CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

COMPANY REGISTRATION NO. 196200046K

ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH

2017

CHEMICAL
INDUSTRIES
(FAR EAST)
LIMITED.

REPORT AND FINANCIAL STATEMENTS

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman and Managing Director
Lim Soo Peng, JP, BBM(L), BBM, PBM

Executive Director
Mr Lim Yew Khang Cecil
Mr Lim Yew Tee Collin

Non-Executive Independent Directors
Tay Kah Chye (Lead Independent Director)
Dr Wan Soon Bee
Valerie Ong Choo Lin
Lee Kia Jong Elaine

AUDIT COMMITTEE

Tay Kah Chye, Chairman
Dr Wan Soon Bee
Valerie Ong Choo Lin
Lee Kia Jong Elaine

NOMINATING COMMITTEE

Lee Kia Jong Elaine, Chairman
Dr Wan Soon Bee
Valerie Ong Choo Lin

REMUNERATION COMMITTEE

Dr Wan Soon Bee, Chairman
Lee Kia Jong Elaine
Lim Soo Peng, JP, BBM(L), BBM, PBM

COMPANY SECRETARY

Foo Soon Soo

REGISTRARS

B.A.C.S Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: 65934848
Email: main@bacs.com.sg

REGISTERED OFFICE

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Singapore 629127
Tel: 62650411
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Email: chemical.ind@cil.sg

TOWN OFFICE

17 Upper Circular Road
#05-00 Juta Building
Singapore 058415
Tel: 65354884
Fax: 65344582
Email: jutaprop@singnet.com.sg

MANUFACTURING PLANT

91 Sakra Avenue
Singapore 627882
Tel: 68676977
Fax: 68676972

SUBSIDIARY COMPANIES

Chem Transport Pte Ltd
Kimia Trading Pte. Ltd.
Juta Properties Private Limited
JPI Investments Pte Ltd

PRINCIPAL BANKERS

DBS Bank Ltd
KBC Bank N.V.
Malayan Banking Berhad
United Overseas Bank Limited

AUDITORS

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore
Partner-in-charge: Loi Chee Keong
(Appointed with effect from financial
year ended 31 March 2013)

CHAIRMAN'S MESSAGE

On behalf of the Board of Directors, it gives me great pleasure to present to you, our results for the financial year ended 31 March 2017 ("FY 2017").

PERFORMANCE

FY 2017 saw increasing uncertainty in global economic as well as pricing competition. In addition, the Group experienced the full impact of the business cessation of two substantial customers in Singapore. From the last quarter of previous financial year, FY 2016, we have been unable to find new customers to completely replace the offtake of these customers.

Consequently, the Group revenue was down 25.8% from S$78.4 million in FY 2016 to S$58.1 million in FY 2017. Despite the decrease in revenue, Group gross profit margin improved marginally by 0.6% to 29.0% compared to 28.4% in FY 2016.

Our Group net profit before tax decreased to S$8.9 million from S$12.7 million in FY 2016 as the latter included the one-off settlement sums received from customers for early termination of supply agreements.

Earnings per share of the Group decreased correspondingly from 16.73 cents in FY 2016 to 11.67 cents in FY 2017.

In the current year, we continued to maintain a healthy balance sheet with current assets of S$40.8 million and current liabilities of S$9.9 million respectively. Net asset value per share of the Group decreased marginally from S$1.42 in FY 2016 to S$1.34 in FY 2017.

INDUSTRIAL CHEMICALS BUSINESS

Industrial chemicals business recorded revenue of S$56.7 million and segment profit of S$7.8 million, compared to S$77 million and S$14.7 million respectively the previous year.

PROPERTIES BUSINESS

Revenue for the properties business remained constant at S$1.4 million in FY 2017. Segment profit rose from S$30,000 in FY 2016 to S$2.5 million in FY 2017 mainly due to a fair value adjustment gain of S$1.6 million in FY 2017 compared to a S$900,000 fair value adjustment loss in FY 2016.

CHALLENGES

Although we will continue to operate under challenging economic conditions, the Group is confident to meet the challenges ahead and with the strong cash position, we will be able to seize opportunities when it arises.

DIVIDEND

I am pleased to advise that the Board has recommended a final dividend (one-tier tax exempt) of 3 cents per share for approval by shareholders at the annual general meeting to be held on 30 June 2017.

During the year, the Group paid a one-off special interim one-tier tax exempt dividend of 12 cents per share on 18 November 2016 to return surplus cash and to reward shareholders for their unwavering support for all these years.

The total dividend for FY 2017 including the final dividend recommended will be 15 cents per share.

IN APPRECIATION

On behalf of the Board, I would like to express my heartfelt appreciation for the perseverance and contributions of the management team and staff. Together, we will brave the challenges that lie ahead.

To our shareholders, business partners and customers, thank you for your support and confidence.

I would also like to record my gratitude to my fellow Directors for their guidance and advice.

LIM SOO PENG
CHAIRMAN

STATEMENT OF CORPORATE GOVERNANCE

Application of the principles of corporate governance promotes the efficiency and effectiveness of the operations carried out by Group personnel as well as facilitates the maintenance of integrity in the conduct of the business of the Group. Adherence to good practice in corporate governance will also enhance investor confidence and contribute to a harmonious relationship between stakeholders and the management team. Ultimately, the aim is to increase long-term value and raise returns to shareholders.

This report outlines the Company's corporate governance practices with reference to the Code of Corporate Governance 2012 (the "Code"). The Company has complied in all material aspects with the principles and guidelines of the Code of Corporate Governance 2012 ("Code"). Where there were deviations from the Code, appropriate explanations are provided.

