KAKIKO GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2225)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board (the "**Board**") of directors (the "**Directors**") of Kakiko Group Limited (the "**Company**", together with its subsidiaries, "**the Group**" or "**Our Group**" or "**we**") announces the audited consolidated results of the Group for the year ended 31 December 2018 (the "**Year**" or "**FY2018**"). The issued shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange on 17 October 2017 (the "**Listing Date**" and the "**Listing**", respectively).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a Singapore-based service provider and mainly provides manpower outsourcing and ancillary services to building and construction contractors in the Republic of Singapore ("**Singapore**"). To a lesser extent, the Group also provides dormitory services, IT services and construction ancillary services (which comprise warehousing services, cleaning services and building maintenance works) in Singapore. The Group commenced the business of providing manpower outsourcing services in Singapore in 2006.

For the Year, the Group's revenue increased to approximately S$47.5 million as compared to approximately S$44.4 million for the year ended 31 December 2017 ("**FY2017**"), representing an increase of approximately 6.8%. This was mainly due to the rescheduling of several major infrastructure contracts in Singapore from 2017 to 2018, which resulted in an increase in the demand for manpower outsourcing services in FY2018. Despite that, the Group's gross profit margin decreased from 26.4% for FY2017 to 18.7% for FY2018 mainly due to increases in foreign workers' wages and related costs as more workers were retained and recruited in FY2018.

In January 2019, the Building Construction Authority of Singapore ("**BCA**") estimated that the total value of construction contracts to be awarded in 2019 could be in the upper limit of S$32 billion, comparable to the preliminary estimate of S$30.5 billion in 2018. The higher projection is on the back of a good pipeline of major public infrastructure and industrial projects. Construction demand from the private sector is expected to remain steady supported by the redevelopment of en-bloc sales sites concluded prior to the second half of 2018, along with new industrial developments. Although this may potentially translate into greater business opportunities for the Group, we remain cautious and expect to face the continuing headwinds in 2019.

FINANCIAL REVIEW

Revenue

The Group's revenue increased from approximately S$44.4 million for FY2017 to approximately S$47.5 million for FY2018. The following table sets forth a breakdown of the revenue for FY2018 and FY2017 indicated:

	FY2018	FY2017	Increase/ (Decrease) by
	S$	*S$*	*S$*
Manpower outsourcing and ancillary services	**41,249,556**	36,394,609	4,854,947
Dormitory services	**5,228,727**	5,260,452	(31,725)
Construction ancillary services	**451,760**	2,046,241	(1,594,481)
IT services	**527,220**	739,840	(212,620)
	47,457,263	44,441,142	3,016,121

Revenue from manpower outsourcing and ancillary services increased from approximately S$36.4 million in FY2017 to approximately S$41.2 million in FY2018, representing an increase of approximately 13.3%. Such increase was mainly due to the rescheduling of several major infrastructure contracts in Singapore from 2017 to 2018 which resulted in an increase in the demand for manpower sourcing services in FY2018.

Revenue from dormitory services remained broadly stable at approximately S$5.2 million and S$5.3 million for FY2018 and FY2017, respectively. Given the occupancy rate of our dormitory, the current capacity of our dormitory is insufficient to capture further business opportunities, which results in the stable revenue derived from dormitory services. Towards the end of the Year, the Group rented a dormitory which has a right of first offer to purchase should the property be put up for sale during the three-year lease period.

Revenue from construction ancillary services in FY2018 decreased by approximately S$1.6 million as compared to that in FY2017. This was mainly due to a decrease in the number of projects awarded to the Group in relation to cleaning services, building maintenance and renovation works in FY2018.

The decrease in revenue from IT services from approximately S$0.74 million in FY2017 to approximately S$0.53 million in FY2018 was mainly due to (i) the end of a contract with one of two customers during the Year which was not renewed, and (ii) a decrease in the number of maintenance and support days required by the remaining customer.

Gross profit and gross profit margin

The Group's gross profit decreased from approximately S$11.7 million for FY2017 to approximately S$8.9 million for FY2018, while gross profit margin decreased from approximately 26.4% for FY2017 to approximately 18.7% for FY2018. Such decreases were mainly due to an increase in costs of services from approximately S$32.7 million in FY2017 to approximately S$38.6 million in FY2018, which was due primarily to the following:

a. increase in foreign workers' wages from approximately S$9.6 million in FY2017 to approximately S$11.9 million in FY2018 mainly due to the fact that more workers were retained and recruited in FY2018 as compared to those in prior years for the large-scale public sector projects;

b. increase in foreign workers levy from approximately S$11.4 million in FY2017 to approximately S$13.2 million in FY2018 mainly due to (i) an increase in foreign worker levy charges imposed by the Ministry of Manpower ("**MOM**") of the Singapore Government since July 2017; and (ii) more workers were retained and recruited by the Group in FY2018 as mentioned above;

c. increase in depreciation from approximately S$0.8 million in FY2017 to approximately S$1.0 million in FY2018 due to additional plant and equipment purchased during the year;

d. increase in workers' living related costs from approximately S$3.0 million in FY2017 to approximately S$4.1 million in FY2018, due to the fact that more workers were retained and recruited in FY2018 as mentioned above, resulting an increase in the number of foreign workers who were housed to other third party dormitory service providers, leading to an increase in rental expenses for external accommodation; and

e. increase in other workers' related costs from approximately S$1.3 million in FY2017 to approximately S$1.7 million in FY2018 mainly due to increases in workers' general expenses, work permit application charges and training expenses as the Group retained and recruited more workers in FY2018.

Other income

Other income decreased from approximately S$1.73 million in FY2017 to approximately S$1.24 million in FY2018 mainly due to the absence of a one-off profit sharing arrangement which ended in December 2017 with Mines and Minerals Resources Co., Ltd., a Myanmese company, for deployment of manpower in Myanmar. The decrease was partially offset by (i) the receipt of a one-off retrofitting grant from the MOM of the Singapore Government amounting to S$82,604 and a grant for trade credit insurance from International Enterprise Singapore, a statutory board under the Ministry of Trade and Industry of the Singapore Government, amounting to S$60,900 in 2018; (ii) an increase of approximately S$0.3 million in grants received under Workforce Training and Upgrading Scheme (as defined in Note 5); and (iii) interest income earned from short-term deposits and treasury products.

