipment	1,532,250	717,600
Foreign exchange loss, net	85,419	38,177
Impairment loss on investment in an associate	-	15,000

9. Income tax (credit)/ expense

	Group 2016 $	Group 2015 $
Current income tax		
- current financial year	49,187	119,121
- over provision in prior years	(98,585)	-
	(49,398)	119,121
Deferred tax		
- current financial year	(7,017)	47,789
- (over)/under provision in prior years	(82,670)	211
	(89,687)	48,000
Total income tax (credit)/expense recognised in profit or loss	(139,085)	167,121

Domestic income tax is calculated at 17% (2015: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expenses varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2015: 17%) to profit before income tax as a result of the following differences:

	Group 2016 $	Group 2015 $
(Loss)/Profit before income tax	(67,612)	1,841,535
Tax calculated at Singapore income tax rate of 17%	(11,494)	313,061
Tax effect of:		
- expenses not deductible	291,862	144,470
- income not subject to tax	(29,889)	(1,538)
- statutory stepped income rebate	-	(25,746)
- tax incentive	(253,738)	(287,148)
- over provision of income tax in prior years	(98,585)	-
- (over)/under provision of deferred tax in prior years	(82,670)	211
Deferred tax assets not recognised	37,847	25,330
Effect of different tax rate in other countries	(551)	1,727
Others	8,133	(3,246)
Total income tax (credit)/expense	(139,085)	167,121

At the end of the financial year, the Group had unabsorbed tax losses and unutilised capital allowances of approximately $810,000 (2015: $720,000) and $1,028,000 (2015: $915,000) respectively which are subject to agreement with the tax authorities. These unutilised tax benefits have not been recognised as there is no certainty of their realisation in future periods.

10. Property, plant and equipment

	Leasehold property	Motor vehicles	Plant and equipment	Renovation	Supply boats	Assets under construction	Total
	$	$	$	$	$	$	$
Group							
Cost							
Balance at 1 January 2016	17,437,630	1,964,804	2,354,487	972,596	1,118,975	2,839,343	26,687,835
Acquisition of a subsidiary (Note 11)	-	79,132	20,672	101,904	-	-	201,708
Additions	6,649,362	22,721	1,535,422	178,276	-	1,119,005	9,504,786
Disposals	-	(30,500)	-	-	(2,344)	-	(32,844)
Transfer from building under construction	2,839,343	-	-	-	-	(2,839,343)	-
Reclassified to assets held for sale (Note 8)	(4,695,600)	-	(47,472)	(59,620)	-	-	(4,802,692)
Currency re-alignment	-	-	(1)	-	-	-	(1)
Balance at 31 December 2016	22,230,735	2,036,157	3,863,108	1,193,156	1,116,631	1,119,005	31,558,792
Accumulated depreciation							
Balance at 1 January 2016	1,039,328	544,655	1,094,735	941,799	168,990	-	3,789,507
Acquisition of a subsidiary (Note 11)	-	56,384	14,355	93,728	-	-	164,467
Depreciation	673,488	220,424	532,627	36,402	69,309	-	1,532,250
Disposals	-	(30,500)	-	-	-	-	(30,500)
Reclassified to assets held for sale (Note 8)	(1,088,241)	-	(35,017)	(35,447)	-	-	(1,158,705)
Currency re-alignment	-	(132)	(49)	-	-	-	(181)
Balance at 31 December 2016	624,575	790,831	1,606,651	1,036,482	238,299	-	4,296,838
Net carrying amount							
Balance at 31 December 2016	21,606,160	1,245,326	2,256,457	156,674	878,332	1,119,005	27,261,954

10. **Property, plant and equipment** (Continued)

	Leasehold property	Assets under construction	Motor vehicles	Plant and equipment	Renovation	Supply boats	Supply boats under construction	Total
	$	$	$	$	$	$	$	$
Group								
Cost								
Balance at 1 January 2015	4,695,600	-	1,387,387	1,961,054	1,059,265	978,731	78,983	10,161,020
Additions	12,742,030	2,839,343	952,373	1,040,244	-	223,919	-	17,797,909
Disposals	-	-	(372,759)	(38,000)	-	(162,658)	-	(573,417)
Write-off	-	-	-	(607,851)	(86,139)	-	-	(693,990)
Transfer from supply boat under construction	-	-	-	-	-	78,983	(78,983)	-
Currency re-alignment	-	-	(2,197)	(960)	(530)	-	-	(3,687)
Balance at 31 December 2015	17,437,630	2,839,343	1,964,804	2,354,487	972,596	1,118,975	-	26,687,835
Accumulated depreciation								
Balance at 1 January 2015	892,591	-	680,548	1,468,337	998,604	146,728	-	4,186,808
Depreciation	146,737	-	173,992	264,621	29,812	102,438	-	717,600
Disposals	-	-	(309,002)	(29,292)	-	(80,176)	-	(418,470)
Write-off	-	-	-	(607,851)	(86,139)	-	-	(693,990)
Currency re-alignment	-	-	(883)	(1,080)	(478)	-	-	(2,441)
Balance at 31 December 2015	1,039,328	-	544,655	1,094,735	941,799	168,990	-	3,789,507
Net carrying amount								
Balance at 31 December 2015	16,398,302	2,839,343	1,420,149	1,259,752	30,797	949,985	-	22,898,328

10. Property, plant and equipment (Continued)

As at the end of the financial year, the carrying amount of the Group's leasehold property of $21,606,160 (2015: $15,581,373) which had been pledged for banking facilities as set out in Note 21 to the financial statements and the carrying amounts of plant and equipment which were acquired under finance lease arrangements were as follows:

	Group	
	2016	2015
	$	$
Motor vehicles	987,794	1,164,440
Plant and equipment	40,333	48,356
	1,028,127	1,212,796

As at 31 December 2016, motor vehicles with net carrying amounts of $19,420 (2015: $28,741) of the Group were registered in the name of the Directors of the Company who are holding the motor vehicles in trust for the Group.

For the purpose of consolidated statement of cash flows, the additions to plant and equipment during the financial year were financed as follows:

	Group	
	2016	2015
	$	$
Additions of plant and equipment	9,504,785	17,797,909
Acquired under finance lease arrangements	(47,080)	(454,479)
Cash payments to acquire plant and equipment	9,457,705	17,343,430

11. Investments in subsidiaries

	Company	
	2016	2015
	$	$
Unquoted equity shares, at cost	6,000,064	5,500,064
Quasi-equity loan	17,089,159	17,589,159
Accumulated impairment loss	(1,720,004)	(1,720,004)
Carrying amount of investments	21,369,219	21,369,219

Increase in share capital of a subsidiary

During the financial year, the Company increased its investment in its wholly-owned subsidiary, Amos International (S) Pte. Ltd. ("AIS") by $500,000.

11. Investments in subsidiaries (Continued)

Movements in allowance for impairment loss is as follows:

	Company 2016 $	Company 2015 $
Balance at beginning and end of financial year	1,720,004	1,720,004

Quasi-equity loan

Quasi-equity loan represent an interest-free loan provided by the Company to its subsidiary, Amos International (S) Pte. Ltd., which is not expected to be repaid within the next 12 months.

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and principal place of business	Portion of ownership interest held 2016 %	Portion of ownership interest held 2015 %	Ownership interest held by the Non-Controlling-Interest 2016 %	Ownership interest held by the Non-Controlling-Interest 2015 %
Held by the Company						
Amos International (S) Pte. Ltd.	Business of ship chandlers and general traders	Singapore	100	100	-	-
Amos Offshore & Engineering Pte. Ltd.	Business of commission agents and providing supplies and services to offshore clients	Singapore	100	100	-	-
Amos Logistics Pte. Ltd. (formerly known as Amos Investments Pte. Ltd.)	Dormant	Singapore	100	100	-	-
Amos Ventures Pte. Ltd.	Dormant	Singapore	100	100	-	-
Amos Asia Pte. Ltd.	Dormant	Singapore	100	100	-	-
Amos International (Shanghai) Co. Ltd	General traders and commission agent	People's Republic of China	100	100	-	-
Go Logistics (S) Pte. Ltd.	Business of sea transport and related services	Singapore	100	100	-	-

11. Investments in subsidiaries (Continued)

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

Name of subsidiaries	Principal activities	Country of incorporation and principal place of business	Portion of ownership interest held		Ownership interest held by the Non-Controlling-Interest	
			2016	2015	2016	2015
			%	%	%	%
Held by subsidiaries						
Amos Solutions (S) Pte. Ltd.	Provision of industrial and process plant engineering services	Singapore	100	100	-	-
Amos International (HK) Limited	Business of ship chandler and general traders	Hong Kong	100	100	-	-
Amos International (M) Sdn. Bhd.	Business of general procurement and provision of logistics services to marine and offshore oil and gas industry	Malaysia	70	70	30	30
World Hand Shipping Limited	Business of ship chandlers and general traders	Hong Kong	100	-	100	-

Acquisition of subsidiary

On 28 September 2016, Amos International (HK) Limited, a wholly owned subsidiary acquired 100% equity interest in World Hand Shipping Limited, with an aggregate purchase consideration of HK$3,500,000 (equivalent to S$574,412). Upon the acquisition, WHS became a subsidiary of the Group. The Company acquired WHS to expand its ship chandlers business in Hong Kong.

The fair value and carrying amounts of the identifiable assets and liabilities of WHS as at the date of acquisition were as follows:

	$
Plant and equipment	37,241
Inventories	135,085
Trade and other receivables	561,600
Cash and cash equivalents	38,672
Trade and other payables	(565,218)
Net identifiable assets acquired	207,380
Goodwill on consolidation	367,032
Purchase consideration	574,412

11. Investments in subsidiaries (Continued)

	S$
Purchase consideration satisfied by:	
- Cash paid	263,250
- Contingent consideration arrangement	311,162
Total consideration	574,412

The contingent consideration requires the Group to pay the vendors an additional HK$2,000,000 (equivalent to $311,162) if WHS's gross revenue in each of the years 2016 exceeds HK$4,125,000, 2017 exceeds $14,000,000, 2018 exceeds HK$15,000,000 and 2019 exceeds HK$16,000,000. WHS's average gross revenue for the past three years has been HK$21,213,840 and the management considers it is highly probable that this payment will be required. The contingent consideration of HK$2,000,000 (equivalent to $311,162) represents the estimated fair value of this obligation estimated based on an income approach and discounted at 5% per annum.