BOARD MATTERS

Principle 1: Effective Board to lead and control the Company

The directors of the Company are:

Mr Lim Soo Peng	Chairman and Managing Director
Mr Lim Yew Khang Cecil	Executive Director
Mr Lim Yew Tee Collin	Executive Director
Mr Tay Kah Chye	Non-Executive and Lead Independent Director
Dr Wan Soon Bee	Non-Executive Independent Director
Ms Valerie Ong Choo Lin	Non-Executive Independent Director
Ms Lee Kia Jong Elaine (Mrs Elaine Lim)	Non-Executive Independent Director

Guideline 1.1
Role of the Board

The principal functions of the Board include, inter alia, providing entrepreneurial leadership, setting strategic objectives, monitoring Management's performance, establishing a framework for prudent and effective control for risk management, safeguarding shareholders' interests and the Company's assets as well as setting values and standards (including ethical standards) for the Company.

The Board considers sustainability issues in its strategy formulation. In compliance with SGX requirement, the Group will release its first Sustainability Report for financial year ending 31 March 2018.

Guideline 1.2
Directors' Duties and Responsibilities

The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group and works with the Management to take objective decisions in the interest of the Group.

Guideline 1.3
Delegation of Authority to Board Committees

Board Committees, namely the Audit Committee ("AC"), Nominating Committee ("NC"), and Remuneration Committee ("RC") have been constituted to assist the Board in the discharge of specific responsibilities without the Board abdicating its responsibilities.

These Board committees function within clearly defined terms of references approved by the Board. The Board annually reviews the effectiveness of each committee. The segments of this report under Principle 4 to 5, 7 to 9, 11 to 13 detailed the activities of the NC, RC and AC respectively.

Guideline 1.4
Meetings of Board and Board Committees

The current members of the Board and their membership on the Board committees of the Company are as follows:

Name of director	**Board appointments**		**Board committees**		
	Executive Director	Independent Director	AC	NC	RC
Lim Soo Peng	*	-	-	-	Member
Lim Yew Khang Cecil	*	-	-	-	-
Lim Yew Tee Collin	*	-	-	-	-
Tay Kah Chye	-	*	Chairman	-	-
Dr Wan Soon Bee	-	*	Member	Member	Chairman
Valerie Ong Choo Lin	-	*	Member	Member	-
Lee Kia Jong Elaine (Mrs Elaine Lim)	-	*	Member	Chairman	Member

The attendance of the directors at meetings of the Board and Board Committees during the year, as well as the frequency of such meetings, is disclosed below:

	Board	**AC**	**RC**	**NC**
Number of meetings held	3	2	1	1
Name of directors		**Number of meetings attended**		
Lim Soo Peng	3	2*	1	1*
Dr Lim Yew Cher Alex[(1)]	-	-	-	-
Lim Yew Khang Cecil[(2)]	3	2*	-	-
Lim Yew Tee Collin	3	2*	1*	1*
Dr Chua Sui Leng[(1)]	-	-	-	-
Tay Kah Chye	3	2	1*	1*
Dr Wan Soon Bee	3	2	1	1
Valerie Ong Choo Lin	3	2	1*	1
Lee Kia Jong Elaine[(2)] (Mrs Elaine Lim)	3	2	1	1

*attended as invitee
[(1)] Dr Chua Sui Leng retired on 30 June 2016. Dr Lim Yew Cher Alex resigned on 1 July 2016.
[(2)] Mr Lim Yew Khang Cecil and Ms Lee Kia Jong Elaine (Mrs Elaine Lim) were appointed on 15 September 2016.

Guideline 1.5
Matters which require Board's approval

Matters which are reserved for the Board's approval include the following:

- Review of the performance of the Group
- Approval of the corporate strategy and direction of the Group
- Approval of transactions involving a conflict of interest for a substantial Shareholder or a Director or an interested person
- Material acquisition and disposal
- Corporate or financial restructuring
- Declaration of dividends and other returns to Shareholders
- Appointment of new Directors

Guideline 1.6
Orientation, Briefings, and trainings provided for directors

Incoming directors joining the Board will be briefed by the Chairman on the Directors' duties and obligations, and on the Group's organization structure, business and governance practices. The incoming directors will also meet up with senior management to familiarize themselves thereby facilitating Board interaction and independent access to senior management.

Mr Lim Yew Khang Cecil and Ms Lee Kia Jong Elaine (Mrs Elaine Lim) were appointed Directors on 15 September 2016. Mr Cecil Lim was the executive director of the Company from 1992 to 2006. Mrs Elaine Lim is an independent director in M1 Limited, a public company listed on SGX. Both had gone through the above orientation process.

For FY 2017, the existing and new directors were updated on the Group's business by the executive directors, updates to accounting standards by the external auditors and regulatory changes to the Listing Rules and Companies (Amendment) Act and the ACRA (Amendment) Act and Code of Corporate Governance by the Company Secretary. The Chairman updates the Board at each Board meeting on business and strategic developments and also highlights the salient issues as well as the risk management considerations for the Group.

All Directors are also encouraged to be members of the Singapore Institute of Directors (SID) and for them to receive journal updates and training from SID. Information on training programs, seminars and workshops organized by various professional bodies and organisations were circulated to the directors on a regular basis; some of which the Directors have attended or participated during the year.

Guideline 1.7
Formal letter setting out Directors' Duties

A new Director will be provided with a formal letter setting out his duties and responsibilities. Mr Lim Yew Khang Cecil and Ms Lee Kia Jong Elaine (Mrs Elaine Lim), both appointed on 15 September 2016, were issued letters of appointment setting out their duties and responsibilities as directors.

BOARD COMPOSITION AND BALANCE

Principle 2: Strong and independent element on the Board

Guideline 2.1
One-third Board independence

The Board comprises seven directors, four of whom are independent directors. The independent directors comprising more than 50% of the Board thus providing an independent element of the Board.

Guideline 2.2
One-half Board independence

The Chairman of the Board, Mr Lim Soo Peng is also the Managing Director of the Company. In compliance with Guideline 2.2 of the Code, the four independent directors make up more than half of the Board.