Administrative expenses

Administrative expenses increased from approximately S$7.1 million in FY2017 to approximately S$12.8 million in FY2018 due mainly to the following:

a. increase in directors' remuneration from approximately S$0.78 million in FY2017 to approximately S$2.2 million in FY2018 due to (i) the entering into of the service agreements with the Group's executive Directors and independent non-executive Directors in late 2017 prior to the Listing; and (ii) appointment of two directors for five of the Group's subsidiaries in January 2018.

b. increase in insurance from S$0.26 million in FY2017 to S$0.43 million in FY2018 mainly due to the purchase of trade credit insurance which provides cover against loss due to credit risks such as protracted default, insolvency or bankruptcy.

c. increase in legal and professional fee from S$0.26 million in FY2017 to S$0.56 million in FY2018 mainly due to (i) an increase in ongoing claims commenced by us against our customers in relation to recovery of payments; and (ii) annual retainer fees paid to the Company's share registrar, compliance and legal advisers who were appointed after the Listing in October 2017.

d. increase in staff salaries, bonuses, allowances, welfare and employee benefits from approximately S$3.95 million in FY2017 to approximately S$5.97 million in FY2018 mainly due to an increase in the headcount and bonus payment made to our back office staff and incentive trip in July 2018.

e. increase in travelling and entertainment from approximately S$0.12 million in FY2017 to approximately S$0.69 million in FY2018 mainly due to increase in costs in relation to the relationship building with our existing and potential customers and suppliers in 2018.

f. increase in referral fee by approximately S$0.50 million in FY2018 mainly due to a one-time rental commission payable to an agent for leasing of a dormitory.

g. increase of approximately S$0.19 million in other expenses mainly due to expenses incurred for (i) printing and delivery of annual and interim reports; and (ii) translation and typesetting fees for annual and interim reports and announcements made in 2018.

Other losses

Other losses increased by approximately S$0.35 million in FY2018 mainly due to (i) the loss on fair value movement of equity instruments designated at fair value through profit or loss of approximately S$0.15 million; (ii) loss of approximately S$0.55 million on financial assets measured at amortised cost; and (iii) an increase of approximately of S$0.12 million in expected credit loss recognised on trade and other receivables in accordance with IFRS 9 which became effective on 1 January 2018. This was partially offset by the increase of approximately S$0.56 million in net foreign exchange gain as a result of the revaluation of bank balances denominated in Hong Kong dollar ("**HK$**"), which appreciated against Singapore dollar ("**S$**") in FY2018.

Other expenses

The Group's other expenses for FY2017 was the recognition of listing expenses. No such expense was incurred in FY2018.

Income tax credit

The Group recorded an income tax credit of approximately S$0.32 million in FY2018 (FY2017: income tax expense of approximately S$0.87 million) mainly due to loss before income tax and the recognition of deferred tax assets for unutilised tax losses.

Loss for the year

As a result of the above factors, the Group recorded a loss of approximately S$3.5 million in FY2018 (FY2017: profit of approximately S$4.6 million, excluding non-recurring listing expenses of $2.3 million), which was mainly due to the higher cost of services and administrative expenses.

Loss per share

For FY2018, the basic loss per share was Singapore 0.29 cent and the calculation is based on the loss attributable to owners of the Company of approximately S$3.5 million and the weighted average number of 1,230,000,000 ordinary Shares in issue during the Year.

For FY2017, the basic earnings per share was Singapore 0.21 cent and the calculation is based on the profit attributable to owners of the Company of approximately S$2.3 million and the weighted average number of 1,071,095,890 ordinary Shares in issue during FY2017.

Diluted loss/earnings per share was the same as the basic loss/earnings per share because the Group had no dilutive potential Shares during FY2018 and FY2017.

DIVIDEND

The Board did not recommend distribution of any dividend to the shareholders of the Company (the "**Shareholders**") for FY2018 (FY2017: nil).

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

Liquidity

The Group generally meets its working capital requirements from its internally generated funds and maintained a healthy financial position. Upon the Listing, the source of funds of the Group had been a combination of internally generated funds and net proceeds from the Share Offer (as defined in Note 19.

Treasury policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy financial position throughout the Year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Use of proceeds from the Share Offer

The net proceeds from the Share Offer were approximately HK$82.6 million (equivalent to approximately S$14.1 million) (after deducting underwriting fees and Listing expenses), out of which approximately S$0.3 million has been set aside for the acquisition of three new lorries during the Year.

In line with that disclosed in the Company's prospectus dated 4 October 2017, our Directors presently intend that the net proceeds will be applied as follows:

(i) approximately 93.4% of the net proceeds, for partly financing the acquisition of an additional foreign worker dormitory at an estimated consideration of HK$162.0 million (equivalent to approximately S$28.0 million, being the mid-point of our estimated range of consideration for the proposed acquisition), in connection with our plan to (a) cater to the accommodation needs of the additional foreign employees to be hired under our business expansion plan; and (b) increase the scale of our dormitory service business; and

(ii) approximately 6.6% of the net proceeds, for financing the acquisition of 10 additional lorries for us to cope with the expected increase in transportation needs from a larger size of our manpower in accordance with our business expansion plan. As at 31 December 2018, three lorries have been acquired under finance leases.

The net proceeds which are not immediately applied to the above purposes were deposited into short-term interest-bearing deposits or treasury products with a licensed bank in Singapore.

As mentioned above, towards the end of the Year, the Group rented a dormitory which has a right of first offer to purchase should the property be put up for sale during the three-year lease period.

Borrowings and gearing ratio

As at 31 December 2018, the Group had an aggregate of current and non-current finance lease obligations of approximately S$0.3 million as compared to approximately S$0.1 million as at 31 December 2017. The increase was due to additions of motor vehicles which were acquired under finance lease arrangements in FY2018.

The Group's gearing ratio as at 31 December 2018 was approximately 1.4% (as at 31 December 2017: approximately 0.3%). Gearing ratio is calculated by dividing total borrowings (comprising bank borrowings, finance lease obligations and amount due to a Director) by total equity as at the end of the respective year and multiplied by 100%.

As at 31 December 2018, the Group had unutilised banking facilities of approximately S$609,816 available for cash drawdown (as at 31 December 2017: Nil).

Cash and cash equivalents

As at 31 December 2018, the Group had cash and cash equivalents of approximately S$16 million, of which approximately 24.7% was denominated in S$ and approximately 75.3% was denominated in HK$ which were placed in major licensed banks in Singapore and Hong Kong, respectively. Cash and cash equivalents denominated in United States dollars ("**US$**") were immaterial.

Foreign exchange exposure

The Group transacts mainly in S$, which is the functional currency of all the entities in the Group.

However, the Group retains a large portion of the proceeds from the Share Offer in HK$ which contributed to an unrealised foreign exchange gain of approximately S$0.3 million as HK$ strengthened against S$ in FY2018.

Charges on the Group's assets and contingent liabilities

As at 31 December 2018, the Group's finance lease obligations were secured by the charge over leased assets with an aggregate net book value of approximately S$0.36 million (as at 31 December 2017: S$0.12 million).

The Group did not have any material contingent liabilities as at 31 December 2018 and 2017.