For the period from the date of acquisition to the end of the financial year, WHS contributed $452,402 to the Group's revenue and a loss of $80,045 to the Group's profit after tax. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit after income tax would have been approximately $49,597,964 and $366,141 respectively.

Goodwill of $367,032 arising from the acquisition is mainly due to premium paid for WHS's profitable business with strong operating track record that can contribute positively to the Group's revenue and profits.

None of the goodwill is expected to be deductible for tax purposes.

Transaction costs related to the acquisition of approximately $18,859 have been recognised in "Administrative and other operating expenses" line item in the Group's profit or loss for the financial year ended 31 December 2016.

The effects of the acquisition of the subsidiary on cash flows are as follows:

	S$
Consideration settled in cash	263,250
Less: Cash and cash equivalents of subsidiary acquired	(38,671)
Net cash outflow on acquisition	224,579

12. Investments in an associate

	Company	
	2016	2015
	$	$
Unquoted equity shares, at cost	15,000	15,000
Allowance for impairment loss	(15,000)	(15,000)
	-	-

12. Investments in an associate (Continued)

The details of the associate is as follows:

Name of associate	Principal activities	Country of incorporation and principal place of business	Proportion of ownership interest held	
			2016	2015
			%	%
Amos Myanmar Services Company Limited	Sales of marine equipment and provision of engineering services	Union of Myanmar	30	30

The registered and issued share capital of the associate was $50,000.

13. Intangible asset

	Group	
	2016	2015
	$	$
Cost		
At beginning and end of financial year	26,500	26,500

The club membership is registered in the name of a Director who is holding the club membership in trust for the Company.

14. Goodwill

	Group	
	2016	2015
	$	$
At 1 January	-	-
Acquisition of subsidiary (Note 11)	367,032	-
Currency re-alignment	58,153	-
At 31 December	425,185	-

14. Goodwill (Continued)

Goodwill acquired in a business combination is allocated to the cash-generating units ("CGU") that are expected to benefit from that business combination. The carrying amount of goodwill was allocated to the shipping chandlers segment in Singapore.

The recoverable amount of the CGU is determined from value-in-use calculations based on cash flow forecasts derived from the most recent financial budgets approved by management. The key assumptions for these value-in-use calculations are based on gross margin ranging from 14% to 16%, a discount rate at 5% and revenue growth rate of approximately 15%.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU.

The Group tests the CGU for impairment annually, or more frequently when there is an indication that the unit may be impaired.

There is no reasonable possible change in key assumptions on which management has based its determination of the CGU's recoverable amount that would cause the CGU's carrying amount to exceed its recoverable amount.

15. Inventories

	Group	
	2016	2015
	$	$
Raw materials	38,000	51,328
Finished goods held for resale	3,513,738	2,540,073
	3,551,738	2,591,401

Inventories recognised as an expense and included in "cost of sales" line item in profit or loss amounted to $31,506,473 (2015: $33,127,255).

16. Trade and other receivables

	Group 2016	Group 2015
	$	$
Current		
Trade receivables		
- third parties	12,866,418	14,102,440
- associate	77,429	75,648
	12,943,847	14,178,088
Allowance for doubtful trade receivables	(597,201)	(603,806)
	12,346,646	13,574,282
Other receivables		
- third parties	756,707	264,612
- related parties	509	15,986
- associate	52,848	52,848
GST receivables	504,072	662,828
Deposits	332,098	254,376
Advanced payments to suppliers	246,763	357,975
Staff loans	24,582	27,164
	14,264,225	15,210,071
Allowance for doubtful non-trade receivables	(52,848)	-
	14,211,377	15,210,071

Trade receivables are unsecured, non-interest bearing and on 30 to 90 (2015: 30 to 90) days credit term.

The non-trade amounts due from third parties, related parties and an associate are unsecured, non-interest bearing and repayable on demand.

Staff loans are interest free and repayable by fixed monthly instalments.

Movement in the allowance for doubtful trade receivables are as follows:

	Group 2016	Group 2015
	$	$
Balance at beginning of financial year	603,806	541,790
Acquisition of a subsidiary	15,179	-
Allowance charged to profit or loss	95,643	116,258
Allowance credited to profit or loss	(112,861)	(5,000)
Bad debts written off against allowance	(4,566)	(49,242)
Balance at end of financial year	597,201	603,806

16. Trade and other receivables (Continued)

Movement in the allowance for doubtful non-trade receivables are as follows:

	Group	
	2016	2015
	$	$
Balance at beginning of financial year	-	-
Allowance charged to profit or loss	52,848	-
Balance at end of financial year	52,848	-

As at the end of financial year, the management carried out a review on the recoverable amount of the Group's trade and other receivables. The review led to an allowance for doubtful trade receivables of $95,643 (2015: $116,258), allowance for doubtful non-trade receivables of $52,848 (2015: $nil) and a reversal of allowance of $112,861 (2015: $5,000) due to collection received from customers during the financial year.

Trade and other receivables are denominated in the following currencies:

	Group	
	2016	2015
	$	$
Singapore dollar	12,697,624	14,150,528
United States dollar	605,752	590,075
Euro	128,637	250,773
Chinese Yuan Renminbi	271,403	212,893
Ringgit Malaysia	20,857	5,802
Hong Kong Dollar	487,104	-
	14,211,377	15,210,071

17. Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Cash and bank balances	3,458,840	6,180,198	21,995	22,045
Fixed deposits - restricted in use	102,121	102,100	-	-
	3,560,961	6,282,298	21,995	22,045

The fixed deposits are pledged to banks for banking facilities as set out in Note 21 to the financial statements. The fixed deposits bear interest rate of 0.16% to 0.25% (2015: 0.16% to 0.25%) per annum with maturity of 1 year (2015: 1 year) from their value dates.

17. Cash and cash equivalents (Continued)

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

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Fixed deposits	102,121	102,100	-	-
Cash and bank balances	3,458,840	6,180,198	21,995	22,045
	3,560,961	6,282,298	21,995	22,045
Fixed deposits pledged with banks	(102,121)	(102,100)		
	3,458,840	6,180,198		

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Singapore dollar	3,167,843	5,874,783	21,995	22,045
United States dollar	224,124	333,974	-	-
Chinese Yuan Renminbi	33,054	38,688	-	-
Ringgit Malaysia	8,013	8,256	-	-
Hong Kong Dollar	99,523	-	-	-
Others	28,404	26,597	-	-
	3,560,961	6,282,298	21,995	22,045

18. Non-current assets held for sale

On 2 May 2016, the Board of Directors approved the planned disposal of its leasehold property located at 33 Chin Bee Crescent, Singapore 619901 due to relocation of its principal place of business to 156 Gul Circle, Singapore 629613. Accordingly, the property has been classified as assets held for sale and the management expects to complete the sale within the next twelve months.

19. Share capital

	Group and Company			
	2016	2015	2016	2015
	Number of ordinary shares		$	$
Issued and paid up:				
At beginning and end of financial year	8,422,555	8,422,555	23,743,413	23,743,413

The Company has one class of ordinary shares which carry no right to fixed income. The holders of ordinary shares are entitled to receive dividends when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions.

20. Other reserves

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Foreign exchange reserve	89,616	28,858	-	-
Capital reserve	64,282	64,282	-	-
Share-based payment reserve	57,744	57,744	57,444	57,444
	211,642	150,884	57,444	57,444

Foreign exchange reserve

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

	Group	
	2016	2015
	$	$
At beginning of financial year	28,858	11,722
Exchange differences arising on translation of foreign operations	60,758	17,136
At end of financial year	89,616	28,858

Capital reserve

The capital reserve represents the effects of transactions with non-controlling interest on the equity attributable to owners of the parent for the financial year.

Share-based payment reserve

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

Pursuant to a resolution passed in the special general meeting on 25th November 2015, the Amos Employee Share Option Plan (the "AESOP") was established.

The share options awarded under the AESOP to the selected management staff are described below:

Plan description	Award of share options of Amos International Holdings Pte. Ltd., which can be exercised into restricted shares of the Company.
Date of grant	25 November 2015
Vesting condition	The share options will vest immediately upon the date it is granted

20. **Other reserves** (Continued)

The details of share options awarded during the financial year pursuant to the AESOP were as follows:

Date of grant	At the beginning of the financial year	Options vested during the financial year	Options lapsed/ (exercised) during the financial year	At the end of the financial year	Exercise price per share	Exercisable period
25 November 2015	-	320,000	-	320,000	Note 1	Note 2

Note 1: $4.00 plus a compound interest of 7% per annum from the date of AESOP until the date of payment of the exercise price.

Note 2: 7 years from date of grant.

The fair values of the share options granted was estimated to be $0.1805 per unit as determined using the Black-Scholes pricing model at the date of grant. The inputs into the model were as follows:

	2016 S$
Weighted average share price	3.42
Weighted average exercise price	4.79
Expected volatility	21.71%
Expected life	2.67
Risk free rate	2.46%
Expected dividend yield	Nil

Expected volatility was determined by calculating the historical volatility of a comparable Singapore listed company's share price over the expected life of option of 2.67 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

21. **Bank borrowings**

	Group 2016 $	Group 2015 $
Secured		
Mortgage term loan I	4,772,000	6,068,000
Short term loan I	459,497	116,324
Short term loan II	3,000,000	-
Total bank borrowings	8,231,497	6,184,324
Less:		
Amount due for settlement within 12 months	(4,755,497)	(1,412,324)
Amount due for settlement after 12 months	3,476,000	4,772,000

21. **Bank borrowings** (Continued)

In 2015 and 2016, the mortgage term loans and short term loan are secured by the first legal mortgage of the Company's leasehold property at 156 Gul Circle, Singapore 629613 (Note 10) and corporate guarantee from the Company.