Guidelines 2.3 & 2.4
Independence of Directors

Review of Directors' Annual Independence

The criterion for independence is based on the definition given in the Code. The Code has defined an "independent" director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the company.

The NC review annually, and as and when circumstances require, if a director is independent bearing in mind the circumstances set forth in the criteria of independence in the Code and any other salient factors.

All the four Independent Directors have confirmed their independence and they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgment. In its annual review for FY 2017, NC was of the view these Independent Directors have none of the above relationships and each has always exercised independent judgement in the interest of the Company in the discharge of their directors' duties. Each of the Independent Directors abstained from the NC's review of his independence.

Independent Directors, Dr Wan Soon Bee, and Ms Valerie Ong Choo Lin have served the Board for more than 9 years since the date of each their first appointment. Mr Tay Kah Chye served 9 years of tenure with the Board in January 2017. The Board has conducted a rigorous review of their independence. The Board's rigorous review includes critical examination of any conflicts of interest, their review and scrutiny of matters and proposals put before the Board, exercise of independent judgement and the effectiveness of their oversight role as check and balance on the acts of the executive directors and management of the company and their role in enhancing and safeguarding the interest of the Company and that of its shareholders. Dr Wan, Mr Tay and Ms Valerie Ong have abstained from the Board's deliberation to maintain their independence.

Ms Valerie Ong is due to retire by rotation at the forthcoming annual general meeting and will not seek re-election. The Board recognises that the Independent Directors have over time developed significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. Dr Wan and Mr Tay who continue to serve on the Board are invaluable as the retention of institutional memory is a factor for continuing improvements in the governance practices of the Company.

Guidelines 2.5 & 2.6
Board size and diversity

The current Board comprises seven directors, four of whom are independent directors. The Board concurred with the findings of review conducted by the NC that the current Board size is appropriate taking into account the scope and nature of operations of the Group.

The current Board comprises directors who as a group provide appropriate mix of experience, expertise and attributes that facilitates effective direction for the Group.

Profiles of the directors are disclosed in pages 20 to 22 of this Annual Report.

Guideline 2.7
Role of non-executive directors

During the year, the non-executive directors constructively challenge and help develop both the Group's short-term and long-term business strategies. Management's progress in implementing such agreed business strategies are monitored by the non-executive directors.

Guideline 2.8
Regular meetings of non-executive directors

Sessions are available for the non-executive directors to meet without the presence of management and executive directors during the course of Board meetings or outside of Board meetings. Such sessions will be arranged by the Lead Independent Director as and when necessary. No such sessions were held in FY 2017.

CHAIRMAN AND MANAGING DIRECTOR

Principle 3: Clear division of responsibilities at the top of the Company

Guidelines 3.1 and 3.2
Chairman and CEO
Guideline 3.3 and 3.4
Lead Independent Director

Mr Lim Soo Peng is both the Chairman and Managing Director ("MD"), equivalent to Chief Executive Officer of the Company. Accordingly, in compliance with Guideline 3.3 of the 2012 Code, the Company has on 18 May 2016 appointed Mr Tay Kah Chye as the Lead Independent Director.

As MD, Mr Lim bears executive responsibility for the day-to-day running of the Group. His duties as Chairman include the scheduling of Board meetings, the fixing of the meeting agenda, the control of the quality and timeliness of data and information supplied to the Board and observation of the Code of Corporate Governance and SGX-ST Listing Manual.

The Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual. The independent directors form more than half the Board and exercise independent thinking and work as a check and balance on the acts of the executive directors and management of the Company.

The independent directors, led by the lead independent director, meet amongst themselves without the presence of the management and executive directors where necessary, and the lead independent director will provide feedback to the Chairman after such meetings.

BOARD MEMBERSHIP

Principle 4: Formal and transparent process for appointment of new directors

Guidelines 4.1 and 4.2
Nominating Committee

The Nominating Committee comprises the following members who are non-executive independent directors, including the Chairman:-

Ms Lee Kia Jong Elaine (Mrs Elaine Lim) (Chairman)
Dr Wan Soon Bee
Ms Valerie Ong Choo Lin

The role of the NC is to make recommendations to the Board on all board appointments. The Committee is charged with the responsibility of re-nomination having regard to each director's contribution and performance, including, if applicable, as an independent director. The NC is also charged with determining annually whether or not a director is independent conducting performance evaluations of the Board, its board committees and reviewing the training and professional development programs for the Board.

<u>Succession planning</u>
The NC has in place a board succession plan for directors, in particular, the Executive Chairman and MD. The NC has reviewed contingency arrangements for any unexpected incapacitation of the MD or any of the top management personnel and is satisfied with the procedures in place for smooth transition.

Guideline 4.3
Review of directors' independence

The NC determines, on an annual basis, and as and when circumstances require, if a director is independent bearing in mind the circumstances set forth in the criteria of independence in the Code and any other salient factors.

For FY 2017, the NC conducted an annual review of the independence of the independent Directors, using the criteria of independence in the Code and respective independent directors' self-declaration, and has ascertained that they are independent.

Guideline 4.4
Director' multiple board representations

The NC considers and it is of the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities. Each Director personally determines the demands of his or her competing directorships and obligations and assesses the number of directorships they could hold and serve effectively.

Guideline 4.5
Alternative Director

There is currently no alternative director on the Board.

Guideline 4.6
Process for the selection, appointment and re-appointment of directors

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board is of the appropriate size and has the relevant mix of expertise and experience.

When there is a resignation or retirement of an existing director, the NC will re-evaluate the Board composition to assess the competencies for the replacement. The NC will deliberate and propose the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include among other things, whether the new director can add to or complement the mix of skills and qualifications in the existing Board.

Candidates are sourced through a network of contacts including relevant institutions like Singapore Institute of Directors, based on the established criteria and through nominations by directors and shareholders.

New directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board.

