New Trend Lifestyle Group PLC

Report and Accounts

for the year ended 31 December 2017

New Trend Lifestyle Group Plc

Year ended 31 December 2017

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New Trend Lifestyle Group Plc

Year ended 31 December 2017

COMPANY INFORMATION

Directors	
	Phang Song Hua (Chief Executive Officer) Ajay Kumar Rajpal (Non-executive director and interim Finance Director) Gregory Collier (Non-executive Chairman) Bo Yee Nancy Leung (Non-executive Director) Chi Chiu Leung (executive Director)
Secretary and Registered Office	International Registrars Limited Finsgate 5-7 Cranwood Street London EC1V 9EE
Financial and Nominated Adviser	SPARK Advisory Partners Limited 5 St. Johns Lane London EC1M 4BH
Stockbroker	SI Capital Ltd 46 Bridge Street Godalming GU7 1HL
Solicitors	Bracher Rawlins 77 Kingsway London WC2B 6SR
Auditors	Jeffreys Henry LLP Chartered Accountants & Registered Auditors Finsgate 5-7 Cranwood Street London EC1V 9EE
Registrars	Capita Registrars 34 Beckenham Road Beckenham Kent BR3 47U
Legal Advisers to the Company as to Singapore Law	Robert Wang & Woo LLP 9 Temasek Boulevard #41-01 Suntec Tower 2 Singapore 038989

CHAIRMAN'S & CEO'S STATEMENT, INCLUDING FINANCIAL REVIEW

Background and summary of trading performance

The results for the year have been below the prior year, as expected. The trading conditions in Singapore have remained tough, and this has continued to negatively impact our business during the period under review.

Following the decision to cease all operations in China in 2015, the Group has now disposed of its now dormant Hong Kong subsidiary, New Trend Lifestyle (HK) Limited.

Trading

Sales in the year were SGD4,898k (2016: SGD5,512k), a decline of 11.1%. The Group loss before tax from continuing operations was SGD1,559k (2016: SGD1,821k), mainly as a result of the decline in sales, but this loss was mitigated to a degree by the cost reductions achieved by the Board during the year.

Costs in the UK were SGD378k (2016: SGD370k).

Balance sheet

Net inventories remained in line with the prior year at SGD689k (2016: SGD683k).

Cash flow

Cash in hand at the year end was SGD2,119k (2016: SGD2,390k), and the Group continues to manage its cash within its available resources.

CURRENT TRADING AND OUTLOOK

Revenues in the first quarter of 2018 have shown significant improvement compared to 2017, at SGD1,805k (2017Q1 : SGD1,291k). This has been as a result of improved service revenue, as the sales and marketing initiatives developed and implemented have started to have a positive impact. The trading conditions in Singapore have started to show signs of improvement, although it is too early to assess the anticipated effect on the Group yet.

Over the last 12 months, in line with our stated strategy, the Board has evaluated several potential acquisition targets, however, to date, none of these have been suitable for the company to take forward. The Directors are escalating their efforts on sourcing a suitable acquisition, and will update shareholders with progress as and when appropriate.

POST BALANCE SHEET EVENTS

The Group disposed of it’s interest in Le Queenz Pte. Ltd on 26 June 2018, for SGD1,000.

Gregory Collier	**Phang Song Hua**
CHAIRMAN	**CHIEF EXECUTIVE**

27 June 2018

DIRECTORS AND OFFICERS

Phang Song Hua (aged 50) – Chief Executive Officer

Master Phang is a recognised expert in Emperor Star Astrology and Feng Shui and has become a prominent figure in these fields. For over 20 years, he has helped families, corporate leaders, bankers, high-ranking government officers, lawyers, doctors and others in Singapore who have sought his advice.

After working in his family trading business and providing Geomancy services from 1993 to 2005, Master Phang established NTL in 2005 where he is Chief Executive Officer.

Ajay Kumar Rajpal (aged 48) – Non-Executive Director and Interim Finance Director

Ajay is a Chartered Accountant and a member of the Institute of Chartered Accountants in England & Wales. Ajay has a background in cross-border mergers and acquisitions, financial management and corporate recovery. He qualified with Arthur Andersen and worked for an FTSE 100 company, Smith Industries plc, and a number of other international firms.

Gregory Collier (aged 57)

Greg has more than 30 years of financial and commercial experience, having been involved in running businesses in contract cleaning, leisure, restaurant, property, and toy distribution. He is presently on the board of several investment companies quoted on AIM and ISDX, Early Equity Plc and Etaireia Investments Plc.

Bo Yee Nancy Leung (aged 46)

Nancy is a practising solicitor in Hong Kong and has almost 20 years of experience in the legal field. She spent six years at Clyde & Co. before co-founding her own law firm, Leung & Lau Solicitors in 2004. Nancy graduated from the University of Cambridge with a LLM in Commercial Law with Second Class Honours (Division One) and was awarded a large number of scholarships during her studies.

Chi Chiu Leung (aged 59) ("Jacky")

Jacky is presently the CEO of his own asset management firm in Hong Kong, Creative Asset Management Limited. Creative has audited assets under management of more than USD250 million at the end of 2015. Jacky is licensed by the Hong Kong Securities and Futures Commission to conduct type 4 (advising on securities) and type 9 (asset management) activities in Hong Kong.

Gregory Collier and Ajay Rajpal both reside in the UK, Master Phang in Singapore, Bo Yee Nancy Leung and Chi Chiu Leung in Hong Kong.

New Trend Lifestyle Group Plc

Year ended 31 December 2017

STRATEGIC REPORT

Review of the business
A review of the business of the Group, together with comments on future developments is given in the Chairman's and CEO's Statement on pages 2 to 3.

Principal Risks and Uncertainties
These are disclosed in Note 29.

Key Performance Indicators
The directors believe that the key performance indicators (KPIs) for the business are, like-for-like sales, gross margins, gross profit, cash balances and net profit.

	2017	2016	Changes	
	SGD'000	SGD'000	SGD'000	%
Sale of products	2,795	3,112	(317)	(10.1)
Services rendered	2,103	2,400	(297)	(12.3)
Total revenue	4,898	5,512	(614)	(11.13)
Gross profit	3,454	3,901		
Gross profit margin	70.51%	70.77%		
Net loss from continuing operations	1,560	1,823	(263)	(14)
Net Assets	(1,086)	277	(1,363)	(492)
Cash and cash equivalents	2,119	2,390	(271)	(11.3)

Employees
The Group has continued to give full and fair consideration to applications made by disabled persons, having regard to their respective aptitudes and abilities, and to ensure that they benefit from training and career development programmes in common with all employees. The Group has continued its policy of employee involvement by making information available to employees through the medium of frequent staff meetings, together with personal appraisals and feedback sessions.

The Strategic Report was approved by the Board on 27 June 2018 and signed on its behalf by:

Greg Collier
27 June 2018

DIRECTORS' REPORT

The Directors have pleasure in submitting this report together with the accounts of New Trend Lifestyle Group Plc ('the Company') and its subsidiary undertakings (together 'the Group') for the year ended 31 December 2017.

The company was formed on 21 March 2012 as New Trend Lifestyle Group Limited ("the Company") and changed to its current style on 11 June 2012. On 28 June 2012 the company gained admission to the Alternative Investment Market (AIM).

Principal Activities
The principal activities of the Group are those of providing products and services based on Feng Shui and the associated Emperor Star Astrology.

Results and dividend
The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 21. The Directors do not recommend a dividend.

Directors and their interests
The directors who held office during the year are as follows:

Phang Song Hua	
Robert John Goddard	(Resigned 1 June 2016)
Ajay Kumar Rajpal	(Appointed 6 June 2012)
Gregory Collier	(Appointed 1 June 2016)
Bo Yee Nancy Leung	(Appointed 1 June 2016)
Chi Chiu Leung	(Appointed 1 June 2016)

The interests of those directors serving at the year ended 31 December 2017, all of which are beneficial, in the share capital of the Company, were as follows:

	At 31 December 2017	
	Shares of 0.1p each	**%**
Phang Song Hua	24,721,333	19.80%

None of the Directors or their immediate families had at 31 December 2017 or 31 December 2016, acquired or disposed of since that date, any interest in any shares in the Company or any of its subsidiaries, any interest in any debentures of the Company or any of its subsidiaries or any rights to subscribe for shares in or debentures of the Company or any of its Subsidiaries.

Share Capital
Details of the Company's share capital are disclosed in Note 23 of the financial statements.

Financial Instruments
Details of the use of financial instruments by the Company and its subsidiary undertakings are disclosed in Note 28 to the financial statements.