The mortgage term loan I is repayable over 5 years from the commencement date in September 2015 and bear effective interest rates ranging from 1.71% to 2.26% (2015: 1.71% to 2.46%) per annum. The interest rates are re-priced yearly.

The short term loan I included bills receivable purchased and trust receipt and have maturities between 65 to 120 (2014: 45 to 120) days. The short term loans bear effective interest rates of 2.12% to 3.95% (2015: 5%) per annum.

The short term loans II have maturities of 120 days and bear effective interest ranging from 2.28% to 2.48%. The short term loans are rolled over upon maturity dates.

The fair values of the Company's bank borrowings are disclosed in Note 28.1 to the financial statements.

The bank borrowings are denominated in Singapore dollar.

As at the end of the financial year, the Group has banking facilities as follows:

	Group	
	2016	2015
	$	$
Facilities granted	10,115,000	10,115,000
Facilities utilised	8,231,497	6,184,324

22. **Finance lease payables**

	Minimum lease payments	Future finance charges	Present value of minimum lease payments
	$	$	$
Group			
2016			
Current liabilities			
Not later than one financial year	181,806	(19,914)	161,892
Non-current liabilities			
Later than one financial year but not later than five financial years	401,294	(40,342)	360,952
	583,100	(60,256)	522,844

22. Finance lease payables (Continued)

	Minimum lease payments	Future finance charges	Present value of minimum lease payments
	$	$	$
Group			
2015			
Current liabilities			
Not later than one financial year	166,917	(26,291)	140,626
Non-current liabilities			
Later than one financial year but not later than five financial years	532,027	(49,227)	482,800
After 5 financial years	1,317	-	1,317
	533,344	(49,227)	484,117
	700,261	(75,518)	624,743

The lease terms range from 3 to 7 (2015: 3 to 7) years. The interest rates range from 4.15% to 5.68% (2015: 3.60% to 6.50%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The carrying amount of assets acquired under finance leases is disclosed in Note 10 to the financial statements.

The fair values of the Group's lease obligations are disclosed in Note 28.1 to the financial statements.

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

The finance lease payables are denominated in Singapore dollar.

23. Deferred tax liabilities

	Group	
	2016	2015
	$	$
Balance at beginning of financial year	235,000	187,000
Charge to profit or loss	(54,000)	48,000
Balance at end of financial year	181,000	235,000

As at end of the financial year, deferred tax liabilities related to accelerated tax depreciation.

24. Trade and other payables

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Trade payables				
- third parties	11,281,495	8,136,061	-	-
- Holding company	-	-	-	-
Other payables				
- third parties	1,417,116	1,141,595	-	-
- subsidiary	-	-	121,611	-
- immediate holding company	225,000	-	225,000	-
Advanced received from customers	-	403,667	-	-
Accrued expenses	1,948,110	1,939,677	14,000	13,048
Deferred purchase consideration (Note 11)	311,162	-	-	-
	15,182,883	11,621,000	360,611	13,048

Trade payables due to third parties and related parties are unsecured, non-interest bearing and repayable within 30 to 90 days (2015: 30 to 90 days).

The non-trade amounts due to a subsidiary and a corporate shareholder are unsecured, non-interest bearing and repayable on demand.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Singapore dollar	12,849,076	11,139,313	360,611	13,048
United States dollar	814,695	318,273	-	-
Chinese Yuan Renminbi	151,779	23,140	-	-
Ringgit Malaysia	180,511	125,313	-	-
Hong Kong Dollar	1,132,164	-	-	-
Others	54,658	14,961	-	-
	15,182,883	11,621,000	360,611	13,048

25. Significant related party transactions

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
With subsidiaries				
Advances to	-	-	-	18,313,173
Payments made on behalf of	-	-	(121,611)	(328,352)
With immediate holding company				
Professional fees	225,000	-	225,000	-

Compensation of key management personnel

Key management personnel compensation included in employee benefits expense is as follows:

	Group	
	2016	2015
	$	$
Short-term employee benefits	722,214	884,369
Contributions to Central Provident Fund	57,443	78,977
	779,657	963,346

26. Commitments

26.1 Operating lease commitments

Where the Group is lessee

The Group leases leasehold land and equipment under non-cancellable operating lease agreements. As at the end of the financial year, there were operating lease commitments for rental payable in subsequent accounting periods as follows:

	Group	
	2016	2015
	$	$
Not later than one year	592,985	488,485
Later than one year but not later than five years	1,939,612	1,880,856
Later than five years	4,390,590	4,432,933
	6,923,187	6,802,274

The above operating lease commitments are based on existing rental rates. Rental are fixed for an average of 5 to 30 years. The lease agreements provide for periodic revision of rental rates in the future.

26. Commitments (Continued)

26.1 Operating lease commitments (Continued)

Where the Group is lessor

The Group leases out its leasehold property under non-cancellable operating leases with remaining lease terms of 2 years. The lessees have the option to renew for another one year at market rate subject to agreement by both parties.

As at the end of the financial year, the Group has the following minimum lease receivables under non-cancellable operating leases:

	Group	
	2016	2015
	$	$
Not later than one year	90,244	24,000
Later than one year but not later than five years	72,724	36,000

26.2 Capital commitments

As at the end of the financial year, the Group has the following capital commitments:

	Group	
	2016	2015
	$	$
Leasehold property	-	6,543,912
Plant and equipment	3,248,516	3,200,000
	3,248,516	9,743,912

27. Financial instruments and financial risks

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

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

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

27. Financial instruments and financial risks (Continued)

27.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

The Group does not have any significant concentration of credit risk at the end of the financial year. The maximum exposure to credit risks is represented by the carrying amount of the financial assets of the Group recorded on the financial statements.

The Group's major classes of financial assets are cash and cash equivalents and trade and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

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

	Group	
	2016	2015
	$	$
Past due for 1 to 30 days	2,724,502	2,852,183
Past due for 31 to 60 days	1,530,442	2,262,568
Past due for 61 to 90 days	848,940	1,304,338
Past due for 91 to 120 days	507,778	794,119
Past due for more than 120 days	1,903,696	2,798,173

27.2 Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk

The Group is exposed to foreign currency risks arise from transactions and balances that are denominated in a currency other than the functional currency of entities within the Group. The Group does not hedge the foreign currency exposure using derivative financial instruments. The Group manages foreign currency risks by close monitoring of the timing of inception and settlement of the foreign currency transactions.

The Group transacts in United States dollar and hence is exposed to foreign currency risk. Foreign currency exposures are monitored by management on an ongoing basis.

27. Financial instruments and financial risks (Continued)

27.2 Market risks (Continued)

Foreign currency risk (Continued)

As at the end of the financial year, the Group has monetary assets and liabilities denominated in currencies other than the functional currency of the entities within the Group as follows:

	Group	
	2016	2015
	$	$
Monetary assets		
United States dollar	829,876	924,049
Others	656,138	508,156
Monetary liabilities		
United States dollar	814,695	318,273
Others	221,177	163,414

Foreign currency sensitivity analysis

The Group is mainly exposed to United States dollar ("USD").

The following table details the Group's sensitivity to 2% (2015: 8%) change in Singapore dollar ("SGD") against USD. The sensitivity analysis assumes an instantaneous 2% (2015: 8%) change in the foreign currency exchange rates from the end of the financial year, with all variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in USD are included in the analysis.

	Increase/(Decrease) Profit or (Loss)	
	Group	
	2016	2015
	$	$
USD		
Strengthens against SGD	304	48,462
Weakens against SGD	(304)	(48,462)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its bank borrowings.

The Group's policy is to obtain the most favourable interest rate available. The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

27. Financial instruments and financial risks (Continued)

27.2 Market risks (Continued)

Interest rate risk (Continued)

Information regarding the interest rates of the Group's bank borrowings is as disclosed in Note 21 to the financial statements.

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities as at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding as at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% change in the interest rates from the end of the financial year, with all variables held constant.

Interest rate sensitivity analysis

If the interest rate increases/decreases by 0.5%, profit or loss of the Group will decrease/increase by:

	2016	2015
	$	$
Bank borrowings	41,157	31,102

27.3 Liquidity risk

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage operating cash flows so as to ensure that all payment obligations are met. As part of overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash to meet working capital requirements.

	Effective interest rate	Within one financial year	After one financial year but within five financial years	After five financial years	Total
	%	$	$	$	$
Group					
2016					
Financial liabilities					
Trade and other payables	-	15,182,883	-	-	15,182,883
Bank borrowings	2.12% - 2.46%	4,860,443	3,586,817	-	8,447,260
Finance lease payables	4.15% - 5.68%	181,806	401,294	-	583,100
Total undiscounted financial liabilities		20,225,132	3,988,111	-	24,213,243

27. Financial instruments and financial risks (Continued)

27.3 Liquidity risk (Continued)

	Effective interest rate	Within one financial year	After one financial year but within five financial years	After five financial years	Total
	%	$	$	$	$
Group					
2015					
Financial liabilities					
Trade and other payables	-	11,217,333	-	-	11,217,333
Bank borrowings	1.68% - 3.60%	1,397,020	4,977,126	-	6,374,146
Finance lease payables	3.60% - 6.50%	166,917	532,027	1,317	700,261
Total undiscounted financial liabilities		12,781,270	5,509,153	1,317	18,291,740

	Within one financial year
	$
Company	
2016	
Financial liabilities	
Trade and other payables, representing total undiscounted financial liabilities	360,611
2015	
Financial liabilities	
Trade and other payables, representing total undiscounted financial liabilities	13,048

28. Fair values measurement

28.1 Financial instruments that are not measured at fair value

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value due to their respective short term maturity.

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Group				
Financial liabilities:				
- bank borrowings	8,231,497	7,862,561	6,184,324	5,677,234
- financial lease payables	522,844	509,255	624,743	622,489

28. Fair values measurement (Continued)

28.1 Financial instruments that are not measured at fair value (Continued)

The fair values of bank loans and finance leases for disclosure purposes have been determined using discounted cash flow pricing models and are considered level 3 fair value measurements. Discount rate is determined based on the market incremental lending rate for similar types of leasing and borrowing arrangements at the end of the reporting period. Significant inputs to the valuations include adjustments to the discount rate for credit risk associated with the Group. There were no changes to the valuation techniques during the year.