For FY 2017, following the resignation of Dr Lim Yew Cher Alex as executive director, the NC has recommended that the Company appoint an executive director to fill the vacancy left by Dr Alex Lim to maintain the executive representation on the Board. Ms Valerie Ong, having served more than 9 years on the Board, has indicated her intention to retire. The NC has recommended that the Company to appoint an independent director pending Ms Ong's retirement to strengthen the independence of the Board. The Board on recommendation of the NC, having reviewed the qualification and experience of Mr Cecil Lim and Mrs Elaine Lim has appointed them as executive director and non-executive independent director respectively on 15 September 2016.

Under the Company's Constitution, one-third of the directors (excluding the Managing Director) shall retire from office each year. The retiring directors are eligible for re-election. In addition, any new director appointed during the year will have to retire at the Annual General Meeting following his appointment and be eligible for re-election.

The NC has recommended to the Board the re-election of Mr Cecil Lim and Mrs Elaine Lim pursuant to Article 96 of the Constitution of the Company.

Mr Tay Kah Chye and Ms Valerie Ong will retire pursuant to Article 95(2) of the Constitution of the Company. Mr Tay has indicated his consent for re-election.

The NC having considered the competencies, commitment, contribution and performance of Mr Cecil Lim, Mr Tay and Mrs Elaine Lim in effectively discharge their responsibilities has recommended their re-election.

Guideline 4.7
Key information of directors

Particulars of interest of directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement on pages 24 to 26 of this Annual Report.

BOARD PERFORMANCE

Principle 5: Formal assessment of the effectiveness of the Board and contributions of each director

Guidelines 5.1 & 5.2
Board evaluation and performance criteria

On an annual basis, the NC assesses the performance of the individual directors and the effectiveness of the Board and Board committees.

In evaluating the Board's performance, the NC implements an assessment process that requires each director to submit an assessment form of the performance of the Board as a whole during the financial year under review. This assessment process takes into account, inter alia, performance indicators such as the Board composition, maintenance of independence, Board information, Board process, Board accountability, communication with Management and standard of conduct. The Company Secretary compiles the directors' evaluation into a consolidated report. The report is discussed at the NC meeting and also shared with the entire Board. No external facilitator was used in the evaluation process.

For FY 2017, The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance of the Board as a whole has been satisfactory.

Guideline 5.3
Evaluation of Individual director's performance

The NC considers the contribution by each director towards the effectiveness of the Board and the Board committees in which he or she is a chairperson or member. Each director is assessed individually. The assessment criteria include, inter alia, commitment of time, knowledge and abilities, teamwork and overall effectiveness.

The NC has reviewed each individual director's performance, for FY 2017 and is of the view that each individual Director has contributed to the satisfactory performance of the Board and Board committees he or she sits in.

ACCESS TO INFORMATION

Principle 6: Board members to have complete, adequate and timely information

Guidelines 6.1 & 6.2
Management providing information to Board

Relevant information is provided to the Board prior to its meetings. Such information includes financial reports, announcement of results, disclosure information and other matters requiring the Board's decision. The Board is kept informed of material events and transactions as and when they occurred in a timely manner.

Guideline 6.3
Board's access to Company Secretary

The Company Secretary is present at Board meetings to respond to the queries from any Director and to assist in ensuring that Board procedures as well as applicable rules and regulations are followed.

Guideline 6.4
Appointment and removal of Company Secretary

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Guideline 6.5
Board's access to independent professional advice

The Board takes independent professional advice as and when necessary, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to discharge its responsibilities effectively.

REMUNERATION MATTERS

Principle 7: Formal and transparent procedure for fixing remuneration packages of directors

Guideline 7.1
Remuneration Committee

The Remuneration Committee comprises three members, the majority of whom are independent:

Dr Wan Soon Bee (Chairman)
Lim Soo Peng
Lee Kia Jong Elaine (Mrs Elaine Lim)

The Independent Directors are of the view that retaining an RC member who is also an executive director is essential as he will have better understanding of the job duties and the remuneration packages that commensurate with the level of responsibilities of each key executive.

Guideline 7.2
Remuneration framework

The Remuneration Committee recommends to the Board a framework for remuneration for the Board and key executives and to determine specific remuneration packages for each executive director of the Company. The recommendations of the RC will be submitted to the Board for endorsement.

Guideline 7.3
RC's access to expert advice on remuneration matters

The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

Guideline 7.4
Termination Clauses in Service Contract

Each of the executive directors and key management personnel have an employment contract with the Company which can be terminated by either party giving notice of resignation or termination. Each appointment is on an ongoing basis and no onerous termination clauses are contained in the service contract.

LEVEL/MIX AND DISCLOSURE OF REMUNERATION

Principle 8: Level and mix of Remuneration

Guideline 8.1
Remuneration of executive directors and key management personnel

A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Such performance-related remuneration is aligned with the interests of shareholders and promotes the long-term success of the Company.

Guideline 8.2
Long-term incentive scheme

The Company has no employee share incentive scheme or other long-term incentives. In this regard, the RC has reviewed and is satisfied that the existing compensation structure with variable component paid out in cash has continued to be effective in incentivising performance without being excessive.

Guideline 8.3
Remuneration of non-executive directors

All the non-executive directors who are independent directors have no service contract and are compensated based on a fixed annual fee taking into considerations their respective contributions and attendance at meetings.

All the directors receive directors' fee for attending to Board matters. Board Chairman receives double the fee paid to other directors. For chairing committees, a director receives a small additional fee. A director who serves for part of the financial year only will have his fee pro-rated. Total directors' fee for the financial year ended 31 March 2017 amounted to S$371,000 (2016 - S$390,000).

The RC has reviewed the fee structure for non-executive directors as being reflective of their responsibilities and work commitments without over-compensation and recommends the directors' fees for FY 2017 to the Board for tabling at the forthcoming annual general meeting for shareholders' approval.