Capital expenditures and capital commitments

The Group's capital expenditures principally consisted of expenditures on renovation of a newly rented dormitory, motor vehicles, computer and equipment, furniture and fittings. The Group recorded capital expenditures for the purchases of property, plant and equipment and additions to investment property in the amounts of approximately S$0.59 million and S$1.4 million for FY2018 and FY2017, respectively.

The Group did not have any capital commitments as at 31 December 2018 (as at 31 December 2017: S$0.68 million).

Significant investments held, material acquisitions and disposal of subsidiaries, associates and joint ventures

There were no significant investments held, material acquisitions and disposal of subsidiaries, associates and joint ventures for FY2018 and FY2017.

Off-balance sheet transactions

As at 31 December 2018, the Group did not enter into any material off-balance sheet transaction.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2018, the Group had 1,720 employees (as at 31 December 2017: 1,556), including foreign workers.

The Group determines employee salaries based on employee's qualifications, position and seniority. In order to attract and retain valuable employees, the Group reviews the performance of our employees, which will be taken into account in annual salary review and promotion appraisal. The Group has also adopted a sales incentive scheme, pursuant to which our sales managers are entitled to sales commission based on the number of hours of deployment in respect of any manpower outsourcing contracts obtained by them from customers.

The Group incurred workers and staff costs (including the Directors and chief executive's remuneration, and other staff's salaries, wages and other benefits) of approximately S$23.7 million and S$17.5 million for FY2018 and FY2017 respectively.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest rate risk

The Group is exposed to cash flow interest rate risk on the variable rates of interest earned on the bank balances. The Group is also exposed to fair value interest rate risk in relation to fixed-rate finance lease obligations.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Foreign currency risk

The Group has certain bank balances, financial assets measured at fair value through profit or loss, trade receivables and payables denominated in US$ and HK$ other than the functional currency of respective group entities, which expose the Group to foreign currency risk.

The Group manages the risk by closely monitoring the movement of the foreign currency rate.

Credit risk

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out a research on the credit risk of the customer, assesses the customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group recognises a loss allowance for expected credit losses ("**ECL**") on trade and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Fair value risk

The Group is exposed to fair value risk arising from financial assets and financial liabilities that are measured at fair value on a recurring and non-recurring basis.

Equity price risk

The Group is exposed to equity risks arising from equity instruments designated at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	**2018** **S$**	2017 S$
Revenue	4	**47,457,263**	44,441,142
Cost of services		**(38,567,429)**	(32,719,871)
Gross profit		**8,889,834**	11,721,271
Other income	5	**1,237,898**	1,732,586
Selling expenses		**(26,730)**	(31,927)
Administrative expenses		**(12,782,656)**	(7,127,095)
Other gains and losses	6	**(1,170,309)**	(817,136)
Other expenses	7	**–**	(2,328,683)
Finance costs	8	**(4,150)**	(2,132)
(Loss)/profit before taxation	9	**(3,856,113)**	3,146,884
Income tax credit/(expense)	10	**317,161**	(869,111)
(Loss)/profit after taxation, representing total comprehensive (loss)/income for the year		**(3,538,952)**	2,277,773
(Loss)/earnings per share Basic and diluted	12	**(0.29) cent**	0.21 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	**2018** **S$**	2017 S$
Non-current assets			
Property, plant and equipment		**3,235,443**	3,661,339
Investment property		**152,762**	245,940
Other receivables	*13*	**1,200,828**	25,577
Other financial assets at fair value through profit or loss	*14*	**–**	1,300,000
Deferred tax assets		**589,900**	–
		5,178,933	5,232,856
Current assets			
Trade receivables	*15*	**7,546,044**	8,030,789
Other receivables, deposits and prepayments	*13*	**2,119,070**	3,038,531
Financial assets at fair value through profit or loss	*16*	**2,966,271**	70,000
Bank balances and cash		**15,995,300**	21,747,251
		28,626,685	32,886,571
Current liabilities			
Trade and other payables	*17*	**7,547,990**	7,381,895
Contract liabilities	*18*	**556,214**	–
Obligations under finance leases		**62,063**	15,540
Income tax payable		**333,372**	1,174,035
		8,499,639	8,571,470
Net current assets		**20,127,046**	24,315,101

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – *CONTINUED*
AS AT 31 DECEMBER 2018

	Notes	**2018** **S$**	2017 *S$*
Non-current liabilities			
Other payables	*17*	**48,003**	–
Obligations under finance leases		**279,416**	73,372
Deferred tax liabilities		**90,400**	123,500
		417,819	196,872
Net assets		**24,888,160**	29,351,085
Capital and reserves			
Share capital	*19*	**2,142,414**	2,142,414
Share premium	*20*	**14,958,400**	14,958,400
Merger reserves		**1,350,000**	1,350,000
Accumulated profits		**6,437,346**	10,900,271
		24,888,160	29,351,085

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Company				
	Share capital *S$*	**Share premium** *S$*	**Merger reserves** *S$*	**Accumulated profits** *S$*	**Total** *S$*
At 1 January 2017	14	–	1,350,000	8,622,498	9,972,512
Profit, representing total comprehensive income for the year	–	–	–	2,277,773	2,277,773
Transactions with owners, recognised directly in equity					
Reorganisation (Note a)	(14)	–	–	–	(14)
Issue of shares pursuant to the reorganisation *(Note a, 19)*	2	–	–	–	2
Issue of shares under the capitalisation issue *(Note 19)*	1,794,052	(1,794,052)	–	–	–
Issue of shares under the share offer *(Note 19)*	348,360	17,766,357	–	–	18,114,717
Share issue expenses	–	(1,013,905)	–	–	(1,013,905)
At 31 December 2017	2,142,414	14,958,400	1,350,000	10,900,271	29,351,085
Adoption of IFRS 9 *(Note 3)*	–	–	–	(923,973)	(923,973)
At 1 January 2018	2,142,414	14,958,400	1,350,000	9,976,298	28,427,112
Loss, representing total comprehensive loss for the year	–	–	–	(3,538,952)	(3,538,952)
As at 31 December 2018	**2,142,414**	**14,958,400**	**1,350,000**	**6,437,346**	**24,888,160**

Note:

(a) On 21 August 2017, Mighty One Investments Limited ("**Mighty One**"), the Company and Mr. Kuah Ann Thia ("**Mr. Kuah**" or the " **Controlling Shareholder**") entered into a sale and purchase agreement, pursuant to which the Company acquired 10 shares in Real Value Global Limited ("**Real Value**") representing its entire issued share capital and in consideration thereof, 999 shares of the Company were issued and allotted to Mighty One, all credited as fully paid. Since then, the Company became the holding company of the Group.