DIRECTORS' REPORT (continued)

Statement to Auditors
So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Substantial Shareholdings
As at 31 December 2017, the following interests in 3% or more of the issued ordinary share capital appear in the register:

Shareholder	Number of shares	Percentage of issued share capital
Bliss Season Holdings Limited	30,000,000	24.00%
Phang Song Hua	24,721,333	19.80%
Liao Chunlan	13,180,000	10.50%
Beaufort Nominees Limited	11,773,500	9.40%
Securities Services Nominees	8,800,000	7.04%
ARGP Investment Limited	8,333,333	6.7%
Falben Limited	6,732,000	5.4%
Gaea Resources Limited	4,166,667	3.33%
Lynchwood Nominees Limited	4,069,000	3.26%
Others	13,224,167	10.6%

Post Balance Sheet Events
Details of post-balance sheet events are disclosed in Note 30 to the financial statements.

Directors' Responsibilities
The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the Financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- state whether applicable IFRS' as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT (continued)

Listing

The Company's ordinary shares have been traded on London's AIM Market, since 28 June 2012. The closing mid market share price at 31st December 2017 was 0.5p.

Publication of Financial Statements

The Company's financial statements will be made available on the Company's web-site www.newtrendlifestylegroup.com. The maintenance and integrity of the website is the responsibility of the directors. The directors' responsibility also extends to the financial statements contained therein.

Going Concern

After making appropriate enquiries, the directors consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. This is reflected in the section 'Going Concern' in Note 2 to the financial statements.

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution proposing that Jeffreys Henry LLP be re-appointed as auditors will be put to the Annual General Meeting.

The Report of the Directors was approved by the Board on 27 June 2018 and signed on its behalf by:

Greg Collier
27 June 2018

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Code (the 'Code')

Though full compliance with the Code is not mandatory for the Group, it is the policy of the board to have regard its guidelines when it is reasonably practicable to do so. The small size of the Company and its current stage of development mean that it is not sensible or even possible to adhere to some of the guidelines in the Code.

In addition to summarising its Corporate Governance procedures, the following statement also sets out some aspects of the Code with which the Company does not comply and explains why it does not or, in some cases, complies with the spirit of the Code by some other means.

The Role of the Board

At formal meetings, the board receives reports by the CEO, Master Phang on the overall performance since the previous board meeting. He is supported by the Interim Finance Director on financial detail. They are followed by reports on other matters, particularly progress with development projects. Minutes of board Committee meetings held since the preceding formal board meeting are received and decisions made by those committees are submitted for ratification where such is needed.

There is a formal schedule of matters reserved for the board. This includes the setting of high-level targets, approval of budgets, strategy, funding, capital expenditure, license agreements and incentive schemes. Specific authority levels for expenditure are delegated to individual executives or management committees according to a schedule agreed by the board.

Whilst the bulk of the formulation of budgets and strategy is undertaken by senior management, this is done against a framework set by the whole board, challenged by it in detail and finally approved by it.

Financial information submitted regularly to the board includes monthly balance sheets and profit & loss accounts; together with analyses of movements in cash, trade debtors and creditors, and fixed assets.

There are three board Committees; each with terms of reference set by the board. These are the combined Remuneration and Nomination Committee (RNC), the Audit & Risk Committee (ARC) and the AIM Compliance Committee (ACC). The Company's Nomad is present at meetings of the ACC and provides advice that is passed on to the main board as necessary.

In the normal course, board Committees make recommendations to the board but also have certain limited powers delegated to them. Minutes of Committee meetings are made available to the board as a whole but may be redacted at the discretion of the Chairman of the Committee, if appropriate in consultation with the Company Chairman. Where it is urgent that a recommendation of a Committee needs to be accepted by the board, this is done by a directors' resolution in writing.

Certain other high level decisions that cannot await the convening of a formal board meeting may be agreed by way of written resolutions. In such cases supporting papers are submitted to the directors and they are given the opportunity to discuss the matter with other directors and executive management. Written resolutions are deemed passed only if all directors vote in favour.

Overcoming geographic and time differences

The board is conscious of the need to overcome the difficulties that can arise from the time differences and geographic separations that face directors; both between and within regions.

It is not practical or cost-justified for the whole board to meet face-to-face at every board meeting. So where one or more director is unable to be physically present, use is made of telephone conference calls.

During the course of 2017, there were seven meetings of the board. The Company's chairman attended all of the seven meetings.

CORPORATE GOVERNANCE STATEMENT (continued)

In addition to the board meeting, there are also frequent but less-formal telephone and email exchanges among directors. On these occasions there may be discussion of monthly management accounts or any other topic a director may wish to raise.

In addition to using their influence at board and board Committee meetings, non-executive directors have direct access to the secretary of the board Committees. This individual reports directly to the chairman of the Audit & Risk Committee, is also the internal auditor for the group and has delegated to him all of the routine company secretarial work.

By these means, the non-executive directors believe that their roles are being discharged effectively.

Non-executive directors

It is not thought that the Company is large enough to warrant the formal appointment of a senior non-executive director. Instead, other non-executive directors are actively and regularly consulted by the Chairman and encouraged to provide feedback. Master Phang has maintained a dialogue with major shareholders and these directors have kept the Chairman and the board up to date with shareholders' views.

No formal mechanism exists for appraising the effectiveness of the board as a whole or of the Chairman alone. The Remuneration and Nomination Committee has not recommended that such a process is implemented.

Composition and effectiveness of the Board

Each of the non-executive directors is considered to be 'independent'.
The service agreement for Ajay Rajpal was agreed by the board before the Admission to AIM, and these have not been changed since. Gregory Collier, Bo Yee Nancy Leung and Chi Chiu Leung have slightly different terms in order to reflect the fact that they were appointed after Admission. Copies of the service contracts of all current directors' are available for inspection at the Company's registered office and at the location of the AGM for a period before that meeting begins.

All directors may have access to independent professional advice at Company expense if this is felt by them in their own judgement that it is needed to enable them to discharge their duties and that the cost of such advice is reasonable in the circumstances.

Emphasis is placed by the Chairman on the importance of familiarity with the board pack and the contributions made by directors. However, given its size, a formal evaluation of board performance by an outside agency is not believed to be appropriate. Instead, the Chairman's frequent contact with other directors provides sufficient opportunity for frequent and effective two-way 'calibration'.

Incentive schemes for staff and directors

All Singapore-based staff enjoy a bonus of one-month, payable after the end of the calendar year if they remain in the employment of the Company. In addition, selected staff will be paid a discretionary bonus that depends upon personal and company performance. The broad guidelines for this are set by the Remuneration and Nomination Committee. The discretionary bonuses for a few of the most senior staff are also set by that Committee.

Selected senior members of staff participate in the Company's share option scheme and the overall award of grants to such staff is approved by the RNC according to the rules of that committee.

As previously-announced and recorded elsewhere in this Annual Report, during the course of the year all directors participated in the Company's share options scheme. All options granted, and their terms, are approved by the board as a whole, with the relevant member being conflicted out of voting when considering the grant that they are to receive.

CORPORATE GOVERNANCE STATEMENT (continued)

Board Committees

There are three standing Committees of the board. At the end of 2017, membership of these Committees was:

1. AIM Compliance Committee: Ajay Rajpal & Gregory Collier
2. Audit and Risk Committee: Gregory Collier & Ajay Rajpal
3. Remuneration and Nomination Committee: Chi Chiu Leung, Gregory Collier & Bo Yee Nancy Leung

In each case, the director whose name appears first above after the Committee name above is the Chairman of that Committee.

Each committee has written terms of reference approved by the board. These are kept under review and updated as needed.

During the year, each of the AIM Compliance Committee, Remuneration and Nomination Committee and the Audit and Risk Committee sat once. All members were present on each occasion.

The membership and the chairmen of board Committees is determined by the board but, given the small number of directors, refreshing membership on a regular or frequent basis is not viable.

The main purposes and general terms of reference of each board Committee are set out below.

AIM Compliance Committee (“ACC”)

The AIM Compliance Committee meets at least annually with the Company’s Nominated Adviser at appropriate times during the reporting and audit cycle, and otherwise as required. The duties of the ACC are to:

i promote integrity, patterns of behaviour and accountability among the directors and executives of the Company to help ensure ethical and responsible decision making;

ii make recommendations to the Board or the Chairman on procedures, resources and controls that will enable the Company’s compliance with the AIM Rules;

iii provide the Company’s nominated adviser with information it requests in order for it to carry out its responsibilities under the AIM Rules;

iv ensure that each of the directors accepts full responsibility, both collectively and individually, for compliance with the AIM Rules and

v ensure that each director discloses without delay all information that the Company needs in order to comply with the AIM Rules for Companies; particularly with regard to Rules 17 and 26.