28.2 Financial instruments that are measured at fair value

The Group and the Company do not hold any financial instruments that are measured at fair value as at the end of the financial year.

29. Capital risk management policies and objectives

The Group manages capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

The management reviews the capital structure to ensure that the Group is able to service any debt obligations (including principal repayment and interest) based on operating cash flows. Upon review, the Group will balance the overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's overall strategy remain unchanged from 2015.

In the current and previous financial year, the Group has complied with all externally-imposed capital requirements which comprise loan covenants imposed by banks in respect of bank term loans granted to a certain subsidiary.

APPENDIX C – VALUATION REPORT

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VALUATION CERTIFICATE

Address of Property	:	156 Gul Circle Singapore 629613
Our Reference	:	2018/46(A)
Valuation Prepared for	:	AMOS International (S) Pte Ltd
Purpose of Valuation	:	For IFA reporting purpose
Legal Description	:	Lot 1526L Mukim 7
Tenure	:	51-year JTC lease commencing 1 February 1974 with offer to extend for 15 years and 11 months, subject to terms and conditions (We are instructed to value based on an unexpired lease of about 22.6 years, assuming the lease is extended and investment criteria met by the lessee).
Registered Lessee	:	Amos International (S) Pte Ltd
Brief Description	:	The Property is located on the southern flank of Gul Circle, off Jalan Ahmad Ibrahim and within Jurong Industrial Estate. It features 3 linked industrial buildings comprising a 2-storey factory/warehouse with cold room and mezzanine level office (Block 2), a 5-storey warehouse building with mezzanine levels on each floor (Block 3) and a 3-storey ancillary office block (Block 1). There is an extension plan to add 3 levels to the existing Block 2.
Land Area	:	9,815.1 sm or thereabouts
Gross Floor Area (GFA)	:	The existing GFA is approximately 16,617.81 sm (as provided and subject to survey). The proposed extension will increase the GFA of the Property to 244,873 sf or 22,749 sm.
Year of Completion	:	Block 1 – Circa 1970/80s Block 2 – Circa 2016 Block 3 – Circa 1990s
Condition	:	The Property is in a fairly good condition. Additions/ alterations/ refurbishment works to the buildings and redevelopment of Block 2 were completed in 2016 at an estimated cost of S$10,000,000/-.
Master Plan Zoning (2014 Edition)	:	"Business 2" with a plot ratio of 2.5
Permitted Use	:	For provision of ship supplies and engineering workshop only

Basis of Valuation	:	Market Value on 2 bases: a) 'Completed' basis b) 'As Is' basis, taking into consideration the proposed extension and capital expenditure
Methods of Valuation	:	Income Capitalisation Method and Comparison Method
Date of Valuation	:	31 May 2018
Market Value	:	**a) On 'Completed' basis** **S$49,500,000/-** **(Singapore Dollars Forty-Nine Million and Five Hundred Thousand Only)** *Assuming the Proposed Extension to Increase the Gross Floor Area of the Property to 22,749 sm is Fully and Satisfactorily Completed, Lessee's Compliance With JTC's Lease Offer Terms and the Lease Is Further Extended for 15 years & 11 months* **b) On 'As Is' basis, taking into consideration the proposed extension and capital expenditure** **S$41,000,000/-** **(Singapore Dollars Forty-One Million Only)**

For and on behalf of
Colliers International Consultancy & Valuation (Singapore) Pte Ltd

Goh Seow Leng
Appraiser's Licence No.: AD041- 2003809B
B.Sc (Estate Management), MSISV
Executive Director
Valuation and Advisory Services I Singapore

GSL/KN/tc

This valuation certificate is subject to the attached Caveats & Assumptions.

Appendix I

CAVEATS AND ASSUMPTIONS

1. DEFINITIONS

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

'Confidential Information' means information that:

(a) Is by its nature confidential.

(b) Is designed by Us as confidential.

(c) You know or ought to know is confidential.

(d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.

'Currency Date' means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

'Fee' means the amount agreed to be paid for the Services as set out in the Quotation.

'**Parties**' means You or Us as the context dictates.

'**Quotation**' means the written quote provided by Us in relation to the Services.

'**Services**' means the valuation services provided pursuant to these Terms and Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

'**The Property**' means the assets which are subject of our appointment as your advisor.

'**We**', '**Us**', '**Our**', '**Colliers**' means Colliers International Limited.

'**You**', '**Your**', '**Client**' means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

'**Professional Property Practice Standards**' refers to RICS Valuation and Appraisal Handbook, or Singapore Institute of Surveyors & Valuers' Valuation Standards and Practice Guidelines.

2. PERFORMANCE OF SERVICES

2.1 We have provided the Services in accordance with:

(a) The Terms and Conditions contained herein; or

(b) As specifically instructed by You for the purpose of the Services; and

(c) Within the current provisions set by the prevailing Professional Property Practice Standards.

3. CONDITION OF THE PROPERTY

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.

3.2 We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.

3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.

3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements has been taken.

3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.

3.6 An internal inspection has been made, unless otherwise stated.

3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.

3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.

3.9 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.

3.10 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

4. **ENVIRONMENT AND PLANNING**

4.1 We have obtained town planning information from the prevailing Master Plan available on URA website. It is your responsibility to check the accuracy of this information under the appropriate planning legislation.

4.2 For obvious reasons, we do not and cannot provide information relating to government acquisitions unless the land has already been gazetted for acquisition.

4.3 No requisition on road, MRT, LRT, drainage and other government proposals has been made by us. Such information will not be tendered unless specifically requested for and we be properly reimbursed.

4.4 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.

5. **FLOOR/BUILDING AREAS AND LETTABLE AREAS**

5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional Property Practice Standards.

5.2 If you do not provide Us with a survey, We will estimate floor/building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.

5.3 Where such a survey is subsequently produced which differs from the areas estimated by us then You will refer the valuation back to Us for comment or, where appropriate, amendment.

6. **OTHER ASSUMPTIONS**

6.1 Unless otherwise notified by You, We will assume:

(a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.

(b) All licences and permits can be renewed and We have not made any enquires in this regard.

6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural/ dilapidation reports), we will rely upon the apparent expertise of such experts/ specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.

6.3 Our services are provided on the basis that the client has provided us with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.

6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

6.5 The study of possible alternative development options and the related economics are not within the scope of this report, unless otherwise stated.

6.6 Our opinion about the Market Value of the property is free from any influence and/ or point of views of any other parties.

6.7 All Location Plans are obtained from www.streetdirectory.com. Whilst we do make every endeavor to update the maps as far as it is possible, we do not vouch for the accuracy of the maps and shall not be responsible if it is otherwise.

6.8 Values are reported in Singapore currency unless otherwise stated.

7. **ESTIMATED SELLING PRICE**

7.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:

(a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.

(b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.

(c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.

7.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

8. **CURRENCY OF VALUATION**

8.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.

8.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.

8.3 Without limiting the generality of 9.1, You should not rely upon Our valuation:

(a) After the expiry of 3 months from the Currency Date;

(b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.

9. **MARKET PROJECTIONS**

9.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and based on information currently available to us and not representative of what actual values of the property will be as at future date. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

9.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.

9.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

9.4 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to us by you.

10. **YOUR OBLIGATIONS**

10.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.

10.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.

10.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).

10.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. When we consent for You to release Our report or any part of Our report to any third party, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/ they had been a party to the original letter of instruction between us. Where we consent to such reliance, You agree to furnish the addressee with a copy of any reliance letter issued by Us and/ or a copy of these terms and conditions.

10.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if;

(a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or

(b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.

(c) The information provided to Us by You prior to the provision of services is in any way incomplete, misleading or wrong.

10.6 If You release any part of the valuation advice or its substance without written consent, You agree to defend, You agree to defend and indemnify Us against claims by a third party who has reviewed the report if We have not, at or subsequent to the time of engagement, provided our specific written consent to such party reviewing and replying on the report. We have no responsibility to any other person even if that person suffers damage as a result of You providing this valuation without Our prior consent.

10.7 You agree that the only remedy for losses or damages relating to the breach of this Agreement shall be limited to three times Our contracted fee for the assignment and no claim shall be made any consequential or punitive damages.

10.8 You agree not to bring any claim for any losses against any director, consultant or any employee of Ours. You hereby agree that Our director, consultant or any employee does not have a personal duty of care to You and any claim for losses must be brought against Colliers International.

10.9 Where any loss is suffered by You for which We and any other person are jointly and severally liable to You the loss recoverable by You from Us shall be limited so as to be in proportion to our relative contribution to the overall fault.

11. CONFIDENTIALITY

11.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose stated in our valuation report, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference there to may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.

11.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

11.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

11.4 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

12. PRIVACY

12.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

13. SUBCONTRACTING

13.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

14. LIMITATION OF COLLIERS LIABILITY

14.1 To the extent permissible under applicable laws, in no event shall Colliers International be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

14.2 We shall be released from Our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond Our reasonable control (example being a strike, act of God or act of terrorism). All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers international. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

14.3 Neither Colliers nor any employee of Ours shall be required to give testimony or to appear in court or any other tribunal or at any government agency by reason of this valuation report or with reference to the property in question, except by court summons/ judicial notification, and unless prior arrangements have been made and we are properly reimbursed for reasonable time and expenses incurred. The hourly billing pertain to court preparation, waiting and travel time, document review and preparation (excludes valuation report) and all meetings related to court testimony.

14.4 We are free from any possible legal and/ or non-legal issue which may attach to the Property's title documents.

14.5 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to Us by You.

14.6 Our liability for loss and damage attributable to Our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall be limited to a maximum of three times Our contracted fee for the assignment per property for any single case. A single case of damages is defined as the total sum of all damage claims of all persons entitled to claim, which arise from one and the same professional error/ offence. In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, we are only to held liable for an amount of three times Our contracted fee for the assignment per property.