1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 14 February 2017. The immediate and ultimate holding company of the Group is Mighty One. The ultimate controlling party is Mr. Kuah, who is also the Chairman, executive Director and Chief Executive Officer of the Company. The registered office of the Company is at P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The Company was registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Hong Kong Companies Ordinance**") on 29 September 2017 and its principal place of business in Hong Kong is at Room 1603, 16/F, China Building, 29 Queen's Road Central, Central, Hong Kong. The headquarters and principal place of business of the Company in Singapore is at 750 Chai Chee Road, #03-10/14 Viva Business Park, Singapore 469000. The issued Shares have been listed on the Main Board of the Stock Exchange with effect from on 17 October 2017.

The Company is an investment holding company and the principal activities of its Operating Subsidiaries (as defined in Note 2 below) are provision of manpower outsourcing and ancillary services, provision of dormitory services, and provision of IT services and construction ancillary services for the building and construction industry.

The functional currency of the Company is S$, which is also the presentation currency of the Company and its principal subsidiaries.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared in accordance with all applicable International Financial Reporting Standards (the "**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"). In addition, the Consolidated Financial Statements include applicable disclosures required by the Rules governing the Listing of securities on the Stock Exchange (the "**Listing Rule**") and by the Hong Kong Companies Ordinance and the applicable conventions for group reorganisation.

Prior to the reorganisation of the Group in preparation for the Listing (the "**Reorganisation**"), the operating subsidiaries of the Group including those group companies incorporated in Singapore, were wholly controlled by Mr. Kuah except for one company which 50% equity interest was held in trust by Mr. Kuah's wife, Ms. Akiko Koshiishi. In preparing for the Listing, the companies comprising the Group underwent the Reorganisation as set out below:

- On 24 November 2016, Real Value was incorporated in the British Virgin Islands (the "**BVI**") and one fully paid ordinary share of Real Value, representing its entire issued share capital, was allotted and issued to Mighty One, a company controlled by Mr. Kuah, not forming part of the Group, on 16 December 2016.

- Harbour Gold Investments Limited, Leading Elite Global Limited ("**Leading Elite**"), Priceless Developments Limited and Promising Elite Investments Limited (collectively the "**Immediate Holding Companies**") were incorporated in the BVI on 28 November 2016, 28 November 2016, 13 October 2016 and 21 September 2016, respectively and one fully paid ordinary share of each of them, representing their respective entire issued share capital, was allotted and issued to Real Value on 16 December 2016.

- On 28 December 2016, Mr. Kuah acquired 50% equity interest in Nichefield Pte. Ltd. held by his nominee at a nominal cash consideration of S$1.

- On 28 December 2016, the then entire equity interest in Nichefield Pte. Ltd., Tenshi Resources International Pte. Ltd., KT&T Engineers and Constructors Pte. Ltd., Keito Engineering & Construction Pte. Ltd., KT&T Resources Pte. Ltd., Accenovate Engineering Pte. Ltd., Kanon Global Pte. Ltd., Accenovate Consulting (Asia) Pte. Ltd. and KT&T Global Pte. Ltd. (collectively the "**Operating Subsidiaries**") were restructured by transferring from Mr. Kuah to the Immediate Holding Companies as nominees of Real Value at consideration settled by way of the issue and allotment of a total of nine shares in Real Value, credited as fully paid to Mighty One at the direction of Mr. Kuah.

- On 14 February 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares with a par value of HK$0.01 each, of which one share was allotted and issued in nil paid form to the initial subscriber, an independent third party and the said share was subsequently transferred to Mighty One on the same date for nil consideration.

- On 21 August 2017, Mighty One, the Company and Mr. Kuah entered into a sale and purchase agreement, pursuant to which the Company acquired ten shares in Real Value, representing its entire issued share capital from Mighty One and in consideration thereof, 999 Shares were issued and allotted to Mighty One, all credited as fully-paid.

As part of the Reorganisation, investment holding companies, including Real Value, the Immediate Holding Companies and the Company, were incorporated and interspersed between the Operating Subsidiaries and the Controlling Shareholder. Since then, the Company has become the holding company of the Group on 21 August 2017.

The Group resulting from the above-mentioned Reorganisation is regarded as a continuing entity. Accordingly, the Consolidated Financial Statements have been prepared using the principles of merger accounting as if the group structure under the Reorganisation had been in existence throughout the Year or their respective dates of incorporation, whichever is the shorter period.

The issued Shares have been listed on the Stock Exchange since 17 October 2017.

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 1 January 2018, the Group adopted all the new and revised IFRSs and Interpretations of IFRS ("**INT IFRS**") that are effective and relevant to its operations. The adoption of these new/revised IFRSs and INT IFRSs does not result in significant changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods except as disclosed below.

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the consolidated financial statements are described and illustrated below.

The Group applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under Expected Credit Loss model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated profits, without restating comparative information.

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 18 *Revenue* and the related interpretations. IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Details of these new requirements as well as their impact on the financial statements are described below.

The Group has applied IFRS 15 using the modified retrospective method with the cumulative effect of initially applying this standard recognised at the date of initial application (1 January 2018) as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 18 and the related interpretations. The Group has elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in IFRS 15 to describe such balances.

Apart from providing more extensive disclosures under the modified retrospective approach, the amount of adjustment for each financial statement line item affected by the application of IFRS 9 and IFRS 15 is illustrated below.

(A) Impact on the consolidated statement of financial position as at 1 January 2018 (date of initial application)

	Previously reported as at 31 December 2017	**Adoption of IFRS 9**		**Adoption of IFRS 15**		**Adjusted as at 1 January 2018**
	S$	*S$*	*Note*	*S$*	*Note*	*S$*
Current assets						
Trade receivables	8,030,789	(923,973)	*(a)*	–		7,106,816
Current liabilities						
Trade and other payables	7,381,895	–		(121,400)	*(b)*	7,260,495
Contract liabilities	–	–		121,400	*(b)*	121,400
Capital and reserves						
Accumulated profits	10,900,271	(923,973)	*(a)*	–		9,976,298

(B) Impact on the consolidated statement of financial position as at 31 December 2018 (current reporting period)

	Under previous IFRS *S$*	Adoption of IFRS 9 *S$*	*Note*	Adoption of IFRS 15 *S$*	*Note*	Under new IFRS *S$*
Current assets						
Trade receivables	9,092,897	(1,546,853)	*(a)*	–		7,546,044
Current liabilities						
Trade and other payables	8,104,204	–		(556,214)	*(b)*	7,547,990
Contract liabilities	–	–		556,214	*(b)*	556,214
Capital and reserves						
Accumulated profits	7,984,199	(1,546,853)		–		6,437,346

(C) Impact on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 (current reporting period)

	Under previous IFRS *S$*	Adoption of IFRS 9 *S$*	*Note*	Adoption of IFRS 15 *S$*	*Note*	Under new IFRS *S$*
Other gains and losses	(547,429)	(622,880)	*(a)*	–		(1,170,309)
Loss before taxation	(3,233,233)	(622,880)	*(a)*	–		(3,856,113)
Loss after taxation, representing total comprehensive loss for the year	(2,916,072)	(622,880)	*(a)*	–		(3,538,952)

(D) Impact on the consolidated statement of cash flows for the year ended 31 December 2018 (current reporting period)

The adoption of IFRS 9 and IFRS 15 did not have a material impact on the Group's operating, investing and financing cash flows.