Remuneration and Nomination Committee (“RNC”)

i Determine and agree with the board the framework or broad policy for the remuneration and contractual terms of the Company's Chief Executive, Chairman, the executive directors and such other members of the executive management as it is designated to consider.

ii Design, or approve the design of, and determine targets for, any performance-related pay schemes operated by the Company and approve the total annual payments made under such schemes

iii Review the design of all share incentive plans for approval by the board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to directors and other senior executives and the performance targets to be used.

CORPORATE GOVERNANCE STATEMENT (continued)

iv Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

v Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determine the total individual remuneration package of each executive director and other senior executives who report to the Chief Executive, including bonuses, incentive payments and share options, other share awards or other benefits.

vi Oversee any major changes in employee benefit structures throughout the Company or Group.

Audit & Risk Committee (“ARC”)

The Audit & Risk Committee is expected to meet formally at least once a year with the Company’s auditor at an appropriate time during the reporting and audit cycle, and otherwise as required. The duties of the ARC are to:

i Monitor the integrity of the financial statements, including the annual and interim reports; review the consistency of accounting policies; review whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements; review the methods used to account for significant or unusual transactions; review the clarity of disclosure in the Company’s financial reports; and review all material information presented with the financial statements.

ii Review the effectiveness of the Company’s internal controls and risk management systems, and to review and approve the statements included in the annual report concerning these.

iii Review the Company’s arrangements for its employees to raise concerns about possible wrongdoing and ensure that these arrangements allow proportionate and independent investigation; and to review the Company’s procedures for detecting and preventing bribery and fraud.

iv Consider and make recommendations in relation to the appointment, re-appointment and removal of the Company’s external auditor; oversee the relationship with the external auditor; maintain contact with the external auditor; review and approve the annual audit plan; review the findings of the audit with the external auditor; and review the effectiveness of the audit.

v Identify the risks that the Company may be exposed to and recommend to the board how these may be avoided, mitigated or insured against, or some combination of these.

Bribery Act, 2010 (the ‘Act’)

The Group has in place a full “Anti-bribery Policy” and this is augmented by a “Whistleblower’s Policy”. Both have been translated into the Chinese language and all members of staff are required to read and understand the policies and confirm in writing that they have done so.

Under guidelines set by the board, a designated ‘Group Compliance Officer’ manages the processes and procedures that flow from the policies, in particular the areas perceived to represent most risk. The Group Compliance Officer reports to the board or a board committee as needed.

Since its inception, the board has reviewed the practical implementation of the Anti-bribery Policy and will continue do so at least once a year. The basic requirements include ensuring familiarity and acceptance of the policies, risk analysis and maintenance of an ‘incident’ book.

CORPORATE GOVERNANCE STATEMENT (continued)

Share dealing code

New Trend Lifestyle Group Plc has adopted and will operate a share dealing code governing the share dealings of the Directors of the Company and applicable employees with a view to ensuring compliance with the AIM Rules.

Business Reviews

The board reviews regularly both the financial position of the Group and information about non-financial performance. It does this at each board meeting. Financial information includes monthly management accounts, including balance sheets and profit and loss accounts for the Group and its subsidiaries, together with analysis of movements in cash, trade debtors and creditors, and fixed assets. Close attention is also paid to the development of sales by sector and by customer as well as progress with initiatives to develop major new sectors and customers.

Non-financial information reviewed regularly by the board includes reports and key performance indicators, including plant performance, delivery performance, research and development activity, sales activity and health, safety and environmental performance.

Business Model and Strategy

The strategy in Singapore is to consolidate and refresh the existing portfolio and promote different services related to existing ones, by implementing a range of sales and marketing initiatives, whilst maintaining a tight control on costs. The Group is seeking an acquisition with a view to restoring overall profitability.

On behalf of the board,

Greg Collier
Chairman
27 June 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW TREND LIFESTYLE GROUP PLC

Opinion

We have audited the financial statements of New Trend Lifestyle Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated and company statements of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of cash flows, the consolidated and company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss and company's profit for the year then ended;
- the group and the parent company's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We draw attention to note 2 in the financial statements, which explains that the company is dependent upon improving trading conditions and future shareholders' support. These events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Matter 1 – Parent Company - Investment The Parent Company had investment of SGD 3,500,000 as at 31 December 2017.	**Our audit procedures:** - For the impairment test, we audited management's assumptions and sensitivities; - We considered whether management had exercised any bias in assumptions used or the outputs produced in the forecasts prepared.
Matter 2 - Going concern assumption The Group is dependent upon its ability to generate sufficient cash flows to meet continued operational costs and hence continue trading however the Group is loss making due to its challenging trading conditions. The going concern assumptions is dependent on future growth of the current business. No future capital raises were being considered to maintain the business.	**Our audit procedures:** - We obtained and reviewed the directors' assessment, including challenging the liquidity position; - We agreed the assumed cash flows to the business plan, walked through the business planning process and tested the central assumptions and external data; - We audited the key assumptions; - We assessed the sensitivities of the underlying assumptions.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	SGD135,000 (2016: SGD 145,000).	SGD75,000 (2016: SGD 54,000).
How we determined it	Average of 2% turnover, 10% of net profit and 1.5% of gross assets.	Average 10% of net profit and 2% of gross assets.
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	We believe that this is adequate for the parent company as it is a holding company with no revenue.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between SGD 138,000 and SGD 5,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above SGD 6,700 (2016: SGD 7,200) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of three reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of New Trend Lifestyle Group Plc and the two subsidiaries New Trend Lifestyle Pte Ltd and LeQueenze Pte Limited. The two subsidiaries were individually financially significant and accounted for 100% of the Group's revenue and 76% of the

INDEPENDENT AUDITORS' REPORT (continued)

Group's absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units).

The Group engagement team performed all audit procedures, with the exception of the audit New Trend Lifestyle Pte Ltd and LeQueenze Pte Limited which were performed by a component auditor in Singapore.

Our involvement in the work of the component auditor in Singapore included regular communication with a formal meeting arranged following the performance of the procedures. We have been granted full access of the working paper and conducted a review of them.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements [and the part of the directors' remuneration report to be audited] are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 ISAs (UK) 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 ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company'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 or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other matters which we are required to address

We were appointed by the board of directors on 22 March 2012 to audit the financial statements for the period ending 31 December 2017 Our total uninterrupted period of engagement is 6 years, covering the periods ending 31 December 2012 to 31 December 2017.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

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INDEPENDENT AUDITORS' REPORT (continued)

Use of this report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sudhir Rawal
SENIOR STATUTORY AUDITOR

For and on behalf of Jeffreys Henry LLP, statutory auditor

Finsgate
5-7 Cranwood Street
London
EC1V 9EE
United Kingdom
Date: 27 June 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Continuing operations	Notes	Year ended 31 December 2017 SGD'000	Year ended 31 December 2016 SGD'000
Revenue	5	4,898	5,512
Direct purchases and costs		(1,445)	(1,611)
Personnel expenses	7	(2,749)	(3,120)
Depreciation and amortisation expenses		(272)	(443)
Finance expenses	8	(259)	(137)
Advertising and promotional expenses		(126)	(167)
Bank charges		(145)	(166)
Operating lease expenses		(1,241)	(1,354)
Other operating expenses	9	(838)	(991)
Loss on Disposal		(249)	
Other income	6	867	656
Loss before tax		(1,559)	(1,821)
Income tax (charges) / credits	10	-	(2)
Loss from continuing operations		(1,559)	(1,823)
Loss from discontinued operations		-	(344)
Loss for the year		(1,559)	(2,167)
Other comprehensive income:			
Exchange loss arising on translation of foreign operations		-	(1)
Total comprehensive loss for the year		(1,559)	(2,168)
Attributable to:			
- Owners of the parent		(1,559)	(2,168)
Basic and diluted loss per share		**SGD**	**SGD**
From continuing operations	11	(0.01)	(0.02)
From discontinued operations	11	(0.00)	(0.00)
		(0.01)	(0.02)

The notes on pages 31 to 70 are an integral part of these consolidated financial statements.