14.7 Where the agreement is addressed to more than one Client, the above limit of liability applies to the aggregate of all claims by all such Clients and not separately to each Client.

14.8 No third party will be entitled to rely on any part of Our valuation report or its substance or advice except with our written consent. Should any third party rely on Our report without obtaining Our written consent, We are not bound by any liability which arises from the use of or reliance upon Our valuation report by such unauthorized party.

14.9 We will not be liable for any services outside the scope of the services agreed to be performed by Us, and in respect of any consequential losses or loss of profits.

14.10 Responsibility for Our valuation extends only to the party(ies) to whom it is addressed. However in the event of Us being asked by You to re-address Our report to another party or other parties or permit reliance upon it by another party or other parties, We will give consideration to doing so, to named parties, and We reserve the right to charge additional fee for doing so although We will agree such fee with You before commencing the work.

15. ENTIRE AGREEMENT

15.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.

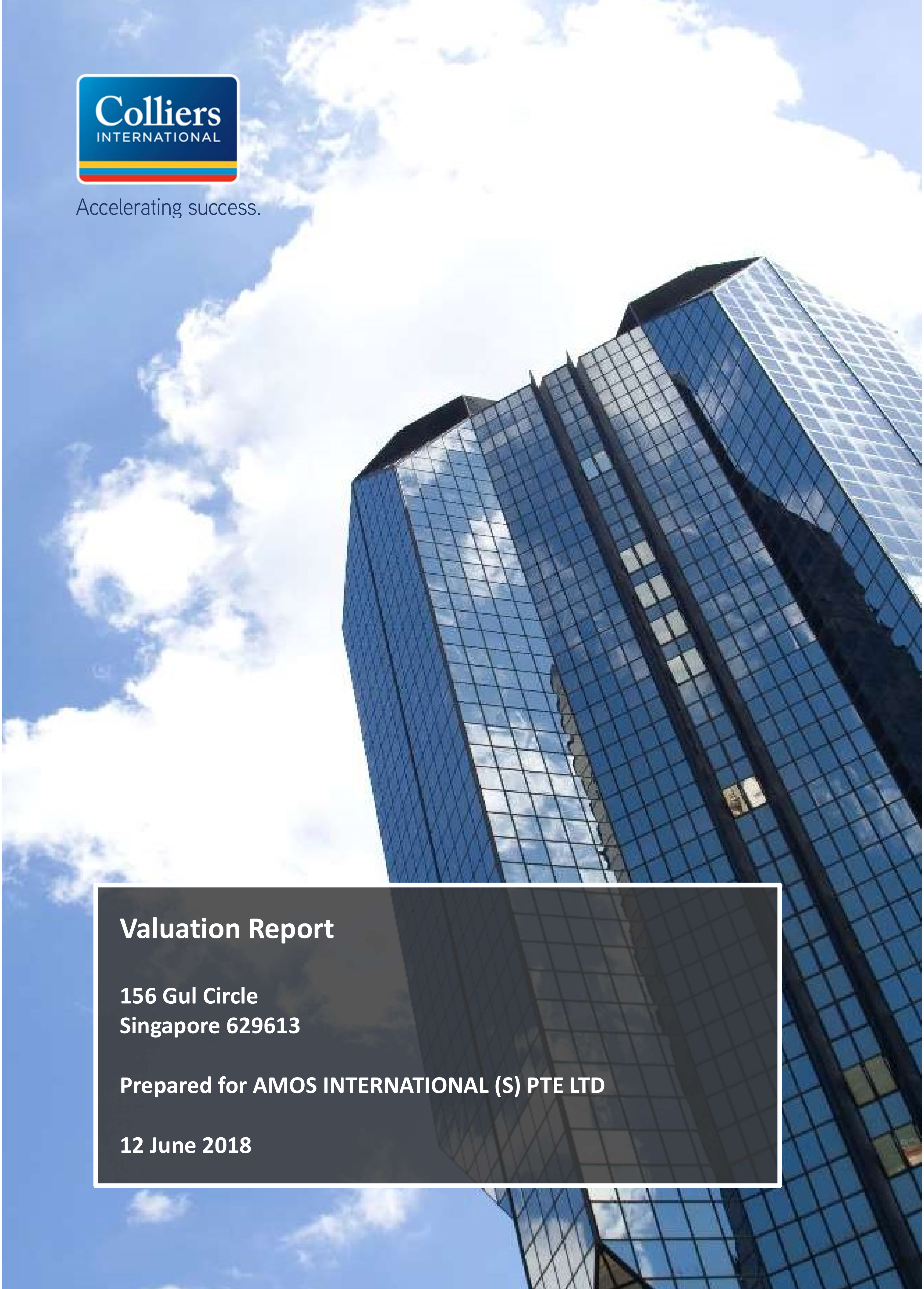
15.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.

15.3 Copyright in any reports, documents or other material provided to You by Us shall remain Our property at all times unless otherwise stated

16. ANTI BRIBERY AND CORRUPTION MEASURES

16.1 We represent, in connection with any services to be provided to You, that neither We nor Our contractors, employees or agents (collectively, “Consultant”) has made or will make, either directly or indirectly, any payments (i) to or for the use or benefit of any Government Official (ii) to any other person either for an advance or reimbursement, if Consultant knows or has reason to know that any part of such payment has been or will be given to any Government official or (iii) to any person or entity, the payment of which would violate laws and regulations in Australia, the United States, the United Kingdom or any other government entity having jurisdiction over the activities carried out by Consultant. The term “Government Official” in this paragraph means any officer or employee of a government or any governmental department or agency, or any person acting in an official capacity for or on behalf of any such government or governmental department or agency, including employees of state-owned or controlled entities and candidates for political office.

16.2 We represent that, in connection with any services to be provided to You, We will conduct operations at all times in compliance with applicable financial recordkeeping and reporting requirements, including all applicable money laundering-related laws of any jurisdictions where We conduct business or own assets.



Colliers INTERNATIONAL

Accelerating success.

Valuation Report

156 Gul Circle
Singapore 629613

Prepared for AMOS INTERNATIONAL (S) PTE LTD

12 June 2018

1 INTRODUCTION

1.1 Terms of Engagement

As agreed in our terms of engagement, we provide herewith our opinion of the Market Value of the Property (as defined hereinafter) as at 31 May 2018 for corporate reporting/IFA reporting purposes, on the following bases:

a) On the assumption that the proposed extension is fully completed; and
b) On 'as is' basis, taking into consideration the proposed extension and the capital expenditure.

1.2 Valuation Date

The Date of Valuation is 31 May 2018. An inspection of the Property was carried out on 18 May 2018. We have assumed that the Property is in the same condition on the Date of Valuation as on the inspection date. Due to possible changes in market forces and circumstances in relation to the Property, the report can only be regarded as representing our opinion of the value of the Property as at the date of valuation.

1.3 Basis of Valuation

Our valuation is provided on the basis of Market Value, which we define as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

1.4 Valuation Standards Adopted

This valuation has been carried out in accordance with the Singapore Institute of Surveyors and Valuers' Valuation Standards and Practice Guidelines. Colliers International Consultancy & Valuation (Singapore) Pte Ltd is also accredited under ISO 9001:2015.

Colliers International Consultancy & Valuation (Singapore) Pte Ltd is regulated by the Singapore Institute of Surveyors and Valuers and all necessary investigations, inspections, and other work carried out for the purpose of this valuation have been in accordance with its' valuation standards. The Singapore Institute of Surveyors and Valuers monitors regulated firms under its Conduct and Disciplinary regulations. Colliers International maintains a complaint handling procedure, a copy of which is available on request.

1.5 The Valuer

This valuation has been prepared by Goh Seow Leng and assisted by Kelvin Ng.

Both Seow Leng and Kelvin are licensed appraisers and Members of the Singapore Institute of Surveyors and Valuers. They are suitably qualified to carry out the valuation and has over 30 years' experience in the valuation of properties of this nature in Singapore.

Neither the valuer nor Colliers International Consultancy & Valuation (Singapore) Pte Ltd are aware of any pecuniary interest or conflict of interest that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the Property.

1.6 Inspection and Investigations

The valuer has carried out an inspection of the Property on 18 May 2018, and made independent investigations as necessary for carrying out this valuation.

All information used has been verified as far as is reasonable, and has included information and data provided by you, from government departments, in the public domain, and our own internal database.

In the absence of readily available and verifiable information from other sources for valuation purposes, and as agreed, we have relied on the information solely provided by you for the purposes of valuation. We have assumed all such information provided by you to be true and accurate.

No structural survey or environmental survey of the property has been carried out. Services and facilities have not been tested.

1.7 Caveats and Assumptions

This report is subject to and includes our Standard Caveats and Assumptions as set out in the appendix at the end of this report, as well as our agreed terms of our engagement.

Please note the report is for your sole use and for the purpose indicated only and no liability to any third party can be accepted for the whole or any part of the contents of the document. The whole nor any part of the valuation report nor any reference thereto may not be included in any published documents, circular or statement, nor published in any way whatsoever except with the prior written approval of Colliers International Consultancy & Valuation (Singapore) Pte Ltd Limited as to the form and context in which it may appear.

Colliers International Consultancy & Valuation (Singapore) Pte Ltd will at all times keep all information relating to this valuation proposal confidential and not release it to third parties, without the written consent of the client.