Notes to the reconciliations:

IFRS 9

(a) The application of the IFRS 9 impairment requirements has resulted in additional loss allowance to be recognised.

IFRS 15

(b) Under IFRS 15, invoices billed to customers in advance of the satisfaction of performance obligations under the contract with customer are recognised as contract liabilities. The balance was previously recognised as part of trade and other payables and so has been reclassified. There was no impact to profit or loss as a result of these reclassifications.

At the date of authorisation of these Consolidated Financial Statements, the Group has not applied the following relevant new and revised IFRSs that have been issued but are not yet effective:

Annual Improvements to IFRS Standards 2015 – 2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
IFRS 16	Leases[1]
IFRIC 23	Uncertainty over Income Tax Treatments[1]

[1] *Effective for annual periods beginning on or after 1 January 2019*

Except as described below, the Directors consider that the application of the other new and revised IFRSs, International Accounting Standards ("**IASs**") and Interpretations is unlikely to have a material impact on the financial statements of the Group in future periods.

IFRS 16 ***Leases***

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

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for, amongst others, interest and lease payments, as well as the impact of lease modifications. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2018, the Group had non-cancellable operating lease commitments of S$15,302,116 (31 December 2017: S$4,282,843). A preliminary assessment indicates that these arrangements will meet the definition of a lease upon the application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors have completed a detailed review.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the consideration specified in contracts with customers for the provision of manpower outsourcing and ancillary services, dormitory services, IT services and construction ancillary services, solely derived in Singapore during the Year.

Information is reported to Mr. Kuah, being the Chairman, an Executive Director, the Chief Executive Officer and the chief operating decision maker of the Group ("**CODM**"), for the purposes of resource allocation and performance assessment. The CODM reviews revenue by nature of services, i.e. provision of manpower outsourcing and ancillary services to contractors of construction projects, provision of dormitory services, provision of IT services and provision of construction ancillary services and profit for the year as a whole. No further detailed analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

An analysis of the Group's revenue for the Year is as follows:

	2018	2017
	S$	*S$*
Revenue recognised over time:		
Provision of manpower outsourcing and ancillary services	**41,249,556**	36,394,609
Provision of dormitory services	**5,228,727**	5,260,452
Provision of IT services	**527,220**	739,840
Provision of construction ancillary services	**451,760**	2,046,241
	47,457,263	44,441,142

Major customers

There was no individual customer that contributed over 10% of total revenue of the Group during the financial years ended 31 December 2018 and 2017.

Geographical information

The Group principally operates in Singapore, which is also its place of domicile. All revenues are derived from Singapore based on the location of services delivered and the Group's property, plant and equipment are all located in Singapore.

5. OTHER INCOME

	2018	2017
	S$	*S$*
Government grants *(Note (a))*	**728,899**	219,231
Dividend income from equity investments	**18,870**	1,400
Interest income	**166,001**	–
Forfeiture of customer deposits	**13,242**	76,220
Work injury/workmen compensation claims	**106,394**	86,651
Sub-leasing income	**184,026**	186,093
Other income from Myanmar *(Note (b))*	**–**	1,123,985
Others	**20,466**	39,006
	1,237,898	1,732,586

Notes:

(a) Government grants mainly include the Wages Credit Scheme (the "**WCS**"), the Workforce Training and Upgrading Scheme ("**WTU**"), and the retrofitting grants.

During the financial years ended 31 December 2018 and 2017, respective grants of S$116,220 and S$99,484 under WCS were received. Under this credit scheme, the Singapore Government provides assistance to Singapore-registered businesses by way of co-funding 20% of wage increases given to Singapore citizen employees earning a gross monthly wage of S$4,000 or below in 2016 to 2018.

During the financial years ended 31 December 2018 and 2017, the Group received respective grants of S$338,557 and S$18,886 under the WTU which co-funds up to 90% of the costs of selected skills assessment and training courses to upgrade the skills of workforce in the built environment.

During the year ended 31 December 2018, the Group received retrofitting grants of S$215,678 from the MOM of the Singapore Government to subsidise the costs incurred for retrofitting the Group's investment property. Of the total grant received, S$82,604 has been recognised in profit or loss for the year. The remaining S$133,074 is recognised as deferred income as at 31 December 2018 (Note 17).

The remaining balances of grants are incentives received upon fulfilling the conditions for compensation of expenses already incurred or as immediate financial support with no future related costs nor related to any assets.

(b) Other income from Myanmar pertains to a one-off profit sharing arrangement the Group had with a third party counterparty in Myanmar with respect to a business collaboration with the counterparty.

6. OTHER GAINS AND LOSSES

	2018	2017
	S$	*S$*
Loss arising on disposal of property, plant and equipment	**7,195**	36,305
Loss arising on financial assets measured at amortised cost	**550,978**	–
Changes in fair value of financial assets at fair value through profit or loss	**152,702**	–
Foreign exchange (gain)/loss, net	**(277,155)**	287,813
Forfeited deposits to vendors	**58,040**	–
Impairment loss recognised on trade and other receivables	**657,994**	540,276
Write-off of staff loans	**20,555**	–
Write-back of payables	**–**	(47,258)
	1,170,309	817,136

Note:

The net foreign exchange (gain)/loss is mainly arising from the translation of the listing proceeds, which were retained in Hong Kong dollars, to Singapore dollars.

7. OTHER EXPENSES

	2018	2017
	S$	*S$*
Listing expenses	**–**	2,328,683

Included in listing expenses in FY2017 were audit fees of S$392,737 paid to auditors of the Company and non-audit fees of S$34,425 paid to other auditors of the Group.