Included in direct costs is an amount of SGD 1,417 (2016: SGD 457,000) related to commission costs.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2017 SGD'000	31 December 2016 SGD'000
ASSETS			
Non-current assets			
Property, plant and equipment	**15**	1,396	1,619
Investment property	**14**	1,959	2,015
Intangible Assets	**16**	23	51
		3,378	3,685
Current assets			
Inventories	**17**	689	683
Trade and other receivables	**18**	501	346
Cash and cash equivalents	**19**	2,119	2,390
		3,309	3,419
Total assets		6,687	7,104
EQUITY and LIABILITIES			
Capital and reserves attributable to equity shareholders			
Share capital	**23**	243	243
Share premium		2,221	2,221
Other reserves		303	305
Group reorganisation reserve		2,845	2,845
Currency translation reserve		(61)	(259)
Accumulated deficit		(6,637)	(5,078)
Total equity		(1,086)	277
Non-current liabilities			
Restoration costs	**22**	48	89
Borrowings	**21**	2,753	3,171
		2,801	**3,260**
Current liabilities			
Trade and other payables	**20**	3,570	2,205
Borrowings	**21**	1,357	1,354
Restoration costs	**22**	45	8
		4,972	**3,567**
Total equity and liabilities		6,687	7,104

The notes on pages 31 to 70 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 27 June 2017. They were signed on its behalf by:

Greg Collier
Director

27 June 2018

Company Number: 8000104

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2017 SGD'000	Year ended 31 December 2016 SGD'000
Cash flows from operating activities			
Loss before income tax		(1,559)	(2,167)
Adjustments for:			
Depreciation and amortisation expense		272	443
Fixed assets written off		-	71
Interest expense		259	91
Interest income		-	(11)
Impairment loss on trading securities		-	15
Reversal of provision for restoration costs		-	(68)
Foreign exchange differences		196	81
		(832)	(1,541)
Changes in working capital:-			
Decrease in inventories		(6)	174
Decrease in receivables		(155)	419
Increase/(decrease) in payables		946	846
Deferred revenue		-	23
Cash generated from operations		(47)	(79)
Income tax paid		-	(2)
Net cash(outflow)/ inflow from operating activities		(47)	(81)
Cash flows from investing activities			
Acquisition of property, plant and equipment	**15**	(24)	(595)
Proceeds from disposal of PPE	**15**	59	-
Net cash (outflow) from investing activities		35	(595)
Cash flows from financing activities			
Proceeds from bank borrowings (net)		-	252
Repayment of bank loans		-	(428)
Interest paid		(259)	(91)
Net proceeds from share issue		-	479
Net cash from financing activities		(259)	212

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Notes	Year ended 31 December 2017 SGD'000	Year ended 31 December 2016 SGD'000
Net increase/(decrease) in cash and cash equivalents		(271)	(464)
Cash and cash equivalents at start of year - cash		2,390	2,854
Cash and cash equivalents at end of year	**19**	2,119	2,390

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with maturity of three months or less, as adjusted for any bank overdrafts.

The notes on pages 31 to 70 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company						
	Share capital	**Share premium**	**Accumulated deficit**	**Other reserves**	**Group reorganisation reserve**	**Currency translation reserve**	**Total**
	SGD'000	**SGD'000**	**SGD'000**	**SGD'000**	**SGD'000**	**SGD'000**	**SGD'000**
At 1 January 2016	199	1,731	(2,911)	360	2,845	(258)	1,966
Comprehensive income							
Loss for the period	-	-	(2,167)	-	-	-	(2,167)
Other comprehensive income							
Currency translation reserve	-	-	-	-	-	(1)	(1)
Total comprehensive income for the year	-	-	(2,167)	-	-	(1)	(2,168)
Shares issued in the period	44	490	-	-	-	-	534
Convertible loan notes	-	-	-	(55)	-	-	(55)
At 31 December 2016	243	2,221	(5,078)	305	2,845	(259)	277
At 1 January 2016	243	2,221	(5,078)	305	2,845	(259)	277
Comprehensive income							
Loss for the period	-	-	(1,559)	-	-	-	(1,559)
Other comprehensive income							
Currency translation reserve	-	-	-	-	-	198	198
Total comprehensive income for the year	-	-	(1,559)	-	-	198	(1,361)
Convertible loan notes	-	-	-	(2)	-	-	(2)
At 31 December 2017	243	2,221	(6,637)	303	2,845	(61)	(1,086)

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Other reserves	Cumulative amounts charged in respect of share based payments for unsettled warrants issued and the equity portion of convertible loans issued.
Group reorganisation reserve	Effect on equity of the group reorganisation. See Note 2.
Accumulated surplus	Cumulative surplus of the Group attributable to equity shareholders.

The notes on pages 31 to 70 are an integral part of these consolidated financial statements.

New Trend Lifestyle Group Plc

Year ended 31 December 2017

COMPANY STATEMENT OF COMPREHENSIVE INCOME

Continuing operations	Notes	Year ended 31 December 2017	Year ended 31 December 2016
		SGD'000	**SGD'000**
Revenue		-	-
Personnel expenses		-	-
Finance expense		-	(53)
Other operating expenses		(378)	(2,096)
Other Income		1	67
Profit/(Loss) before tax		(377)	(2,080)
Income tax charges			
Profit/(Loss) for the year		(377)	(2,080)
Other comprehensive loss			
Total comprehensive loss for the year		(377)	(2,080)

The notes on pages 31 to 70 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2017 SGD'000	31 December 2016 SGD'000
ASSETS			
Non-current assets			
Investments in subsidiaries	13	3,500	3,500
		3,500	3,500
Current assets			
Trade and other receivables	18	6	9
Cash and cash equivalents		25	309
		31	318
Total assets		3,531	3,818
EQUITY and LIABILITIES			
Capital and reserves attributable to equity shareholders			
Share capital	23	243	243
Share premium		2,221	2,221
Other reserves		162	162
Merger relief reserve		5,069	5,069
Accumulated deficit		(6,160)	(5,783)
Total equity		1,535	1,912
Current liabilities			
Trade and other payables	20	1,976	1,886
Borrowings	21	20	20
		1,996	1,906
Total equity and liabilities		3,531	3,818

The notes on pages 31 to 70 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 27 June 2017. They were signed on its behalf by:

Greg Collier
Director

27 June 2018

Company Number: 8000104

COMPANY STATEMENT OF CASH FLOWS

	Notes	Period ended 31 December 2017 SGD'000	Period ended 31 December 2016 SGD'000
Cash flows from operating activities			
Profit/(loss) before income tax		(377)	(2,080)
Decrease/(increase) in receivables		3	(3)
Increase/(decrease) in payables		90	1,206
Impairment of investments		-	1,723
Cash generated by operations		(284)	846
Net cash inflow/(outflow) from operating activities		(284)	846
Cash flows from financing activities			
Proceeds from issues of share capital		-	335
Repayment of borrowings		-	(892)
Net cash from financing activities		-	(557)
Net increase/(decrease) in cash and cash equivalents		(284)	289
Cash and cash equivalents at start of year		309	20
Cash and cash equivalents at end of year		25	309

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with maturity of three months or less, as adjusted for any bank overdrafts.

The notes on pages 31 to 70 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital SGD'000	Share premium SGD'000	Accumulated deficit SGD'000	Other reserves SGD'000	Group reorganisation reserve SGD'000	Currency translation reserve SGD'000	Total SGD'000
At 1 January 2016	199	1,731	(3,703)	360	5,069	(28)	4,870
Loss for the period	-	-	(2,080)	-	-	-	(2,080)
Issue of shares	44	490	-	-	-	-	534
Convertible Loan notes	-	-	-	(198)	-	-	(198)
At 31 December 2016	243	2,221	(5,783)	162	5,069	-	1,912
At 1 January 2017	243	2,221	(5,783)	162	5,069	-	1,912
Loss for the period	-	-	(377)	-	-	-	(377)
At 31 December 2017	243	2,221	(6,160)	162	5,069	-	1,535

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Other reserves	Cumulative amounts charged in respect of share based payments for unsettled warrants issued and the equity portion of convertible loans issued.
Merger relief reserve	Arises from the 100% acquisition of NTL on June 2013 whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve in accordance with section 612 of the Companies Act 2006.
Accumulated deficit	Cumulative deficit of the Group attributable to equity shareholders.

The notes on pages 31 to 70 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

New Trend Lifestyle Group Plc ("the Company") is a company incorporated in England on 21 March 2012 under the Companies Act 2006 but domiciled in Singapore. It was listed on the AIM market on 28 June 2012. The address of the registered office is given at the start of the annual report. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement on pages 2 to 3.

2. Basis of preparation and significant accounting policies

The consolidated financial statements of New Trend Lifestyle Group Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS's as adopted by the EU), IFRS Interpretations Committee and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Going concern

These financial statements have been prepared on the assumption that the Group is a going concern.

When assessing the foreseeable future, the directors have looked at a period of twelve months from the date of approval of this report. The forecast cash-flow requirements of the business are contingent upon the ability of the Group to generate future sales.

After making enquiries, the directors firmly believe that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The group has experienced a significant downturn in business activity with sales expected to decline in future periods. In the current year the group made a loss before tax of SGD 1,559K. These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern.