The RC considers that the current fee structure adequately compensates the non-executive directors, and given the size and operations of the Company, any implementation of schemes to encourage non-executive directors to hold shares in the Company may result in over-compensation. The RC will consider recommending such schemes if appropriate.

Guideline 8.4
Contractual Provisions

There are no contractual provisions in the service contracts of executive directors and key management personnel for the Company to reclaim incentive components of remuneration.

Principle 9: Disclosure of Remuneration

Guidelines 9.1 & 9.2
Remuneration of directors

The remuneration received by directors during the financial year is as follows:

	Salary	**Bonus**	**Provident Fund**	**Directors' fee**	**Total**
S$2,250,001 to S$2,500,000					
Lim Soo Peng	S$684,000	S$1,707,454	S$7,650	S$100,000	S$2,499,104
S$250,001 to S$500,000					
Lim Yew Khang Cecil[2]	S$180,000	S$40,000	S$6,851	S$29,000	S$255,851
Lim Yew Tee Collin	S$162,000	S$38,500	S$17,340	S$50,000	S$267,840
S$250,000 and below					
Dr Lim Yew Cher Alex[1]	S$25,000	-	S$1,560	-	S$26,560
Dr Chua Sui Leng[1]	-	-	-	-	-
Dr Wan Soon Bee	-	-	-	S$55,000	S$55,000
Valerie Ong Choo Lin	-	-	-	S$50,000	S$50,000
Tay Kah Chye	-	-	-	S$55,000	S$55,000
Lee Kia Jong Elaine[2] (Mrs Elaine Lim)	-	-	-	S$32,000	S$32,000
Total	**S$1,051,000**	**S$1,785,954**	**S$33,401**	**S$371,000**	**S$3,241,355**

[1] Dr Chua Sui Leng retired on 30 June 2016. Dr Lim Yew Cher Alex resigned on 1 July 2016.

[2] Mr Lim Yew Khang Cecil and Ms Lee Kia Jong Elaine (Mrs Elaine Lim) were appointed on 15 September 2016.

Guideline 9.3
Remuneration of top 5 management personnel (who are not directors or the CEO)

The remuneration received by top five management personnel (who are not directors or the CEO) during FY 2017 is as follows:

	Salary	**Bonus**	**Provident Fund**	**Total**
S$250,000 and below				
Executive 1	74%	17%	9%	100%
Executive 2	85%	10%	5%	100%
Executive 3	85%	8%	7%	100%
Executive 4	83%	11%	6%	100%
Executive 5	76%	17%	7%	100%

The remuneration of the top 5 key management personnel (who are not directors or the CEO) was shown on a "no name" basis as the Board believes that the disclosure provided is in the interest of the Company as it would avoid a situation where the information might be exploited by competitors.

The Company has many competitors in the same industry. Given that the Company has invested in staff development and retention, the disclosure of full details of each key management personnel with no similar disclosure by the Company's competitors would facilitate competitors to poach its management staff and impedes its ability to retain and develop its staff to the detriment of its business.

The aggregate of the total remuneration paid to the top five key management personnel (who are not directors) is S$694,000

Guideline 9.4
Remuneration Immediate Family Member of Directors

Saved as disclosed, there is no other employee who is an immediate family member of a director or the MD and whose remuneration exceeds S$50,000.

Remuneration Bands and Name of Family Member of Directors or MD	Relationship to Directors or the MD
S$50,001 to S$100,000 **Lin Yinjun Benjamin**	Grandson of Mr Lim Soo Peng and son of Mr Lim Yew Khang Cecil

Guideline 9.5
Employee Share Option Scheme

The Company does not have a share option scheme or other share incentive schemes for its employees. The RC has reviewed and is satisfied that the existing compensation structure with variable component paid out in cash has continued to be effective in incentivising performance without being excessive.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability of the Board and Management

Guideline 10.1
Balanced assessment of Company's performance, position and prospects

The Board provides a balanced and meaningful assessment of the Group's financial performance and prospects regularly through financial statements, announcement of results to shareholders and the SGX-ST as well as the Chairman's statement, and review of operations in the annual report. Financial results are released on a semi-annually basis to the shareholders through SGXNET.

In turn, Management of the Company provides the Board with balanced and understandable accounts of the Group's performance, financial position and business prospects on a regular basis.

Guideline 10.2
Compliance with legislative and regulatory requirements

The Board is accountable to the shareholders and is mindful of its obligations to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of SGX-ST. The Directors have each signed the respective undertaking in the form set out in Appendix 7.7 of the Listing Manual to undertake to use their best endeavours to comply with the Listing Rules and to procure that the Company shall so comply. The Directors have also procured a similar undertaking from the Group Financial Controller in his capacity as an Executive Officer.

Guideline 10.3
Review of management accounts

Management of the Company provides the Board with balanced and understandable accounts of the Group's performance, financial position and business prospects on a regular basis.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: Responsibility of the Board for governance of risk

Guidelines 11.1 and 11.2
Risk Management and Internal Controls System

The Group maintains a system of internal controls for all companies within the Group. The controls are to provide reasonable assurance (but not absolute guarantee) that assets are adequately safeguarded, operational and information technology controls are in place, business risks are suitably addressed and proper accounting records are maintained.

The AC reviews the effectiveness of the Company's material internal controls, including financial, operational and administrative controls and risk management annually. In the course of their statutory audit, the external auditors conduct an annual review of the effectiveness of the Company's material internal controls, including financial, operational compliance and information technology controls. , and risk management systems. The AC reviewed the audit plans, and the findings of the external auditors and took steps to ensure that the Company follows up on the recommendations raised by the external auditors, if any, during the audit process.

The Board reviews the effectiveness of the key internal controls with the AC annually and on an on-going basis, and provides its perspective on management control and ensures that the necessary corrective and preventive actions are taken on a timely basis.

For FY 2017, the Board has reviewed with the AC the following significant risk factors relevant to the Group's operations:

- Interest rate risk
- Equity price risk
- Credit risk
- Liquidity risk
- Capital risk

The above risks and the management of these risks are set out on pages 52 to 56 of this annual report.