8. FINANCE COSTS

	2018	2017
	S$	*S$*
Interest on:		
Bank borrowings	**–**	147
Obligations under finance leases	**4,150**	1,985
	4,150	2,132

9. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before tax for the year has been arrived at after charging:

	2018	2017
	S$	*S$*
Depreciation of property, plant and equipment	**998,840**	836,036
Depreciation of investment property	**93,178**	33,592
Auditor's remuneration		
– Annual audit fees	**404,000**	165,000
– Reporting accountant's fee in connection with the Listing	**–**	392,737
Non-audit fees paid to independent auditor of the Company	**30,000**	60,000
Directors' remuneration	**1,953,672**	1,181,197
Workers and other staff costs		
– Salaries, wages and other benefits	**21,300,849**	16,215,205
– Salaries, wages and other benefits paid to related parties	**579,907**	140,400
– Contribution to retirement benefit plans	**945,319**	794,821
– Foreign worker levy	**13,177,955**	11,373,370
Total workers and other staff costs	**36,004,030**	28,523,796
Gross rental income from investment property	**5,228,727**	5,260,452
Less: direct operating expenses incurred for investment property that generated rental income during the year	**(3,851,975)**	(3,666,697)
	1,376,752	1,593,755

10. INCOME TAX (CREDIT)/EXPENSE

	2018	2017
	S$	*S$*
Tax expense comprises:		
Current tax – Singapore corporate income tax ("**CIT**")	**373,042**	661,657
(Over)/under provision for current tax in prior years	**(67,203)**	83,954
Deferred tax	**(618,100)**	64,400
(Over)/under provision for deferred tax in prior years	**(4,900)**	59,100
	(317,161)	869,111

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 40%, capped at S$15,000 for the year of assessment 2018 ("**YA2018**"), and 20%, capped at S$10,000 for the year of assessment 2019 ("**YA2019**") determined based on the financial year end date of respective group companies. Singapore-incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of chargeable income and a further 50% tax exemption on the next S$290,000 of chargeable income.

The taxation for the Year can be reconciled to the (loss)/profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018	2017
	S$	*S$*
(Loss)/profit before taxation	**(3,856,113)**	3,146,884
Tax at applicable tax rate of 17%	**(655,539)**	534,970
Tax effect of expenses not deductible for tax purpose	**350,262**	140,385
Tax effect of income not taxable for tax purpose	**(14,400)**	(238)
Effect of tax concessions and partial tax exemption	**(98,627)**	(482,306)
Effect of unused tax losses not recognised as deferred tax assets	**102,459**	15,794
Effect of different tax rates of subsidiaries operating in other jurisdiction	**215,154**	522,052
Tax effect of adoption of IFRS 9	**(157,075)**	–
(Over)/under provision of current tax in prior years	**(67,203)**	83,954
(Over)/under provision of deferred tax in prior years	**(4,900)**	59,100
Others	**12,708**	(4,600)
Taxation for the year	**(317,161)**	869,111

11. DIVIDEND

No dividend was paid or declared by the Company for the years ended 31 December 2018 and 2017.

12. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2018	2017
(Loss)/profit attributable to the owners of the Company for the purpose of basic (loss)/earnings per share *(S$)*	**(3,538,952)**	2,277,773
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,230,000,000**	1,071,095,890
Basic and diluted (loss)/earnings per share *(S$ cents)*	**(0.29)**	0.21

The calculation of basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the Company and the weighted average number of Shares in issue.

Diluted (loss)/earnings per share is the same as the basic earnings per share because the Group had no dilutive securities that are convertible into shares during the years ended 31 December 2018 and 2017.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Non-current

	As at 31 December	
	2018	2017
	S$	*S$*
Other receivables from third party *(Note)*	**1,088,851**	–
Staff loan	**111,977**	25,577
	1,200,828	25,577

Current

	As at 31 December	
	2018	2017
	S$	*S$*
Other receivables from third parties *(Note)*	**292,605**	1,020,424
Less: loss allowance	**(35,114)**	–
	257,491	1,020,424
Deposits	**490,639**	708,344
Sundry debtors	**6,336**	38,103
Goods and Service Tax ("**GST**") receivable	**780,367**	784,235
Prepayments	**183,500**	352,570
Advances to suppliers	**52,001**	–
Advances to a director	**190,802**	–
Advances to related parties	**128,334**	–
Staff loan	**29,600**	134,855
	2,119,070	3,038,531

Note: The other receivables mainly pertain to outstanding one-off profit sharing with a counterparty in Myanmar and receivables arising from the termination of convertible bends issued by the counterparty as disclosed in Note 5 and 14 respectively.

The following table shows the movement in lifetime ECL that has been recognised for other receivables and staff loan:

	2018
	S$
At 1 January 2018	**–**
Provision for expected credit losses	**35,114**
At 31 December 2018	**35,114**

Advances to a director and related parties, who are close members of the family of the director, are non-trade, interest free and will be settled by means of offset against the future salaries of the counterparties, who are employed by the Group as at 31 December 2018.

14. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2018	2017
	S$	*S$*
Convertible bonds, at fair value	–	1,300,000

As at 31 December 2017, the convertible bonds issued by the counterparty Mines & Mineral Resources Co. Ltd. ("Mines & Mineral") in Myanmar had nominal values amounting to S$1,300,000, with interest rate at 8% per annum and maturity date of 31 December 2022. These investments are measured at fair value through profit or loss in accordance with IAS 39 *Financial Instruments: Recognition and Measurement,* as they formed part of the contract containing one or more embedded derivatives since the Group has the option to convert the convertible bonds into shares from the date of issue of the bonds to their maturity date. Should all the convertible bonds be converted into shares on the date of conversion, it would amount to 30% of the share capital of the issuer of the convertible bonds. IAS 39 permits the entire contract to be designated as at fair value through profit or loss. The fair value of the convertible bonds approximates the amount invested because the convertible bonds were issued on 13 December 2017.

As at 31 December 2017, $620,000 of the bonds issued was paid with the remaining payment made on 31 January 2018.

On 20 December 2018, both parties agreed to terminate the subscription of the convertible bonds due to a significant slowdown in the Myanmar economy since the issuance of the convertible bonds. Mines & Mineral shall return the sum of S$1,300,000 in 25 equal monthly instalments commencing on 1 May 2019. Subsequent to the end of reporting period, it was further agreed with Mines & Mineral that the instalments shall commence on 1 April 2019. The principal sum of S$1,300,000 has been discounted at an effective interest rate of 16% to its amortised cost of S$919,478 and is classified as other receivables as at 31 December 2019 (Note 13).

Background

The Group started to explore business opportunities together with the counterparty in Myanmar, Mines and Mineral in 2012 as an attempt to expand the sources of foreign manpower. The Group invested significant sum of monies (approximately S$1 million) since 2012 to about 2015 which was expensed off in the Group's accounts of the respective years, to set up training centre and facilities to train several Myanmar workers employed by Mines and Mineral in view of deploying them to Singapore market. However, due to legislation reasons those trained workers could not be deployed to Singapore. Hence, the business venture was suspended. Nonetheless, these workers remained employed by Mines and Minerals.