New and amended standards adopted by the company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2018 that would be expected to have a material impact on the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Standards, interpretations and amendments to published standards that are not yet effective.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2018 and have not been early adopted:

Reference	Title	Summary	Application date of standard	Application date of Company
IFRS 9	Financial Instruments	Revised standard for accounting for financial instruments	Periods commencing on or after 1 January 2018	1 December 2018
IFRS 15	Revenue from contracts with customers	Specifies how and when to recognise revenue from contracts as well as requiring more informative and relevant disclosures	Periods commencing on or after 1 January 2018	1 December 2018
IFRS 16	Lease	IFRS 16 *Leases* published	Periods commencing on or after 1 January 2019	1 December 2019
IAS 16	Property, Plant and Equipment	Amended standard for accounting treatment for property, plant and equipment	Periods commencing on or after 1 January 2017	1 December 2017

The Directors anticipate that the adoption of these standards and the interpretations in future periods will have no material impact on the financial statements of the Group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31st December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the year of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the Parent Company. See also accounting policy on group reorganisation for acquisitions categorised as group reorganisation.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Group reorganisation accounting

The Company acquired its 100% interest in New Trend Lifestyle Pte Ltd ("NTL") in 2012 by way of a share for share exchange. This is a business combination involving entities under common control and the consolidated financial statements are issued in the name of the Group but they are a continuance of those of NTL. Therefore the assets and liabilities of NTL have been recognised and measured in these consolidated financial statements at their pre combination carrying values. The retained earnings and other equity balances recognised in these consolidated financial statements are the retained earnings and other equity balances of the Company and NTL. The equity structure appearing in these consolidated financial statements (the number and the type of equity instruments issued) reflect the equity structure of the Company including equity instruments issued by the Company to effect the consolidation.

The difference between consideration given and net assets of NTL at the date of acquisition is included in a group reorganisation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The consolidated financial statements are presented in Singapore dollars (SGD), which is the functional currency of the Group.

	2017		2016	
	Year End	Average	Year End	Average
GBP to RMB	8.83	8.70	8.56	9.05
GBP to SGD	1.80	1.77	1.78	1.87
GBP to HKD	10.47	10.03	9.56	10.52

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Revenue from services is recognised upon the delivery and acceptance of the service to the customer.

Revenue from trademarks is derived from fees receivable from franchisees in China.

Rental income arising from operating leases is recognised on a straight-line basis over the lease terms.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where the grant relates to income, the government grant shall be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as “Other income”. Alternatively, they are deducted in reporting the related expenses.

Employees' benefits

i) **Retirement benefits**

The Group participates in the national schemes as defined by the laws of the countries in which it has operations.

Singapore
The Group makes contributions to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension schemes.

Foreign subsidiaries
The subsidiaries, incorporated and operating in the HK and PRC are required to provide certain retirement plan contribution to their employees under existing HK and PRC regulations. Contributions are provided at rates stipulated by the HK and PRC regulations and are managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

(ii) **Employee leave entitlement**
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date.

Borrowing costs

Borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of fund

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is 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. The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment is required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Property, plant and equipment (continued)

After initial recognition, property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment loss.

All items of property, plant and equipment are depreciated or amortised using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows: -

	Useful lives (Years)
Computers	3
Electrical equipment	5
Furniture and fittings	3
Motor vehicles	6
Office equipment	3
Leasehold property	41
Leasehold improvements	2 to 5

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

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 on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within “Other income (expenses)” and the asset revaluation reserve related to those asset, if any, is transferred directly to retained earnings.

Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted for as finance leases.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss on the retirement or disposal of an investment property is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognized in profit or loss in the year of retirement or disposal within “Other income (expenses)”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

The significant intangibles recognised by the Group and their useful economic lives are as follows:

	Useful lives (Years)
Software development costs	3

Financial instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group’s contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group’s obligations specified in the contract expire or are discharged or cancelled.

Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the Group at the balance sheet date approximated their fair values, due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to licensed banks for credit facilities extended to a subsidiary company. The fair value of such financial guarantees is not expected to be significantly different as the probability of the subsidiary company defaulting on the credit lines is remote.

Financial assets

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are initially recognised at fair value plus, in the case of financial assets classified as held-to-maturity, directly attributable transaction costs.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every balance sheet date. As at the balance sheet date, the Group has no financial assets in the category of held-to-maturity investments and available-for-sale financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Subsequent measurement

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the short term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets designated at fair value through profit or losses are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Group's investment policy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains and losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents, trade and other receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Derivative financial instruments
A derivative financial instrument is initially recognized at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settle within 12 months. Other derivatives are presented as current assets or current liabilities.

Impairment of financial assets
The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at the balance sheet date, the Group did not have any financial liabilities in the category of financial liabilities at fair value through profit or loss.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue.

Taxation

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

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantively enacted by the balance sheet date in the countries where the Group operates and generates taxable income. 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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on 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, is 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.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets 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 tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Inventories

Inventories comprise finished goods held for resale and are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

Assets classified as held for sale

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups 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 (or disposal group) 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.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months.

Share Capital

Ordinary shares are classified as equity. Proceeds from issuance of ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Leases

i As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in this Note. Contingent rents are recognised as revenue in the period in which they are earned.

ii. As lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are treated as reduction of the lease obligation on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement.

3. Critical accounting estimates and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. Critical accounting estimates and assumptions.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of freehold building

The cost of freehold building is depreciated on a straight-line basis over the estimated economic useful lives. Management estimates the useful lives of the freehold building to be 50 years. This is a common life expectancy applied in the industry. Changes in the physical conditions of the freehold building and/or expected level of usage and technological developments could impact the economic useful life of the asset. Therefore, future depreciation charges could be revised. As at 31 December 2017, there are no indications that the remaining economic useful life of the asset is significantly lower than the remaining useful life. The carrying amount of the Group’s freehold building at the balance sheet date is disclosed in Note 14 to the financial information.

(b) Impairment of inventories

An impairment review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to estimate future demand for the products. Possible changes in these estimates could result in revisions to the valuation of inventory. The carrying amount of inventories as at 31 December 2017 is disclosed in Note 17 to the financial information.

(c) Fair value measurement of the derivative financial instrument and convertible loan

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The determination of the fair value is based on a probability – weighted expected outcome for the conversion right and taking into consideration of certain parameters such as the issuer’s probability of listing on AIM from inception until the maturity of the convertible loan note and the expected return based on the issuer’s estimated credit rating. Changes in assumptions about these factors could affect the reported fair value of the derivative financial instrument and convertible loan.

The basis of estimates and the carrying amounts of the derivative financial instrument and convertible loan as at 31 December 2017 are disclosed in Note 22 to the financial information.

(d) Impairment of investment in subsidiaries

Investments are held as non-current assets at cost less any provision for impairment. Where the recoverable amount of the investment is less than the carrying amount, impairment is recognised.

3. Critical accounting estimates and judgements (continued)

ii. Critical judgement in applying the entity's accounting policies

In the opinion of the management, there are no critical judgements made in applying the Group's accounting policies, apart from those involving estimations, which has a significant effect on the amounts recognised in the financial statements.

4. Segmental reporting

In the opinion of the Directors the Group has one class of business, being the provider of Feng Shui services in Singapore, Hong Kong and People's Republic of China.

The Group's primary reporting format is determined by the geographical segment according to the location of its establishments. There are currently two geographic reporting segments: Singapore and, China.

	2017				2016			
	Singapore	China and HK	Other	Total	Singapore	China and HK	Other	Total
	SGD '000	SGD '000	SGD '000	SGD '000	SGD '000	SGD '000	SGD '000	SGD '000
Income Statement								
Revenues from external customers	4,898	-	-	4,898	5,512	-	-	5,512
Other income	866	-	1	867	589	5	66	660
Interest expense	-	-	-	-	(83)	(46)	(53)	(182)
Depreciation and amortisation	(364)	-	-	(364)	(443)	-	-	(443)
Impairment of assets	-	-	-	-	-	-	-	-
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	-	-
Direct and operating costs	(6,583)	-	(377)	(6,960)	(7,041)	(303)	(370)	(7,714)
Group profit / (loss) before tax	**(1,183)**	**-**	**(376)**	**(1,559)**	**(1,466)**	**(344)**	**(357)**	**(2,167)**
Assets and Liabilities								
Segment Assets	6,657	-	30	6,687	6,750	35	319	7,104
Segment Liabilities	(7,428)	-	(345)	(7,773)	(6,551)	(19)	(257)	(6,827)
	(771)	-	(315)	(1,086)	199	16	62	277

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Revenue

	2017 SGD'000	2016 SGD'000
Sale of products	2,795	3,112
Services rendered	2,103	2,400
	4,898	5,512

6. Other income

	2017 SGD'000	2016 SGD'000
Forfeiture of customers' deposits	-	4
Gain on disposal of property, plant and equipment	-	(21)
Government grants	43	149
Rental income	430	396
Others	394	128
Total other income	867	656

7. Personnel expenses and staff numbers (including Directors)

	Group		Company	
	2017 Number	2016 Number	2017 Number	2016 Number
The average number of employees in the year were:				
- Directors	2	2	5	5
- Operations	44	46	-	-
	46	48	5	5
			SGD'000	SGD'000
The aggregate payroll costs for these persons were:				
- Salaries, wages and bonuses	2,278	2,539	-	125
- Pension contribution	307	374	-	-
- Employee benefits	164	207	-	-
Total personnel expense	2,749	3,120	-	125