2 Property Details

Address	156 Gul Circle, Singapore 629613
Type	A purpose-built industrial development comprising a 2-storey factory/ warehouse with cold room and mezzanine level office (Block 2), a 5-storey warehouse building with mezzanine level on each floor (Block 3) and a 3-storey office block (Block 1), with plan for expansion by adding 3 levels to Block 2.
Land Area	9,815.1 sm or thereabouts

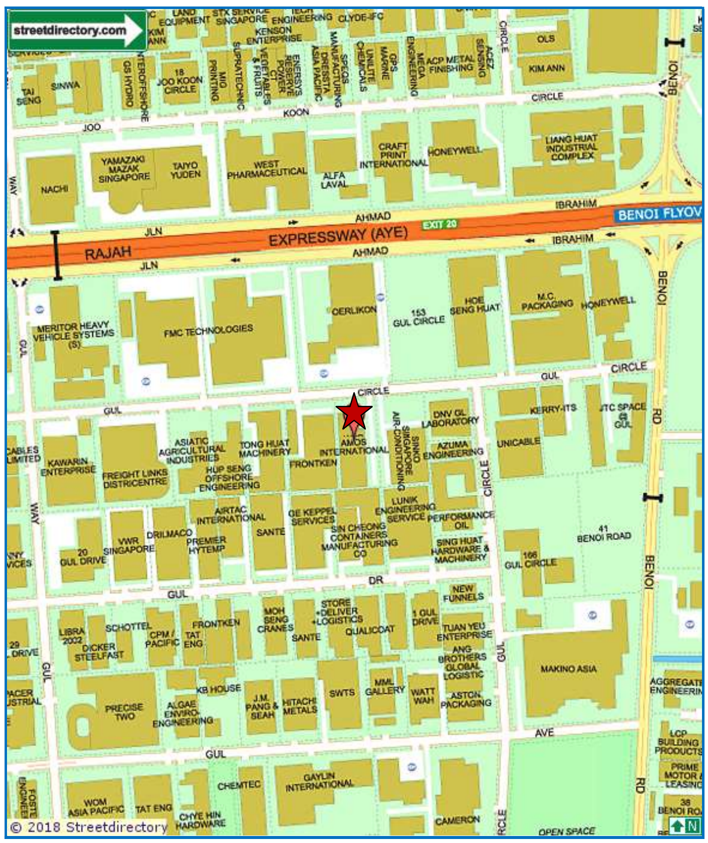
Floor Area	The existing gross floor area ("GFA") is approximately 16,617.81 sm *(as extracted from the As-built floor plans prepared by HA Architects Pte Ltd & subject to survey).* We understand that there is an expansion plan to increase the GFA of the Property to 244,873 sf or 22,749 sm.
Year of Completion	Block 1 – Circa 1970/80s Block 2 – Circa 2016 Block 3 – Circa 1990s
Condition	The Property is in a fairly good condition. Additions/ alterations/ refurbishment works to the buildings and redevelopment of Block 2 were completed in 2016 at an estimated cost of S$10,000,000/-.
Legal Description	Lot 1526L Mukim 7
Tenure	51-year lease commencing 1 February 1974 with offer to further extend for 15 years and 11 months, subject to terms and conditions (we are instructed to value based on an unexpired lease of about 22.6 years, assuming the lease is extended and investment criteria met by the lessee)
Registered Lessee(s)	Amos International (S) Pte Ltd
Salient Lease Conditions	Some pertinent terms and conditions of the JTC lease/ Offer of lease include the following:- a) Permitted use of the Property is for provision of ship supplies and engineering workshop; b) We understand that land rent payable to JTC is S$18,239.73 per month including GST. The rent is subject to revision on 1 February every year to the prevailing market rents, but the increase, if any, shall not exceed 5.5% of the yearly rent for each immediately preceding year; c) Based on JTC's offer of lease. the further lease extension is subject to inter alia, the lessee's satisfactory compliance with fixed investment in new plant and machinery and to develop the premises to a minimum gross floor area at plot ratio of 2.05 within a development period of 4 years 6 months from 26 July 2016 and to show due proof and satisfaction to JTC by 25 July 2021. d) If the required investment criteria are not met by the lessee, JTC has the discretion to reduce the further term.
Master Plan Zoning (2014 Edition)	"Business 2" with a gross plot ratio of 2.5

Location

The Property is located on the southern flank of Gul Circle between Benoi Road and Gul Way, off Jalan Ahmad Ibrahim. It is within Jurong Industrial Estate and some 25 km from the city centre.

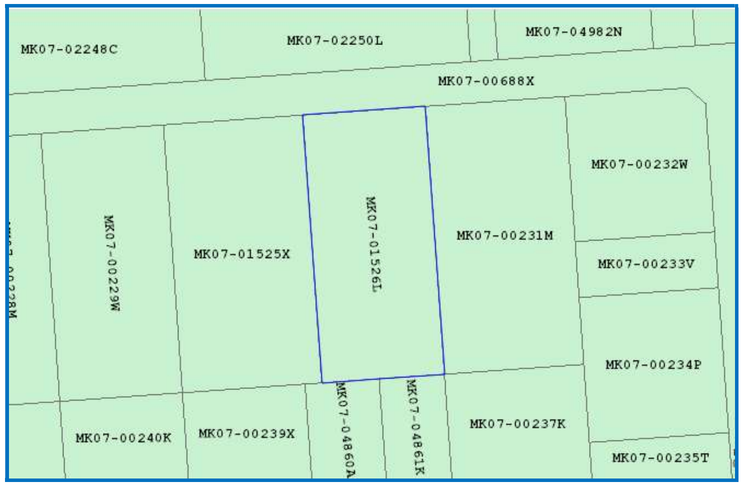
The immediate locality comprises a mix of JTC standard, purpose-built factories and logistics hubs and warehouse complexes. Prominent developments nearby include Fairprice Hub, Freightlinks Districentre, JTC Space@Gul (under development), Philips Districentre, Mapletree Benoi Logistics Hub, Jurong Water Reclamation Plant, SAFTI and Singapore Discovery Centre, amongst others.

The estate is served by public transportation with a feeder bus service running between the Boon Lay Interchange/ MRT Station and various parts of the estate. Accessibility to other parts of the island is further enhanced by its proximity to the Joo Koon / Gul Circle MRT Stations, Pan Island Expressway and Ayer Rajah Expressway.



General Description

The Property comprises a rectangular land plot with frontage of about 63 metres onto Gul Circle and depth of about 145 metres. The land is slightly above the access road level with a flat contour generally. It is enclosed by BRC wire mesh fencing with entry via a metal sliding gate at the frontage.



Standing on site are 3 linked factory buildings comprising a 2-storey factory/warehouse with cold room and mezzanine level office (Block 2), a 5-storey warehouse building with mezzanine levels on each floor (Block 3) and a 3-storey office block (Block 1). The structure and design of Block 2 include the possibility of future expansion up to a 6-storey block. Vertical access within the 5-storey warehouse (Block 3) is via 2 cargo/service lifts serving alternate floors and supplemented by metal/concrete staircases. Block 2 is served by a passenger lift and 2 pallet lifters (of 1.5-ton capacity) for vertical movement. Fire protection equipment includes hose reels, automatic fire sprinkler system, fire extinguishers and automatic fire alarm system. Other building services include forklift ramps, loading/ unloading bays with dock levelers and CCTV security system.

Other improvements within the site include a guard house, water sprinkler tank, side storage shed, canopy, changing room, concrete driveway/ compound with open/ sheltered car parking lots.

Improvements

<u>Construction</u>

The buildings are constructed of reinforced concrete (r.c.) framed structures with concrete flat/ metal roofing and underside insulation, steel rafters/ purlins, metal sheet claddings, suspended concrete floor slabs/ concrete walls and r.c./ external metal staircases. Aluminium roller shutters, glass entrance doors, timber/ metal internal doors, fire rated doors and aluminium framed glass doors/ windows are fitted generally.

Improvements *(Cont'd)*	Accommodation 3-Storey Office (Block 1) 1st Storey : Reception lobby, product display rooms, board room, training room, pantry area, meeting rooms and male/female toilets generally 2nd Storey : General office area, partitioned management offices, filing compactus area, toilets and link way (to Block 2) generally 3rd Storey : Office area and male/ female toilets generally 2-storey warehouse with mezzanine level (Block 2) 1st Storey : General warehouse, food warehouse, cold room, Ante room, chiller, operations office and lift lobby generally 1st Storey Mezzanine : Lift lobby, general office area, partitioned offices, meeting rooms, pantry, stores and male/ female toilets generally 2nd Storey : General warehouse, support office and link way generally 5-Storey Warehouse Building With Mezzanine Levels (Block 3) 1st Storey : Warehouse area, workshop section, male/female toilets, cargo lift lobby and mezzanine lift lobby, staff pantry, server room, toilets, store and consumer switch room generally 2nd to 5th Storeys : Warehouse area, cargo lift lobby, male/ female toilets and mezzanine lift lobby and storage areas generally
	Finishes Floor : Bare reinforced concrete slab with dust proofer/ smooth concrete/ epoxy coating/ ceramic tiles and r.c slabs with insulation to cold room generally Wall : Emulsion paint/ ceramic tiles/ non-combustible internal partitions/ glass panels and steel/ zinc coated insulating panels with silicon polyester to cold room generally Ceiling : Bare reinforced concrete with paint/ ceiling board and steel/ zinc coated insulating panels to cold room generally

Floor Loading Capacity & Ceiling Height	**Level**	**Floor Loading Capacity (kN/sm)**	**Ceiling Height (m)**
	1st to 5th storey warehouse/ workshop (Block 3)	30.0	8.0
	1st to 5th storey Mezzanine (Block 3)	7.5	3.0 to 3.5
	1st & 2nd storey warehouse (Block 2)	20.0	5.3 to 8.9 / 7.4
	1st storey cold room (Block 2)	30.0	-
	1st storey mezzanine (Block 2)	4.0	3.6
	1st to 3rd storey office (Block 1)	5.0	3.0
Occupancy	We understand that the Property is currently owner-occupied by the registered lessee.		
Property Tax	The Property is currently assessed at an Annual Value of S$2,117,000/-. Property tax is payable at 10% per annum of the Annual Value.		
Proposed Extension	We understand that there is a plan to carry out further additions and alterations to the existing development which will include adding 3 levels to the existing Block 2 within the Property. The extension will create an additional floor area of some 22,000 sf on each level from the 3rd storey to 5th storey, with a total of 66,000 sf of additional floor area. The contract sum for the construction of the proposed extension is approximately S$8.2 million. The proposed extension is scheduled to take about 8 months, completing by end January 2019.		