With the improvement of construction industry in Myanmar over the years, the Group subsequently entered into a Memorandum of Understanding with Mines and Minerals on 28 January 2017, to entitle them a share of revenue generated from deployment of those trained workers to local projects as a method to recoup past investments (Note 5).

In addition, to further boost their presence in the Myanmar market, the Group decided to invest in convertible bonds issued by Mines and Mineral on 13 December 2017. The proceeds from the convertible bonds were to be issued for:

a) Leasing of land plots in Myanmar and constructing industrial properties for rental income; and

b) Building more training facilities for local workers in Myanmar for construction work both local and overseas.

However, subsequent to the investment, political instabilities have affected the prospect of the Myanmar market, such as the Rohingya crisis and US sanction. To add to this political uncertainty, there were numerous infrastructure and residential projects across the country which were scheduled to commence in 2018 were indefinitely delayed.

In view of this, the management has taken the temporary decision to exit the market to manage the Group's risk exposure.

15. TRADE RECEIVABLES

	As at 31 December	
	2018	2017
	S$	*S$*
Trade receivables	**9,702,663**	8,521,155
Less: loss allowance	**(2,156,619)**	(609,766)
	7,546,044	7,911,389
Unbilled revenue	**–**	119,400
	7,546,044	8,030,789

The credit terms to customers are ranging from 3 to 30 days from the invoice date for trade receivables. Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed once a year.

In 2018, loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (**ECL**). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Trade receivables – days past due							
31 December 2018	**Not past due**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 180 days**	**181 to 365 days**	**>365 days**	**Total**
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
Expected credit loss rate	1.4%	1.3%	4.1%	8.8%	21.2%	86.8%	96.6%	
Estimated total gross carrying amount at default	2,890,790	3,758,007	691,222	124,260	84,022	732,465	1,421,897	9,702,663
Lifetime ECL	(41,500)	(48,838)	(28,111)	(10,883)	(17,774)	(635,720)	(1,373,793)	(2,156,619)
								7,546,044

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	2018
	S$
At 31 December 2017	**609,766**
Adoption of IFRS 9 *(Note 3)*	**923,973**
At 1 January 2018	**1,533,739**
Changes in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	**622,880**
At 31 December 2018	**2,156,619**

Previous accounting policy for impairment of trade receivables

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

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period and no impairment is considered necessary for those balances which are not past due at each reporting date.

Allowances for doubtful debts are recognised against trade receivables over 90 days based on estimated irrecoverable amounts from the provision of services for each customer, taking into account their creditworthiness, past collection history and past default experience.

Included in the Group's trade receivables were aggregate carrying amounts of S$4,977,386, which are past due at 31 December 2017, for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts were still considered recoverable based on repayment history of respective customer.

Aging of trade receivables which are past due but not impaired, net of allowance for doubtful debts, based on invoice date at each reporting date:

	2017
	S$
1 day to 30 days	2,692,103
31 days to 60 days	1,089,669
61 days to 90 days	96,715
91 days to 180 days	220,634
181 days to 365 days	878,265
	4,977,386

In the opinion of the Group management, the trade receivables as at 31 December 2017 are of good credit quality which considering the high credibility of these customers, good track record with the Group and subsequent settlement, the management believes that no impairment allowance is necessary in respect of the remaining unsettled balances.

The Group does not charge interest or hold any collateral over these balances.

Movement in the allowance for doubtful debts:

	2017
	S$
At 1 January 2017	641,344
Addition	621,517
Reversal	(81,241)
Written off	(571,854)
At 31 December 2017	609,766

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2018	2017
	S$	*S$*
Quoted equity shares	**1,425,543**	70,000
Dual currency deposits ("**DCD**")	**1,540,728**	–
	2,966,271	70,000

The investments in quoted equity securities offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

During the year, the Group invested into DCDs which provide an enhanced guaranteed interest payment at maturity. However, the currency delivered at maturity depends upon a predetermined conversion rate ("**Fixed Rate**") on the maturity date. The Group will receive the final payment amount at maturity in base (initial) currency if the linked currency strengthens against the base currency. If the linked currency weakens against base currency, the Group will receive final payment amount in linked currency at the Fixed Rate.

The table below describes the Group's holdings in DCD:

Base currency	**Linked currency**	**Fair value as at 31 December 2018**	**Guaranteed interest rate**	**Maturity date**	**Fixed Rate**
HK$8,851,862	S$1,561,175	S$1,540,728	3.0%	7 January 2019	5.67

The fair value of the Group's DCD falls within Level 2 of the fair value hierarchy.

17. TRADE AND OTHER PAYABLES

Current

	As at 31 December	
	2018	2017
	S$	*S$*
Trade payables	**800,695**	1,162,457
Accrued operating expenses	**3,747,356**	2,750,606
Other payables		
Goods and services tax payables	**1,463,528**	1,335,691
Customer deposits received	**1,104,066**	1,070,717
Deferred income	**85,071**	–
Deferred rent	**16,267**	–
Payables for convertible bonds *(Note 14)*	**–**	680,000
Others	**331,007**	382,424
	7,547,990	7,381,895

Non-current

	2018	2017
	S$	*S$*
Other payables		
Deferred income	**48,003**	–

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 December	
	2018	2017
	S$	*S$*
Within 30 days	**324,526**	281,789
31 days to 90 days	**191,089**	161,967
Over 90 days	**285,080**	718,701
	800,695	1,162,457

The credit period on purchases from suppliers ranges from 7 to 60 days or payable upon delivery.

18. CONTRACT LIABILITIES

	As at 31 December	
	2018	2017
	S$	*S$*
Amounts received in advance of provision of dormitory and IT services	**556,214**	–

For customer contracts for provision of dormitory and IT services, revenue is recognised over time although billings for the services are made and payment due prior to provision of the services. A contract liability is recognised for revenue relating to the dormitory and IT services when the payment becomes due and is released over the related service period.

19. SHARE CAPITAL

The issued share capital as at 1 January 2017 represented the share capital of Real Value comprising of 10 shares with a par value of US$1 each.

On 14 February 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares with a par value of HK$0.01 each, of which one share was allotted and issued in nil paid form to the initial subscriber, an independent third party and the said share was subsequently transferred to Mighty One on the same date for nil consideration.

On 21 August 2017, Mighty One, the Company and Mr. Kuah entered into a sale and purchase agreement, pursuant to which the Company acquired 10 shares in Real Value, representing its entire issued share capital and in consideration thereof, 999 Shares were issued and allotted to Mighty One, all credited as fully paid.

On 26 September 2017, the authorised share capital of the Company was increased to HK$20,000,000 divided into 2,000,000,000 Shares of HK$0.01 each, by the creation of an additional 1,962,000,000 Shares ranking *pari passu* with the Shares then in issue in all respects.