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Personnel expenses and staff numbers (including Directors) (continued)

Directors' remuneration	Year ended 31 December 2017			Year ended 31 December 2016		
	Salaries and fees	Pension contri-butions	Total	Salaries and fees	Pension contri-butions	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Robert Goddard	-	-	-	36	-	36
Hillary Phang Song Hua	600	17	617	609	17	626
Ajay Kumar Rajpal	121	-	121	121	-	121
Gregory Collier	15	-	15	15	-	15
Leung Chi Chiu	10	-	10	10	-	10
Leung Bo Yee Nancy	10	-	10	10	-	10
Linus Ng	18	-	18	33	-	33
Matthew Pau	-	-	-	-	-	-
	774	17	791	834	17	851

8. Finance expenses, net

	2017 SGD'000	2016 SGD'000
Finance income: Fixed deposits	-	4
Finance income: Shareholder loans	-	3
Finance income: Interest income from banks	1	
	1	7
Less Finance costs		
- Lease obligations	16	12
- Term loans	144	79
- Convertible loan	100	53
	260	144
Finance costs, net	259	137

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Other operating expenses

	2017 SGD'000	2016 SGD'000
Foreign exchange (gain) / loss, net	8	22
Reversal of Impairment loss on receivables	-	(25)
Auditors' fees: - Audit	30	74
Non-audit fees paid	-	1
Professional fees	120	292
Printing and stationery	2	31
Repairs and maintenance	-	57
Stamp duties	4	4
Telephone and insurance	-	78
Travelling and transportation	10	17
Utilities	-	88
Other	664	352
Total other expenses	838	991

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Taxation

The major components of income tax (credit)/expense recognised in profit or loss for the year ended 31 December 2017 and 2016 were as follows:

	2017 SGD'000	2016 SGD'000
Current income tax		
- Under / (Overprovision) in respect of previous years	-	2
Deferred tax:		
- Benefits from previously unrecognised tax losses	-	-
Total tax charge / (credit) recognised in the profit and loss	-	2

The reconciliation of the tax expense and the product of accounting profit multiplied by the effective rate is as follows:

	2017 SGD'000	2016 SGD'000
Accounting profit/(loss)	(1,559)	(1,821)
Tax at the effective tax rate of 19% (2016: 17%)	(296)	(310)
Tax effect on non-deductible expenses	-	76
Tax effect on non-taxable income	-	(25)
Tax effect of (under)/over-provision in prior years	-	(2)
Partial tax exemption		
Effect of deferred tax assets not recognised	-	294
Other adjustments	296	(35)
Income tax (credit) / expenses	-	2

The Company is incorporated in the UK but is treated as a Singapore resident for tax purposes. The Singapore Government has announced that for Years of Assessment ("YA") 2016 and 2017, all companies will receive a 30% Corporate Income Tax ("CIT") Rebate that is subject to a cap of $20,000 per YA (YA 2013 to YA 2016: cap of $30,000 per YA).

Unrecognised tax losses and capital allowances

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised tax losses of SGD 1,838 (2016: SGD 1,833) and capital allowances of SGD 263,000 (2016: 234,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses and capital allowances have no expiry date.

11. Loss per share

Loss per share data is based on the Group profit for the year and the weighted average number of shares in issue.

	Year ended 31 December 2017	Year ended 31 December 2016
	SGD	**SGD**
Basic and diluted profit per share from continuing operations	(0.01248)	(0.01682)
Loss from continuing operations for the purposes of basic and diluted profit per share	(1,559,936)	(1,823,000)
Number of shares	**No.**	**No.**
Weighted average number of ordinary shares for the purposes of basic earnings per share	125,000,000	108,356,164

	Year ended 31 December 2017	Year ended 31 December 2016
	SGD	**SGD**
Basic and diluted profit per share from continuing and discontinued operations	(0.01248)	(0.02000)
Loss from continuing operations and discontinued for the purposes of basic and diluted profit per share	(1,559,936)	(2,167,000)
Number of shares	**No.**	**No.**
Weighted average number of ordinary shares for the purposes of basic earnings per share	125,000,000	108,356,164

	Year ended 31 December 2017	Year ended 31 December 2016
	SGD	**SGD**
Basic and diluted profit per share from discontinued operations	(0.01248)	(0.00317)
Loss from discontinued for the purposes of basic and diluted profit per share	(1,559,936)	(344,000)
Number of shares	**No.**	**No.**
Weighted average number of ordinary shares for the purposes of basic earnings per share	125,000,000	108,356,164

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
12. Discontinued operations

Discontinued operations refers to the closure of the operation in Hong Kong and China. Analysis of the operations is as follows:

	2017 Continuing operations SGD'000	2017 Discontinued operations SGD'000	2017 Total SGD'000
Revenue	4,898	-	4,898
Direct purchases and costs	(1,445)	-	(1,445)
Personnel expenses	(2,749)	-	(2,749)
Depreciation and amortisation expenses	(364)	-	(364)
Finance expenses	(259)	-	(259)
Advertising and promotional expenses	(126)	-	(126)
Bank charges	(145)	-	(145)
Operating lease expenses	(1,241)	-	(1,241)
Loss on Disposal	(249)	-	(249)
Other operating expenses	(746)	-	(746)
Other income	867	-	867
Loss before tax	(1,559)	-	(1,559)
Income tax (charges) / credits	-	-	-
Loss for the year	(1,559)	-	(1,559)

	2016 Continuing operations SGD'000	2016 Discontinued operations SGD'000	2016 Total SGD'000
Revenue	5,512	-	5,512
Direct purchases and costs	(1,611)	-	(1,611)
Personnel expenses	(3,120)	-	(3,120)
Depreciation and amortisation expenses	(443)	-	(443)
Finance expenses	(137)	(46)	(183)
Commission expenses	-	-	-
Advertising and promotional expenses	(167)	-	(166)
Bank charges	(166)	-	(166)
Operating lease expenses	(1,354)	-	(1,354)
Other operating expenses	(991)	(304)	(1,295)
Other income	656	6	662
Loss before tax	(1,821)	(344)	(2,165)
Income tax (charges) / credits	(2)	-	(2)
Loss for the year	(1,823)	(344)	(2,167)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Investment in subsidiary undertakings

Company	2017 SGD'000	2016 SGD'000
Cost		
At 1 January	5,225	5,225
Disposals	-	-
At 31 December	5,225	5,225
Impairment		
At 1 January	1,725	-
Charge for the year	-	1,725
At 31 December	1,725	1,725
Net Carrying Amount	3,500	3,500

The company held the following subsidiaries as at 31 December 2017:

Name of companies	Principal activities	Country of incorporation and place of business	Proportion (%) of equity interest 2017 and 2016 %
Held by the Company			
New Trend Lifestyle Pte Limited	Trading	Singapore	100
Le Queenze Pte. Limited	Beauty salons and spas and retail sale of costume jewellery	Singapore	100

14. Investment property

Group	2017	2016
	SGD'000	SGD'000
Balance Sheet:		
Cost		
As at the beginning of the year	2,273	2,273
Transfer from property, plant and equipment (Note 14)	-	-
As at the end of the year	2,273	2,273
Amortisation		
As at the beginning of the year	258	203
Charge for the year	56	55
As at the end of the year	314	258
Net carrying amount	**1,959**	**2,015**

Income statement:	**2017 SGD'000**	**2016 SGD'000**
Rental income from investment property:		
Minimum lease payments	396	396
Direct operating expenses (including repairs and maintenance) arising from:		
Rental generating property	76	45

Transfer from property, plant and equipment
On 21 May 2013, the Group transferred a leasehold building that was held as owner-occupied property to investment property.

The investment property held by the Group as at 31 December 2017 is as follows;

Description	Existing use	Tenure	Floor area	Fair Value
No. 22 Kaki Bukit Crescent, Kaki Bukit Techpark I, Singapore 416253	Offices	Leasehold	1,011.5 square meter	SGD 6,696,120 (2016: SGD 4,475,035)

The valuation is determined based on the properties' highest and best use by an external and independent professional valuer, Dennis Wee Realty Pte Ltd, using the Comparable Sales Method, under which the property is assessed having regards to the recent transactions within the development and around the vicinity. Appropriate adjustments have been made between comparables and the subject property to reflect the differences in size, tenure, location, condition, prevailing marketing and all other factors affecting their value. The fair value measurement is categorised under Level 2 of the fair value hierarchy.

Property pledged as security
Group borrowings are secured against Investment property (Note 21).