Guidelines 11.3 and 11.4
Board's Comment on Adequacy and Effectiveness of Internal Controls

For FY 2017, the Board has received letters of assurance from the MD and Group Financial Controller of the Company that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. It has also received assurance from them of the effectiveness of the Group's internal control system and assurance from the MD of the effectiveness of the Group's risk management system.

Based on the internal controls established and maintained by the Group, and work performed by the external auditors ("auditors") and discussions with them, including the Management's responses to the auditors' recommendations for improvements to the Group's internal controls, if any, the letter of assurance from the MD and the Group Financial Controller, the Board with the concurrence of the AC is of the opinion that the internal controls of the Group are adequate and effective in addressing the financial, operational, compliance, information technology and risks management controls which are significant as at reporting date.

Guideline 11.4
Risk Committee

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC. Having considered the Company's business operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not required for the time being.

AUDIT COMMITTEE

Principle 12: Audit Committee

Guideline 12.1
AC membership

The Audit Committee comprises the following members, all of whom are independent non-executive directors:

Mr Tay Kah Chye (Chairman)
Dr Wan Soon Bee
Ms Valerie Ong Choo Lin
Ms Lee Kia Jong Elaine (Mrs Elaine Lim)

Guideline 12.2
AC members' qualifications

The Chairman of the AC, Mr Tay Kah Chye has many years of financial management experience, having held various positions in banking. Dr Wan Soon Bee was a former Minister of State and and Member of Parliament from 1980 to 2001. Over the years, Dr Wan served in top management positions in public listed companies in Singapore and carry with him considerable experience in business and finance. Ms Valerie Ong is a senior partner in the corporate practice of Dentons Rodyk & Davidson LLP with her portfolio covering capital markets and mergers and acquisitions. She also serves on the Government Parliamentary Committee for Finance, Trade and Industry Resource Panel. Mrs Elaine Lim was Chairman of Citigate Dewe Rogerson i.Mage and is recognised for her unparalleled track record in capital market transactions, including more than 280 initial public offerings, as well as a number of landmark reverse takeovers and merger & acquisitions on the SGX. She served on the Governing Council of the Singapore Institute of Directors for four years and was also an adjunct professional faculty, teaching investor relations under its Listed Company Directors' Programme for seven years.

The Board is satisfied that the members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

The qualifications of the AC members are found on profiles of the directors on pages 21 to 22 of this Annual Report.

Guidelines 12.3 and 12.4
Roles, responsibilities and authorities of AC

The AC performed the functions specified in the Singapore Companies Act and in the Listing Manual.

In performing its functions, the AC reviewed the overall scope of the external audit and the assistance given by the Company's officers to the external auditors. It met with the Company's external auditors to discuss the results of their examinations and their evaluation of the Company's system of internal accounting controls.

The AC also reviewed the financial statements of the Company and of the Group before their submission to the Board. The AC also reviewed the interested person transactions of the Group and has the authority to carry out any matter within its terms of reference.

The AC has the power to conduct or authorise investigations into any matter within the AC's scope of responsibility. The AC has full access to and co-operation of Management, has full discretion to invite any director or executive officer to attend its meetings and has been given reasonable resources to enable it to discharge its functions.

Guideline 12.5
Meeting with external auditors without presence of Management

During the year, the Company's external auditors were invited to attend the AC meetings and make presentations as appropriate. They also met separately with the AC without the presence of Management.

Of the key audit matters identified by the external auditors, the AC considered the approach and methodology applied to the valuation method used by the professional appraisal company and reviewed the reasonableness of the method used. The AC noted that the external auditor also conducted their review.

Guideline 12.6
Independence of external auditors

The external auditors, Deloitte & Touche LLP ("D&T") Public Accountants and Chartered Accountants Singapore, were first appointed on 1 August 1962. They are also the external auditors of all the Company's subsidiaries as well as its associate companies. The partner in charge of the audit with effect from the financial year ended 31 March 2013 is Mr Loi Chee Keong. D&T is registered with the Accounting and Corporate Regulatory Authority.

For the financial year under review, the AC has reviewed the non-audit services rendered to the Group by the external auditors, which comprised tax services. The AC is satisfied that the nature and extent of such services will not prejudice the independence and objectivitiy of the external auditors. The fees paid to the external auditors of the Company for audit services amounted to S$57,100 and non-audit services amounted S$17,200 or 29% of the audit fee. The AC has recommended to the Board for the re-appointment of D&T as the external auditors of the Company at the forthcoming AGM of the Company.

The Company confirms that the appointment of the external auditors is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual.

Guideline 12.7
Whistleblowing

The Company has in place a whistle-blowing policy and the AC has the authority to conduct independent investigations into any complaints.

Staff of the Group has access to Chairman of the Board of Directors or AC to raise their concerns. All such concerns received shall be investigated thoroughly by the Chairman or the AC, as the case may be, and all investigations shall be conducted without bias. The Group will treat all information received confidentially and protect the identities and the interests of whistle-blowers, so as to enable staff to voice their concerns without any fear of reprisal, retaliation, discrimination or harassment of any kind.

Guideline 12.8
AC to keep abreast of changes to accounting standards

During FY 2017, each of the AC members attended various external trainings ranging from changes in accounting standards, risk management, corporate governance and regulatory related topics. Besides the external trainings, the AC has kept abreast of changes in accounting standards and issues which impact the financial statements from briefings from auditors during the AC meetings.

Guideline 12.9
AC member's restriction

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

Principle 13: Setting up independent internal audit function

Internal Audit

The AC on an annual basis reviews the requirements of an internal audit function after taking into considerations of various factors such as system of internal controls in place, risks, scope and nature of the Group operations. Having considered all relevant factors, the Audit Committee is of the opinion that an internal audit function is considered not necessary in the present circumstances. The AC will review this if circumstances change.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Shareholders' Rights

Guideline 14.1
Sufficient Information to Shareholders

The Board strives to ensure that timely disclosure is made regarding all material business matters affecting the Group so as to maintain a high level of transparency.