As part of the Share Offer, the Company allotted and issued a total of 1,029,999,000 Shares (of which 107,500,000 Shares are sale shares) to Mighty One, credited as fully paid at par, by way of capitalisation of the sum of HK$10,299,990 standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**").

The Company was successfully listed on the Main Board of the Stock Exchange on 17 October 2017 by way of a share offer of 307,500,000 Shares (including 107,500,000 sale shares) at the price of HK$0.52 per Shares (the "**Share Offer**").

The movement of the issued share capital of the Company from its date of incorporation to 31 December 2018 and 2017 are as follows:

	No. of Shares	*S$*
Issued and fully paid ordinary shares:		
At date of incorporation	1	–
Shares issued pursuant to the Reorganisation	999	2
Shares issued under the Capitalisation Issue	1,029,999,000	1,794,052
Shares issued under the Share Offer	200,000,000	348,360
As at 31 December 2018 and 2017	**1,230,000,000**	**2,142,414**

20. SHARE PREMIUM

Share premium represents the excess of the consideration for the shares issued over the aggregate par value.

21. BUSINESS COMBINATION

The acquisition of Simplex FM Services Pte. Ltd. ("**Simplex**") was completed on 2 January 2018 ("**date of acquisition**") for cash consideration of S$145,161 of which S$115,161 remains unpaid as at 31 December 2018. Management has assessed that the Group has obtained control of Simplex and has the power over Simplex, and is exposed to or has rights to variable returns from its involvement with Simplex and has the ability to use its power to affect its returns. Simplex was acquired so as to continue the expansion of the Group's activities on manpower outsourcing services.

Name of subsidiary	**Principal activity**	**Date of acquisition**	**Proportion of voting interest acquired**	**Consideration exchanged**
			%	*S$*
Simplex FM Services Pte. Ltd.	Provision of manpower services	2 January 2018	100	145,161

Assets acquired and liabilities assumed at the date of acquisition

	S$
Current assets	
Trade receivables	707,271
Bank balances	114,151
	821,422
Current liabilities	
Trade payables – KT&T Engineers	664,651
Trade payables – third party	260
Other payables and accruals	11,350
	676,261
Net assets acquired and liabilities assumed	145,161

Goodwill arising on acquisition

	S$
Consideration payable	145,161
Less: fair value of identifiable net assets acquired	(145,161)
Goodwill arising on acquisition	–

Net cash inflow on acquisition of a subsidiary

	S$
Consideration paid in cash	(30,000)
Bank balances acquired	114,151
	84,151

Impact of acquisition on the results of the Group

Included in the profit for the year is S$76,606 attributable to the additional business generated by Simplex. Revenue for the year includes approximately S$2.6 million in respect of Simplex.

SIGNIFICANT EVENTS AFTER THE YEAR

The Directors confirm that no significant event that affected the Group has occurred after 31 December 2018 and up to the date of this announcement.

CHANGE OF COMPLIANCE ADVISER

Dakin Capital Limited ("**Dakin**") has resigned as the compliance adviser of the Company with effect from 1 February 2018 due to the change in personnel of Dakin. Grande Capital Limited has been appointed as the new compliance adviser to the Company pursuant to Rule 3A.27 of the Listing Rules which was effective on 1 February 2018. For further details, please refer to the announcement of the Company dated 31 January 2018.

CHANGE OF COMPANY SECRETARY

Mr. Kwok Siu Man has resigned as the company secretary of the Company with effect from 2 March 2019. Mr. Chan Yip Wang has been appointed as the new company secretary to the Company with effect from 2 March 2019. For further details, please refer to the announcement of the Company dated 1 March 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its code of conduct governing Directors' securities transactions. In response to a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Model Code during the Year. The Model Code also applies to other specified senior management of the Group in respect of their dealings in the Company's securities.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling shareholders (as defined under the Listing Rules) of the Company or their respective close associates (as defined under the Listing Rules) had interests in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and any other conflicts of interest which any such person had or might have with the Group during the Year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Year, the Company has applied the principles and adopted all code provisions, where applicable, of the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the "**CG Code**") as its own code of corporate governance.

The Company has complied with all applicable code provisions as set out in the CG Code during the Year save as disclosed below:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Kuah currently holds both positions. Mr. Kuah has been managing the Group's business and overall financial and strategic planning since May 2006. This arrangement also helps the Company to execute business strategies more efficiently in the ordinary business activities. All the other Directors (including the non-executive Director (the "**NED**") and independent non-executive Directors (the "**INEDs**")) consider that the vesting of the roles of the Chairman and the Chief Executive Officer in Mr. Kuah is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. In addition, due to the fact that our NED and INEDs represent over half of the Board members, all the Directors (including the NED and INEDs) consider that there is a balance of power and authority such that no one individual has unfettered power of decision. The Board will review the management structure from time to time and the need to separate the roles of the chairman and the chief executive to two individuals.

As the Company was sourcing and waiting for various quotations for Directors' liabilities insurance after Listing, insurance cover in respect of legal actions against the Directors was not in place during the period from the Listing Date to 11 February 2018. In addition, as there were regular and timely communications among the Directors and the senior management of the Group, the Board was of the opinion that sound and effective corporate governance within the Group would suffice in monitoring and mitigating legal and compliance risks. Proper insurance coverage in respect of legal actions against the Directors' liabilities has been arranged by the Company since 12 February 2018 and accordingly, the Company has complied with code provision A.1.8 of the CG Code.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the audited annual results for the Year and discussed with the management and the auditor of the Company and is of the view that the consolidated financial statements for the Year have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

Scope of work of auditors

The figures in respect of the preliminary announcement of the Group's results for the Year have been compared by the Group's auditors, Deloitte & Touche LLP ("**Deloitte**"), to the amounts set out in the Group's audited Consolidated Financial Statements for the Year and the amounts were found to be in agreement. The work performed by Deloitte in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by Deloitte on this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules throughout the Period.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.kttgroup.com.sg. The annual report of the Company for the Year containing all information required by the Listing Rules will be dispatched to shareholders and published on above websites in due course.

APPRECIATION

The Board would like to express its gratitude to all the Group's customers, management and staff and business partners as well as the Shareholders for their continuous support.

By order of the Board
Kakiko Group Limited
Kuah Ann Thia
Chairman, Executive Director and Chief Executive Officer

Singapore, 28 March 2019

As at the date of this announcement, the executive Directors are Mr. Kuah Ann Thia (Chairman and Chief Executive Officer) and Ms. Dolly Hwa Ai Kim (also known as Ms. Dolly Ke Aijin); the non-executive Director is Mr. Lu Yong; and the INEDs are Mr. Ong Shen Chieh (also known as Mr. Wang Shengjie), Mr. Lau Kwok Fai Patrick and Mr. Lam Raymond Shiu Cheung.