3 MARKET COMMENTARY

The MTI announced that the Singapore economy grew by 3.6% in 2017. In 2018, MTI expects GDP to moderate but remain firm and grow slightly above the middle of the range of 1.5% and 3.5%. Growth in several of the key external demand markets such as China and the Eurozone is projected to ease in 2018.

The manufacturing sector has been performing well over the past few quarters. The rate of decline for rents has slowed down and rents are likely to stabilise in 2018. Overall occupancy for industrial space improved slightly despite bumper supply completions. Rents are expected to post modest gains beyond that as new supply tapers in coming years.

4 VALUATION METHODS

We have used the Income Capitalisation Method and the Comparison Method (or Market Approach) in the valuation of the Property. Based on the current state of the property market and our knowledge of the subject property type, it will be appropriate to use these 2 methods in the valuation of the Property.

4.1 Income Capitalisation Method

The Income Capitalisation Method entails an estimate of the rental income of the building at market rate after deducting all necessary outgoings and expenses, which is then capitalized at an appropriate rate of return to arrive at the market value. The adopted yield reflects the nature of the property, location, tenure as well as the prevailing property market conditions.

As advised, we have assumed the proposed building extension at Block 2 will be fully completed by January 2019. Based on this assumption, our calculation of the Income Capitalisation Method for the Property, on completed basis, is shown as follows:

Blocks 1 & 3		
	Rental Income	$2,480,000
	Less:	
	Property Outgoings	$175,356
	Property Tax	$230,464
	Land Rent	$108,846
	Net Income	$1,965,334
	Capitalise @ 6.00% for 22.6 years	
	Market Value (Blocks 1 & 3)	**$23,981,000**
Block 2 (with extension)		
	Rental Income	$2,510,000
	Less:	
	Property Outgoings	$177,261
	Property Tax	$233,274
	Land Rent	$110,029
	Net Income	$1,989,436
	Capitalise @ 6.00% for 21.9 years	
	Market Value (Block 2)	**$23,921,000**
	Total Market Value for Blocks 1 to 3 (on completed basis)	**$48,000,000**

4.2 Comparison Method (or Market Approach)

The Comparison Method provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available.

By analysing such sales, which qualify as 'arms-length' transactions, between willing buyers and sellers, adjustments are made for location, tenure, type/design, age, use, size and other relevant factors when comparing such sale prices to assess the value of the subject asset. This approach is commonly used to value assets where reliable sales evidence of assets of a similar nature is available.

Listed below are some relevant sale transactions we have considered:

Property Address	Approx. Land/Floor Areas (sm)	Tenure	Sale Price (S$)	Date of Sale
8 Gul Avenue	8,082 / 3,596	60 years from 26/10/1982	$9,680,000	Dec-17
3 Clementi Loop	12,999 / 11,685	30+30 years from 1/3/1994	$29,000,000	Sep-17
1 Joo Yee Road	6,391 / 8,645	60 years from 1/7/1979	$16,000,000	Aug-17
9 Tuas Avenue 2	13,848/8,323	30 + 30 years from 16/8/1990	$23,000,000	Jul-17
202 Pandan Loop	5,327 / 2,602	30 + 30 years from 1/3/1980	$8,000,000	Jun-17

Having analysed the above sales and made the necessary adjustments, we have arrived at a market value of S$51,000,000/- for the Property using the Comparison Method, assuming full completion of the proposed extension with the lease extension granted to expire on 1 January 2041.

5 VALUATION ASSUMPTIONS AND SPECIAL ASSUMPTIONS

This valuation has been undertaken assuming the following:

a) We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated

b) We have assumed the Property can be freely transferred, mortgaged and let in the market without any additional fee.

c) We have assumed that all Information, estimates and opinions furnished to us and contained in this report have been obtained from sources considered reliable and believed to be true and correct, but we can assume no responsibility for their accuracy.

d) We have assumed that the Property is free from any environmental problem or hazard.

e) We are not aware of any easements or rights - of - way affecting the Property and our valuation assumes that none exists.

f) We have assumed that the Property has been/ will be constructed, occupied and used in full compliance with, and without contravention of, all relevant laws, ordinances and statutory requirements except only where otherwise stated.

g) We have assumed that, for any use of the Property upon which this valuation report is based, any and all required licences, permits, certificates, and authorisations have been obtained, and are capable of renewal without difficulty, except only where otherwise stated.

h) We have assumed the Property is in a fairly good state of repair, management and maintenance and fit for the use to which it is put, and will continue to be managed and maintained to this standard in the future.

i) We have made the special assumption that the Property will be granted approval by the Competent Authority for the proposed extension and the further lease extension will be granted by JTC and the investment criteria including plot ratio requirement is complied with by the lessee.

j) We assume that any proposed extension of the Property can proceed in a normal manner without undue delay.

k) We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable.

6 VALUATION CONCLUSION

We have summarised below our valuation findings and weighting applied for both Income Capitalisation Method and Comparison Method. In view of the nature of the Property, we have applied equal weighting on our findings from the 2 methods.

Valuation Method	Weighting (%)	Valuation
Income Capitalisation Method	50%	S$48,000,000
Comparison Method	50%	S$51,000,000
Market Value (on 'Completed' Basis)		**S$49,500,000**

Subject to the assumptions, contents and terms and conditions of this report, we are of the opinion that the Market Value of the Property, as at 31 May 2018, is as follows :

a) On 'Completed' Basis

Market Value **S$49,500,000/-**
(Singapore Dollars Forty-Nine Million and Five Hundred Thousand Only)

Assuming the Proposed Extension to Increase the Gross Floor Area of the Building to 22,749 sm is Fully and Satisfactorily Completed with the Issuance Of Temporary Occupation Permit And Certificate Of Statutory Completion, Lessee's Compliance With JTC's Lease Offer Terms and the Lease Is Further Extended for 15 years & 11 months

b) On 'As Is' Basis, taking into consideration the proposed extension and capital expenditure

Market Value **S$41,000,000/-**
(Singapore Dollars Forty-One Million Only)

For and on behalf of
Colliers International Consultancy & Valuation (Singapore) Pte Ltd

Goh Seow Leng
Licensed Appraiser No. AD041- 2003809B
B.Sc (Estate Management), MSISV
Executive Director
Valuation and Advisory Services I Singapore

GSL/KN/ct

PHOTOGRAPHS

External View

Warehouse Area

Warehouse Area

Appendix I

CAVEATS AND ASSUMPTIONS

1. DEFINITIONS

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

'Confidential Information' means information that:

(a) Is by its nature confidential.

(b) Is designed by Us as confidential.

(c) You know or ought to know is confidential.

(d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.

'Currency Date' means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

'Fee' means the amount agreed to be paid for the Services as set out in the Quotation.

'**Parties**' means You or Us as the context dictates.

'**Quotation**' means the written quote provided by Us in relation to the Services.

'**Services**' means the valuation services provided pursuant to these Terms and Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

'**The Property**' means the assets which are subject of our appointment as your advisor.

'**We**', '**Us**', '**Our**', '**Colliers**' means Colliers International Limited.

'**You**', '**Your**', '**Client**' means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

'**Professional Property Practice Standards**' refers to RICS Valuation and Appraisal Handbook, or Singapore Institute of Surveyors & Valuers' Valuation Standards and Practice Guidelines.

2. PERFORMANCE OF SERVICES

2.1 We have provided the Services in accordance with:

(a) The Terms and Conditions contained herein; or

(b) As specifically instructed by You for the purpose of the Services; and

(c) Within the current provisions set by the prevailing Professional Property Practice Standards.

3. CONDITION OF THE PROPERTY

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.

3.2 We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.

3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.

3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements has been taken.

3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.

3.6 An internal inspection has been made, unless otherwise stated.

3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.

3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.

3.9 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.

3.10 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

4. ENVIRONMENT AND PLANNING

4.1 We have obtained town planning information from the prevailing Master Plan available on URA website. It is your responsibility to check the accuracy of this information under the appropriate planning legislation.

4.2 For obvious reasons, we do not and cannot provide information relating to government acquisitions unless the land has already been gazetted for acquisition.

4.3 No requisition on road, MRT, LRT, drainage and other government proposals has been made by us. Such information will not be tendered unless specifically requested for and we be properly reimbursed.

4.4 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.

5. FLOOR/BUILDING AREAS AND LETTABLE AREAS

5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional Property Practice Standards.

5.2 If you do not provide Us with a survey, We will estimate floor/building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.

5.3 Where such a survey is subsequently produced which differs from the areas estimated by us then You will refer the valuation back to Us for comment or, where appropriate, amendment.

6. OTHER ASSUMPTIONS

6.1 Unless otherwise notified by You, We will assume:

(a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.

(b) All licences and permits can be renewed and We have not made any enquires in this regard.

6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural/ dilapidation reports), we will rely upon the apparent expertise of such experts/ specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.

6.3 Our services are provided on the basis that the client has provided us with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.

6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

6.5 The study of possible alternative development options and the related economics are not within the scope of this report, unless otherwise stated.

6.6 Our opinion about the Market Value of the property is free from any influence and/ or point of views of any other parties.

6.7 All Location Plans are obtained from www.streetdirectory.com. Whilst we do make every endeavor to update the maps as far as it is possible, we do not vouch for the accuracy of the maps and shall not be responsible if it is otherwise.

6.8 Values are reported in Singapore currency unless otherwise stated.

7. ESTIMATED SELLING PRICE

7.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:

(a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.

(b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.

(c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.

7.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

8. CURRENCY OF VALUATION

8.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.

8.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.

8.3 Without limiting the generality of 9.1, You should not rely upon Our valuation:

(a) After the expiry of 3 months from the Currency Date;

(b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.

9. MARKET PROJECTIONS

9.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and based on information currently available to us and not representative of what actual values of the property will be as at future date. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

9.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.

9.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

9.4 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to us by you.

10. YOUR OBLIGATIONS

10.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.

10.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.

10.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).