15. Property, plant and equipment

	Leasehold building SGD'000	Computer equipment SGD'000	Electrical equipment SGD'000
Cost			
As at 1 January 2016	927	442	345
Additions	-	71	-
Disposals	-	(68)	(19)
Currency translation differences	-	-	-
As at 31 December 2016	927	445	326
As at 1 January 2017	927	445	326
Additions	-	-	-
Disposals	-	-	-
Currency translation differences	-	-	-
As at 31 December 2017	927	445	326
Accumulated Depreciation			
As at 1 January 2016	84	398	205
Charge for the year	23	28	42
Disposals	-	(68)	(26)
As at 31 December 2016	107	358	221
As at 1 January 2017	107	358	221
Charge for the year	23	42	49
Disposals	-	-	-
As at 31 December 2017	130	400	270
Net book values			
At 31 December 2017	797	45	56
At 31 December 2016	820	87	105

15. Property, plant and equipment (continued)

	Furniture and fittings SGD'000	Motor vehicles SGD'000	Office equipment SGD'000	Leasehold Improvements SGD'000	Total SGD'000
Cost					
At 1 January 2016	216	278	15	1,442	3,665
Additions	2	363	-	159	595
Disposals/written off	-	(128)	-	(427)	(642)
As at 31 December 2016	218	513	15	1,174	3,618
As at 1 January 2017	218	513	15	1,174	3,618
Additions	-	24	-	-	24
Disposals/written off	-	-	-	-	-
Currency translation differences	-	-	-	-	-
As at 31 December 2017	218	537	15	1,174	3,642
Accumulated Depreciation and Amortisation					
As at 1 January 2016	183	139	15	1,187	2,211
Charge for the year	24	68	-	174	359
Disposals/ written off	-	(109)	-	(368)	(571)
As at 31 December 2016	207	98	15	993	1,999
As at 1 January 2017	207	98	15	993	1,999
Charge for the year	8	90	-	35	247
As at 31 December 2017	215	188	15	1,028	2,246
Net book values					
At 31 December 2017	3	349	-	146	1,396
At 31 December 2016	11	415	-	181	1,619

Assets held under finance leases

The carrying amount of office equipment, motor vehicles and renovation held under finance leases at the balance sheet date was SGD 324,975 (2016: SGD 415,43).

Leased assets are pledged as security for the lease obligations (Note 21).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Property, plant and equipment (continued)

<u>Assets pledged as security</u>

In addition to assets held under finance leases, the group's leasehold building with a carrying amount of SGD 798,849 (2016: SGD 821,458) is mortgaged to secure the Group's bank loans (Note 21).

16. Intangible assets

	Software development costs SGD'000
Cost	
At 1 January 2016	180
Additions	-
Disposals/written off	-
As at 31 December 2016	180
As at 1 January 2017	180
Additions	-
Disposals/written off	(105)
Currency translation differences	-
As at 31 December 2017	75
Accumulated Depreciation and Amortisation	
At 1 January 2016	100
Charge for the year	
Disposals/written off	29
Currency translation differences	-
As at 31 December 2016	129
As at 1 January 2017	129
Charge for the year	25
Disposals/ written off	(102)
Currency translation differences	-
As at 31 December 2017	52
Net book values	
At 31 December 2017	23
At 31 December 2016	51

17. Inventories

	2017 SGD'000	2016 SGD'000
Finished goods	661	1,343
Less: Allowance for inventories obsolescence	(14)	(678)
Goods in transit at cost	42	18
	689	683

The cost of inventories recognised as expense and included in 'direct purchase and costs' amounted to SGD 1,443,674 (2016: SGD 819,000).

The write-down of inventories to net realisable value was SGD Nil (2016: SGD Nil) and was included in "Direct purchase and costs".

The reversal of write-down of inventories amounting to SGD 3,335 (2016: SGD 40,376) was made as the related inventories were sold above their carrying amounts. The reversal was included in "Direct purchase and costs".

18. Trade and other receivables

	Group		Company	
	2017 SGD'000	2016 SGD'000	2017 SGD'000	2016 SGD'000
Trade receivables	-	30		-
Due from a director (non-trade)**	-	45		-
Deposits***	495	95		-
Prepayments	6	62	6	9
Other receivables (non-trade)****	-	114		-
	501	346	6	9

* This amount is unsecured, interest-free and repayable on demand.

** This amount is unsecured, repayable on demand and earns interest at 3% (2016: Nil%) per annum.

*** Included in deposits are refundable rental deposits, amounting to SGD 232,000 (2016: SGD 81,000) paid in respect of office premises and retail outlets.

**** This amount is as a result of a loan to the Temple partner

19. Cash and cash equivalents

	2017 SGD'000	2016 SGD'000
Cash and bank balances	2,119	2,390
Fixed deposits (Note A)	-	-
Cash and bank balances as presented in balance sheets	2,119	2,390
Less: Pledged fixed deposits (Note A)	-	-
Cash and cash equivalents as presented in consolidated statement of cash flows	2,119	2,390

Fixed deposits bear interest rates at Nil (2016: Nil) per annum with an average maturity period of Nil (2016: Nil).

Fixed deposits are pledged in connection with lease obligations (Note 21).

20. Trade and other payables

	Group		Company	
	2017 SGD'000	2016 SGD'000	2017 SGD'000	2016 SGD'000
Trade payables	490	121	-	236
Other payables:				
Due to a director (non-trade)*	-	1	-	-
Due to a subsidiary (non-trade)*	-	-	1,650	1,650
Accrued expenses **	2,896	504	326	-
Deferred revenue	129	93	-	-
Customers' deposits	55	84	-	-
Others	-	1,402	-	-
	3,570	2,205	1,976	1,886

* These amounts are unsecured, interest-free and repayable on demand.

** Included in the accrued expenses of the Group as at 31 December 2017 mainly is an amount of SGD 395,022 (2016: SGD 276,724) which relates to commission and bonuses that are payable to its Group's personnel subsequent to the year end.

21. Financial liabilities

	Group		Company	
	2017 SGD'000	2016 SGD'000	2017 SGD'000	2016 SGD'000
Current liabilities				
Finance lease liabilities	-	52	-	-
Bank loan	378	365	-	-
Convertible loan	979	937	20	20
	1,357	1,354	20	20
Non-current liabilities				
Finance lease liabilities	-	232	-	-
Bank loan	2,753	2,939	-	-
	2,753	3,171	-	-

Group	Minimum lease payments SGD'000	Interest SGD'000	Present value of payments SGD'000
2017			
Not later than one year	69	(13)	56
Later than one year and not later than five years	194	(18)	176
	263	(31)	232

	Minimum lease payments SGD'000	Interest SGD'000	Present value of payments SGD'000
2016			
Not later than one year	69	(17)	52
Later than one year and not later than five years	263	(31)	232
	332	(48)	284

Lease obligations are secured by the following:

(a) Motor vehicles of the Group (Note 14);
(b) Fixed deposits (Note 19); and
(c) Personal guarantee by Master Phang.

21. Financial liabilities (continued)

The weighted average effective interest rate for finance leases is 6.53% (2016: 6.52%) per annum. The carrying amounts of the Group's finance lease liabilities are approximate their fair value.

Bank loan

Group	2017 SGD'000	2016 SGD'000
Term loan 1	1,090	1,395
Term loan 2	1,562	1,759
Term loan 3	101	150
	2,753	3,304

Terms loans of the Group are secured by the following:
(a) a personal guarantee by Master Phang; and
(b) a mortgage on the Group's investment property (Note 14) and leasehold building (Note 15).
The borrowings are denominated in Singapore Dollar. As at 31 December 2017, the weighted effective interest rate for borrowings was 3.76% (2016: 3.76%) per annum.

Bank loan

The repayment terms of the term loans are as follows:

(a) Term loan 1 is repayable over 96 monthly instalments which commenced in December 2014 and bears interest at the rate of 3.45% to 4.75% (2016: 1.75% to 3.45%) per annum at the end of the reporting period.
(b) Term loan 2 is repayable over 180 monthly instalments which commenced in January 2016 and bears interest at the rate of 3.45% to 4.75% (2016: 1.75% to 3.45%) per annum at the end of the reporting period.
(c) Tem loan 3
Term loan 3 is repayable over 48 monthly instalments which commenced in November 2017 and bears interest at the rate of 10.28% (2016: 10.28%l) per annum at the end of the reporting period.

Convertible loan

Group and company	2017 SGD'000	2016 SGD'000
Liability portion of convertible loan notes	959	936
Equity portion of convertible loan notes	20	143
Total convertible loan notes	979	1,079

On 28 May 2014, SGD1,140,000 convertible loan notes ("loan notes") were issued with a final repayment date of 31 December 2017. The loan notes bear interest at 3 per cent per annum and will be convertible by the note holder into new ordinary shares in the company at a price of 10p per ordinary share at any time between the date of issue and 31 December 2017.