Information is disseminated to shareholders on a timely basis through:
(a) SGXNET announcements and news release;
(b) Annual Report
(c) Notices of and explanatory memoranda for AGM and extraordinary general meetings

Guideline 14.2
Voting procedures at general meetings

Every shareholder has the right to receive notice of general meetings and to vote thereat. Notice of a general meeting is sent out at least 14 days before the meeting so that sufficient notice is given to shareholders to attend the meeting or appoint proxies to attend and vote in their stead.

At annual general meeting, shareholders are given the opportunities to express their views and ask the Board and management questions regarding the operations of the Company. All resolutions at general meetings are required to be voted by poll under the Listing Rules of the SGX-ST. Shareholders will be briefed by the Company on the poll voting procedures at general meetings.

Guideline 14.3
Appointment of proxies

In the notice of a general meeting, shareholders are informed that a shareholder (other than a relevant intermediary as defined in section 181 of the Companies Act) can appoint one or two proxies to attend and vote at its general meetings. The notice of meeting further informed the shareholders that the Companies Act allows relevant intermediaries that include CPF Approved Nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF Approved Nominees' proxies.

Principle 15: Regular, effective and fair communication with shareholders

Guideline 15.1
Investor relations policy

Communication with shareholders is generally effected through the Company's annual report and announcements made on the SGXNET and in the press. Shareholders are invited to the Company's general meetings, at which they are free to raise queries to which responses are given. Each year the Annual General Meeting is generally held within four months of the previous financial year end. Shareholders are advised to access the following website in order to be better prepared for the Annual General Meeting:

http:/ /www.sgx.com /wps/portal/marketplace/mp-en /investor centre/investor guide.

Guideline 15.2
Disclosure of information

In accordance with the Listing Rules of the SGX-ST, the Board's policy is that all shareholders be informed on a timely basis of all major developments that impact the Group. The Company does not practise selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Listing Rules.

Guidelines 15.3 & 15.4
Regular dialogue with shareholders

The Company's AGM is the principal forum for the Board to invite shareholders to ask questions on the resolutions tabled at the AGM and to express their views. The Company will consider the use of other forums as set out in Guideline 15.4 of the Code as and when applicable.

Guideline 15.5
Dividend policy

The details of dividend payment, if any, would be disclosed via the release of the announcements through SGXNET.

The Company does not have a fixed policy on payment of dividend. The Board will consider the Group's level of cash and retained earnings and projected capital expenditure in proposing a dividend.

Principle 16: Conduct of shareholders' meetings

Guideline 16.1
Absentia voting

Voting in absentia or by remote means are currently not permitted, and may only be possible until legislative changes are effected to recognise absentia or remote voting.

Guideline 16.2
Separate resolutions at general meetings

The Company will have separate resolutions at general meetings on each distinct issue.

Guideline 16.3
Attendance of Chairman of the Board and Board committees at general meetings

The directors, in particular the chairpersons of the AC, NC and RC of the Company are present at general meetings to answer shareholders' questions. The external auditors are present at the AGM to answer shareholders' questions on the financial statements.

Guideline 16.4
Minutes of general meetings

The minutes of the general meetings are taken and are available to shareholders for their inspection upon request.

Guideline 16.5
Voting by poll

All resolutions at general meetings are put to vote by poll. All resolutions at the forthcoming AGM would be put to vote by poll. This will allow greater transparency and more equitable participation by shareholders.

Share Dealings

The Company has in place a policy prohibiting share dealings by the Company, its Directors and officers of the Company for the period of one month before the announcement of the Company's half yearly and yearly financial statements and ending on the date of the announcement. The Directors and officers of the Company are prohibited from dealing in the shares of the Company on short-term considerations. Officers are aware that the law on insider trading applies at all times and they are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period. The restriction in dealings in securities is also extended to employees of the Company

Interested person Transaction

Ms Valerie Ong Choo Lin, an Independent Director, is also a senior partner of Dentons Rodyk & Davidson LLP. During the financial year under review, the latter firm received S$1,000 (2016: Nil) as payment for legal services rendered to the Company.

Saved as disclosed, there was no interested person transaction during FY 2017 which was required to be disclosed or submitted for shareholders' approval under the SGX-ST Listing Manual.

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, Director or substantial shareholder.

The Board is satisfied with the Group's commitment to compliance with the Code of Corporate Governance.

BOARD OF DIRECTORS

LIM SOO PENG, JP, BBM(L), BBM, PBM

Chairman and Managing Director

Mr. Lim Soo Peng was appointed to the Board since its inception in 1962 and is a founder member of the Company. This was in response to the invitation by the Singapore Government to effect a transition as owner of a leading commodities trading house to a manufacturer of essential chemicals in the nascent industrialization programme of Singapore in the decades of the sixties.

Mr. Lim was appointed Justice of the Peace in 1966. He was also a Member of Parliament in our first and second parliaments. For the last four decades, he had served on a number of Government committees and statutory boards. For his public service contribution, he was awarded The Public Service Medal in 1997, The Public Service Star in 2001 and The Public Service Star (Bar) in 2014. Mr. Lim was also conferred the SG50 Outstanding Chinese Business Pioneers Award by the Singapore Chinese Chamber of Commerce & Industry in 2015.

LIM YEW KHANG CECIL

Executive Director

Mr. Lim Yew Khang Cecil was appointed to the Board in September 2016 and he assists the Chairman in the operations of the Group.

Mr Cecil Lim joined the Group in 1980 and had held various positions in the Group. From 1992 to 2006, he served as an Executive Director on the Board of Directors. He has been actively involved in various aspects of the Group including investment, finance, commercial and Chlor-Alkali plant operations. He started his working career in the financial investment arena prior to joining the Group.