10.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. When we consent for You to release Our report or any part of Our report to any third party, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/ they had been a party to the original letter of instruction between us. Where we consent to such reliance, You agree to furnish the addressee with a copy of any reliance letter issued by Us and/ or a copy of these terms and conditions.

10.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if;

(a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or

(b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.

(c) The information provided to Us by You prior to the provision of services is in any way incomplete, misleading or wrong.

10.6 If You release any part of the valuation advice or its substance without written consent, You agree to defend, You agree to defend and indemnify Us against claims by a third party who has reviewed the report if We have not, at or subsequent to the time of engagement, provided our specific written consent to such party reviewing and replying on the report. We have no responsibility to any other person even if that person suffers damage as a result of You providing this valuation without Our prior consent.

10.7 You agree that the only remedy for losses or damages relating to the breach of this Agreement shall be limited to three times Our contracted fee for the assignment and no claim shall be made any consequential or punitive damages.

10.8 You agree not to bring any claim for any losses against any director, consultant or any employee of Ours. You hereby agree that Our director, consultant or any employee does not have a personal duty of care to You and any claim for losses must be brought against Colliers International.

10.9 Where any loss is suffered by You for which We and any other person are jointly and severally liable to You the loss recoverable by You from Us shall be limited so as to be in proportion to our relative contribution to the overall fault.

11. CONFIDENTIALITY

11.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose stated in our valuation report, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference there to may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.

11.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

11.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

11.4 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

12. PRIVACY

12.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

13. SUBCONTRACTING

13.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

14. LIMITATION OF COLLIERS LIABILITY

14.1 To the extent permissible under applicable laws, in no event shall Colliers International be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

14.2 We shall be released from Our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond Our reasonable control (example being a strike, act of God or act of terrorism). All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers international. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

14.3 Neither Colliers nor any employee of Ours shall be required to give testimony or to appear in court or any other tribunal or at any government agency by reason of this valuation report or with reference to the property in question, except by court summons/ judicial notification, and unless prior arrangements have been made and we are properly reimbursed for reasonable time and expenses incurred. The hourly billing pertain to court preparation, waiting and travel time, document review and preparation (excludes valuation report) and all meetings related to court testimony.

14.4 We are free from any possible legal and/ or non-legal issue which may attach to the Property's title documents.

14.5 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to Us by You.

14.6 Our liability for loss and damage attributable to Our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall be limited to a maximum of three times Our contracted fee for the assignment per property for any single case. A single case of damages is defined as the total sum of all damage claims of all persons entitled to claim, which arise from one and the same professional error/ offence. In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, we are only to held liable for an amount of three times Our contracted fee for the assignment per property.

14.7 Where the agreement is addressed to more than one Client, the above limit of liability applies to the aggregate of all claims by all such Clients and not separately to each Client.

14.8 No third party will be entitled to rely on any part of Our valuation report or its substance or advice except with our written consent. Should any third party rely on Our report without obtaining Our written consent, We are not bound by any liability which arises from the use of or reliance upon Our valuation report by such unauthorized party.

14.9 We will not be liable for any services outside the scope of the services agreed to be performed by Us, and in respect of any consequential losses or loss of profits.

14.10 Responsibility for Our valuation extends only to the party(ies) to whom it is addressed. However in the event of Us being asked by You to re-address Our report to another party or other parties or permit reliance upon it by another party or other parties, We will give consideration to doing so, to named parties, and We reserve the right to charge additional fee for doing so although We will agree such fee with You before commencing the work.

15. ENTIRE AGREEMENT

15.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.

15.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.

15.3 Copyright in any reports, documents or other material provided to You by Us shall remain Our property at all times unless otherwise stated

16. ANTI BRIBERY AND CORRUPTION MEASURES

16.1 We represent, in connection with any services to be provided to You, that neither We nor Our contractors, employees or agents (collectively, "Consultant") has made or will make, either directly or indirectly, any payments (i) to or for the use or benefit of any Government Official (ii) to any other person either for an advance or reimbursement, if Consultant knows or has reason to know that any part of such payment has been or will be given to any Government official or (iii) to any person or entity, the payment of which would violate laws and regulations in Australia, the United States, the United Kingdom or any other government entity having jurisdiction over the activities carried out by Consultant. The term "Government Official" in this paragraph means any officer or employee of a government or any governmental department or agency, or any person acting in an official capacity for or on behalf of any such government or governmental department or agency, including employees of state-owned or controlled entities and candidates for political office.

1.

16.2 We represent that, in connection with any services to be provided to You, We will conduct operations at all times in compliance with applicable financial recordkeeping and reporting requirements, including all applicable money laundering-related laws of any jurisdictions where We conduct business or own assets.

Colliers International Consultancy &
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Accelerating success.

NOTICE OF EXTRAORDINARY GENERAL MEETING

GAYLIN HOLDINGS LIMITED

(Company Registration No. 201004068M)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

All capitalised terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 14 September 2018.

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Gaylin Holdings Limited (the "**Company**") will be held at 7 Gul Avenue, Singapore 629651 on 3 October 2018 at 4 p.m. (Singapore time), for the purpose of considering, and if thought fit, passing with or without amendment, the following resolutions as set out below:

ORDINARY RESOLUTION 1 - THE PROPOSED ACQUISITION OF THE ENTIRE SHARE CAPITAL OF AMOS INTERNATIONAL HOLDINGS PTE. LTD. AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION

That, subject to and contingent upon the passing of Ordinary Resolution 2:

(a) approval be and is hereby given for the acquisition of the entire issued and paid-up share capital of Amos International Holdings Pte. Ltd. from the Relevant Shareholders, where the consideration will be satisfied by the allotment and issuance of up to 863,410,176 ordinary shares in the capital of the Company (the "**Consideration Shares**"), in accordance with the terms and conditions of the sale and purchase agreement entered into between the Vendors and the Company, which constitutes an interested person transaction and a major transaction under the Listing Manual of the SGX-ST (the "**Proposed Acquisition**"); and

(b) the Directors of the Company and each of them be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Proposed Acquisition, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this resolution or the transactions contemplated pursuant to or in connection with the Proposed Acquisition.

ORDINARY RESOLUTION 2 - THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 863,410,176 ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY AT THE ISSUE PRICE OF S$0.060 EACH, AS CONSIDERATION FOR THE PROPOSED ACQUISITION

That, subject to and contingent upon the passing of Ordinary Resolution 1, authority be and is hereby given to the Directors:

(a) to allot and issue to the Relevant Shareholders (or their nominees) an aggregate of up to 863,410,176 Consideration Shares, credited as fully paid-up, at an issue price of S$0.060 each as satisfaction of the Consideration for the Proposed Acquisition; and

(b) to complete and do all acts and things (including any other agreements or documents and procurement of third party consents) as they may consider necessary or expedient for the purposes of, in connection with or to give effect to this resolution as they think fit and in the interests of the Company.

BY ORDER OF THE BOARD

Kyle Arnold Shaw, Jr.
Executive Chairman

14 September 2018

Notes:

1. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting of the Company. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act (Cap 50).

2. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than one (1) proxy is appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy need not be a member of the Company.

4. If a member is a corporation, the form of proxy must be executed either under its common seal or under the hand of its attorney or a duly authorised officer of the corporation.

5. A Depositor's name must appear in the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the Extraordinary General Meeting in order for the Depositor to be entitled to attend, speak and vote at the Extraordinary General Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 7 Gul Avenue, Singapore 629651, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting. Completion and return of the form of proxy by a member will not prevent him from attending and voting at the Extraordinary General Meeting if he so wishes. In such event, the relevant Proxy Form will be deemed to be revoked.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Kindly note that by attending the Extraordinary General Meeting, the members of the Company, their proxy(ies) and/ or representative(s) consent to the video-recording of the proceedings of the Extraordinary General Meeting, for the Company's records.

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PROXY FORM

GAYLIN HOLDINGS LIMITED
(Company Registration No. 201004068M)
(Incorporated in the Republic of Singapore)

Extraordinary General Meeting
PROXY FORM

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investors**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Extraordinary General Meeting in person. CPF and SRS Investors who are unable to attend the Extraordinary General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Extraordinary General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Extraordinary General Meeting

2. This Proxy Form is not valid for use by CPF/SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

3. Please read the notes to the Proxy Form.

Personal Data Privacy
By submitting an instrument appointing proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the notice of Extraordinary General Meeting dated 14 September 2018.

*I/We ______________________________ (Name)__________________ (NRIC/Passport Number)

of____(Address)

being a member/members of Gaylin Holdings Limited (the "**Company**"), hereby appoint:

Name	**Address**	**NRIC/ Passport Number**	**Proportion of Shareholdings (Ordinary Shares)**	
			No. of Shares	**%**

and/or *(delete as appropriate)*

Name	**Address**	**NRIC/ Passport Number**	**Proportion of Shareholdings (Ordinary Shares)**	
			No. of Shares	**%**

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting (the "**EGM**") of the Company to be held at 7 Gul Avenue, Singapore 629651 on 3 October 2018 at 4 p.m. (Singapore time). and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

	No. Of Votes For*	**No. Of Votes Against***
Ordinary Resolution 1 To approve the Proposed Acquisition of the entire issued and paid-up share capital of Amos International Holdings Pte. Ltd.		
Ordinary Resolution 2 To approve the allotment and issue of up to 863,410,176 Consideration Shares to the Relevant Shareholders		

PROXY FORM

*If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [√] within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Shares in the boxes provided.

Dated this _____ day of ________________ 2018

Total number of Shares held:	No. of Shares
(a) CDP Register	
(b) Register of members	

Signature(s) of Member(s) and
Common Seal of Corporate Member
IMPORTANT: Please read notes on the reverse side

Fold Flap 2nd fold here

Please Affix
Postage
Stamp

The Company Secretary
GAYLIN HOLDINGS LIMITED
7 Gul Avenue, Singapore 629651

1st fold here

NOTES:

1. A member of the Company entitled to attend the EGM and vote is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited with the Company Secretary at the registered office of the Company not less than 48 hours before the time appointed for holding the EGM.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy to the EGM.

4. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

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

7. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.