The convertible loan notes contain two components, liability and equity elements. The equity element is presented in equity heading “Other reserve”. The effective interest rate of the liability component is 10.88% (2016: 10.88%) per annum.

22. Provision for Restoration Costs

	2017 SGD’000	**2016 SGD’000**
Not later than one year	45	8
Later than one year and not later than five years	48	89
	93	97

The movement in provision for restoration costs is as follows:

	2017 SGD’000	**2016 SGD’000**
At 1 January	97	165
Provision made	-	19
Provision utilised	(4)	(87)
	93	97

Provision for restoration costs relate to the estimated cost of dismantling, removing and restoring the premises to their original conditions upon expiration of the leases. The provision is expected to be recognised after one year but within three years from the balance sheet date.

23. Share capital

	2017 SGD’000	**2016 SGD’000**
At the beginning	243	199
Issued during the year	-	44
At the end of the year	243	243

The issued share capital as at 31 December 2017 was 125,000,000 Ordinary Shares of 0.1p each.

24. Warrants

	Number of warrants	Exercise price	Weighted average remaining contractual life
At 1 January 2017	3,000,000	8p	4.6 years
Warrants issued in the year	-	-	-
At 31 December 2017	3,000,000	8p	3.6 years

25. Warrants (continued)

The fair value of the warrants issued in a previous year was £0.026 and was derived using the Black Scholes model. The following assumptions were used in the calculation:

Bid price discount	25%
Risk-free rate	0.67%
Volatility	60%

25. Share options

	Number of options	Exercise price	Weighted average remaining contractual life
At 1 January 2017 and 31 December 2017	600,000	8p	7.4 years

The fair value of the share options issued in a previous year is £0.009 and was derived using the Black Scholes model. The following assumptions were used in the calculation:

Bid price discount	25%
Risk-free rate	0.67%
Volatility	60%
Expected life	3 years

Expected volatility was determined by calculating the historical volatility of the Company's share price over the last four 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.

There were no share options which lapsed or were exercised during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Related-party transactions

Some of the arrangements with related parties (as defined in Note 2) and the effects of these bases determined between the parties are reflected elsewhere in this report. Details of transactions between the Group and related parties are disclosed below:

	2017 SGD'000	2016 SGD'000
Transactions and balances with Group members		
Loans provided from / (to) the Company by:		
- New Trend Lifestyle Pte Limited	-	(1,650)
- New Trend Lifestyle (HK) Limited	-	-
Key management personnel compensation		
Directors' remuneration		
- Salaries, wages and bonuses	2,749	578
- Pension contributions		
- Directors' fees	-	33
- Share based payment	-	-

Related parties comprise mainly companies which are controlled or jointly controlled by Master Phang and his close family members.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity.

During the year, SGD 121,000 (2016: 121,000) was paid to NAS Corporate Services Limited for non-executive directors fees in relation to Ajay Kumar Rajpal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Operating lease commitments

(i) Where the Group is the lessee
The Group leases certain retail outlets and premises under non-cancellable operating lease agreements. The leases have varying terms, renewal rights and contingent rent. The Group is required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on its sales achieved during the lease period.

The future aggregate minimum leases payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

	2017 SGD'000	**2016 SGD'000**
Not later than one year	698	1,169
Later than one year and not later than five years	510	654
	1,208	1,823

(ii) Where the Group is the lessor
The future aggregate minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables are as follows:

	2017 SGD'000	**2016 SGD'000**
Not later than one year	396	396
Later than one year and not later than five years	165	594
	561	990

29. Financial instruments

Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are market risks (including foreign exchange risk and interest rate risk), liquidity risk and credit risk. The Director reviews and agrees policies and procedures for the management of these risks.

It is the Group's policy not to trade in derivative contracts.

(a) Market risk

i) **Foreign currency risk**

The Group is exposed to movement in foreign currency exchange rates arising from normal trading transactions that are denominated in currencies other than the respective functional currencies of the Group entities, primarily with respect to United States dollars and Hong Kong dollars. The group does not have a policy to hedge its exposure to foreign currency exchange risk.

2017	MYR SGD' 000	RMB SGD' 000	HKD SGD' 000	GBP SGD '000	Total SGD' 000
Financial assets					
Other receivables	495	-	-	6	501
Cash and bank balances	2,094	-	-	25	2,119
	2,589	-	-	31	2,620
Financial liabilities					
Trade and other payables	3,255	-	-	315	3,570
Borrowings, secured	2,846	-	-	-	2,846
Convertible loans	1,337	-	-	20	1,357
	7,438	-	-	335	7,773
Net financial assets/(liabilities)	(4,849)	-	-	(304)	(5,153)
Foreign currency exposure	(4,849)	-	-	(304)	(5,153)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Financial instruments (continued)

2016	**MYR SGD' 000**	**RMB SGD' 000**	**HKD SGD' 000**	**GBP SGD '000**	**Total SGD' 000**
Financial assets					
Financial assets at fair value through profit or loss					
Other receivables	-	9	1	-	10
Cash and bank balances	-	14	11	310	335
	-	23	12	310	345
Financial liabilities					
Trade and other payables	-	53	12	237	302
Convertible loans	-	-	-	20	20
	-	53	12	257	322
Net financial assets/(liabilities)	-	(30)	-	53	23
Less: Net financial assets denominated in the respective entities' functional currencies	-	(7)	-	(53)	(60)
Foreign currency exposure	-	(37)	-	-	(37)

Foreign exchange risk sensitivity

The following table details the sensitivity to a 10% increase and decrease in the Singapore Dollars against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the foreign currencies strengthen by 10% against the relevant functional currencies, with all other variables held constant profit or loss and other equity will increase (decrease) by:

2017	**RMB SGD '000**	**MYR SGD '000**
Profit (Loss)/Other comprehensive income	-	1

2016	**RMB SGD '000**	**MYR SGD '000**
Profit (Loss)/Other comprehensive income	4	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Financial instruments (continued)

A 10% weakening of foreign currencies against the respective functional currencies at the balance sheet date would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remains constant.

(ii) Interest rate risk

The Group obtains additional financing through bank borrowings (interest bearing). The Group's policy to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise interest rate swap or other arrangements for trading or speculative purposes. As at 31 December 2017, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Summary quantitative data of the Group's interest-bearing financial instruments can be found in part (b) of this note.

Interest in financial instruments subject to floating interest rates is repriced regularly. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates. A 100 basis point increase or decrease is used as it represents management's assessment of the possible change in interest rates.

Interest risk sensitivity

If the interest rates had been 100 basis point higher or lower and all other variables were held constant, the Group's profit for the year ended 31 December 2017 would decrease or increase by SGD 30,000 (2016: SGD 33,000). This mainly is attributable to the Group's exposure to interest rates on its variable rate borrowings.

(b) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Management monitors the Group's liquidity reserve, comprising cash and cash equivalents (Note 19) on the basis of expected cash flows.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Financial instruments (continued)

(b) Liquidity risk (continued)

2017	**Weighted average interest rate**	**On demand or not later than 1 year**	**Later than 1 year and not later than 5 years**	**Later than 5 years**
	%	**SGD'000**	**SGD'00**	**SGD'00**
Trade and other payables		3,570	-	-
Lease obligations (Fixed rates)	6.52	232	194	-
Borrowings, secured (Floating rates)	3.76	378	2,576	-
Convertible loans	3	979	-	-
Provision for restoration costs		45	48	-
		5,204	2,818	-
2016				
Trade and other payables		2,121	-	-
Lease obligations (Fixed rates)	6.52	69	63	-
Borrowings, secured (Floating rates)	3.76	492	1,917	1,697
Convertible loans	3	937	-	-
Provision for restoration costs		97	-	-
		3,716	1,980	1,697

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The carrying amounts of other receivables and cash and bank balances represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instruments presented on the balance sheet.

Cash and bank balances, including fixed deposits are placed with reputable financial institutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Financial instruments (continued)

(d) Financial instruments by category

The following table sets out the financial instruments as at the statement of balance sheet date:

	2017 SGD'000	2016 SGD'000
Loans and receivables (including cash and cash balances)	2,620	2,738
	2,620	2,738
Financial liabilities at amortised cost	7,680	6,729

Capital risk management policies and objectives

The Group's policy is to maintain adequate capital based on ensure continuity as a going concern while maximizing the return to shareholder through the optimization of the debts and equity balance.

The capital structure of the Company consists of equity, comprising issued capital and retained earnings as disclosed in the financial statements. The Group's overall strategy remains unchanged since 2015.

29. Controlling Party Note

The Group is controlled by the director, Phang Song Hua.

30. Post balance sheet events

The Group disposed of it's interest in Le Queenz Pte. Ltd on 26 June 2018, for SGD1,000.