Mr. Cecil Lim graduated with a Bachelor of Arts (Honours) degree in Social Science from the University of Singapore and obtained a Master of Science in Business Studies from the London Business School.

LIM YEW TEE COLLIN

Executive Director

Mr. Lim Yew Tee Collin was appointed to the Board in September 2015 and is responsible for the operations of the Chlor-Alkali manufacturing plant situated in Jurong Island.

He joined the Group in August 1997 as a Project Engineer and was promoted to Deputy Plant Manager in March 2002 and Plant Manager in July 2013. Prior to joining the Group, he was an Electrical Engineer with Ministry of Defence from 1994 to 1997.

Mr. Collin Lim holds a Bachelor of Engineering (Honours) degree majoring in Electrical Engineering from Nanyang Technological University, a Master of Science in Engineering Business Management from the University of Warwick and an Executive Diploma in Directorship from Singapore Management University.

He is a Business Continuity Certified Planner with Business Continuity Management Institute and a Certified Professional Risk Manager with Asian Risk Management Institute. Mr. Lim is currently serving as a committee member in the Technical Committee for Chemistry in the reviews of Singapore Standards.

TAY KAH CHYE

Non-Executive and Lead Independent Director

Mr. Tay Kah Chye was appointed to the Board in 2008. He is the Chairman of the Audit Committee and the Lead Independent Director. He is also an independent director of Wilmar International Limited and Non-Executive Independent Chairman of Asiatic Group (Holdings) Limited.

Mr. Tay is currently the Executive Chairman of CLMV Consult Net Private Limited, a regional consulting company headquartered in Singapore and the Chief Executive Officer of PATA Group (comprising PATA Consultancy Private Limited and PATA International Enterprise Private Limited).

From 1973 to 1991, Mr. Tay held various positions in Citibank Singapore with his last held position as the Vice President and Group Head of the Corporate Marketing Group. He was the President and Chief Executive Officer of ASEAN Finance Corporation Limited, a regional merchant bank based in Singapore and owned by various leading banks and financial institutions in ASEAN from 1991 to 2007 and concurrently as the Secretary General of ASEAN Bankers Association. From 2008 to 2010, he served as the Honorary Adviser of ASEAN Bankers Association. He was also an Independent Director of Cambodia Mekong Bank Public Company Limited from 2003 to January 2013 with his last held appointment as Chairman of the Board of Directors.

Mr. Tay graduated with a Bachelor of Social Sciences (Honours) degree, majoring in Economics, from the University of Singapore.

DR WAN SOON BEE

Non-Executive Independent Director

Dr Wan Soon Bee was appointed to the Board in 2000. He is the Chairman of the Remuneration Committee as well as a member of the Audit Committee and Nominating Committee.

Dr Wan was a former Minister of State and was a Member of Parliament from 1980 to 2001. He served as Deputy Secretary-General of the National Trades Union Congress (NTUC) from 1981 to 1987 and Chairman of Comfort Group Ltd from 1986 to 1998. From 1981 to 1995, he was on the Board of Directors of Singapore Airlines and was the Executive Chairman of OCWS Logistics Pte Ltd, a subsidiary of Neptune Orient Lines Limited from 1995 to 2000.

Dr Wan holds a Dottore Ingegnere Degree in Electronics Engineering from the University of Pisa, Italy.

VALERIE ONG CHOO LIN

Non-Executive Independent Director

Ms Ong was appointed to the Board in January 2006. She is a member of the Audit Committee and Nominating Committee.

Ms Ong is a Senior Partner in the corporate practice of Dentons Rodyk & Davidson LLP. Her portfolio covers Capital Markets and Mergers & Acquisitions. In practice over 25 years, she has extensive transactional and cross-border experience and has received various accolades, including recognition as IFLR1000 Leading Lawyer 2016 for Mergers and Acquisitions 2011-2013, 2015-2016 and Leading Individual for Corporate/M&A in Chambers Global and Asia 2013-2015.

Ms Ong is an independent director of another SGX main board company. She serves on the Government Parliamentary Committee for Finance, Trade and Industry Resource Panel, and was a member of the Singapore Income Tax Board of Review from 2004 to 2013.

Ms Ong graduated with a Bachelor of Law (Honours) degree from the National University of Singapore and obtained a Master in Law (Distinction) from the London School of Economics.

LEE KIA JONG ELAINE (MRS ELAINE LIM)

Non-Executive Independent Director

Mrs Elaine Lim was appointed to the Board in September 2016. She is the Chairman of Nominating Committee and member of the Audit Committee and Remuneration Committee. Mrs Lim is currently a Director at Stamford Corporate Services Pte Ltd. She is a non-executive independent director of M1 Limited and also serves on the Board of Lien AID Limited.

Mrs Elaine Lim is widely recognised as a pioneer communication and investor relations specialist. In particular, she is recognised for her strong track record in capital market transactions, having supported more than 280 IPOs, landmark RTOs and M&A transactions on The Singapore Exchange. She has conducted Investor Relations training for directors at the Singapore Institute of Directors for the past six years. Elaine's diverse experience spans nearly every sector of business – from capital markets, banking and finance, manufacturing, hospitality, professional services, logistics, property to FMCGs, retail and F&B.

She was named the PR Professional of the Year in 1995 and awarded the Lifetime PR Achievement Award in 2012 by the Institute of Public Relations Singapore.

Over the past four decades, she had served on a number of government and non-profit boards, including the Singapore Land Authority, National Youth Council, Singapore Dance Theatre, National Council of Social Service, Community Chest of Singapore, SATA and Ronald McDonalds Children's Charity.

Ms Elaine Lee graduated with a Master of Business Administration from the University Of Chicago Graduate School Of Business.

SENIOR MANAGEMENT

Chiang Yi Shin
Group Financial Controller

Mr. Chiang Yi Shin was appointed as the Group Financial Controller in March 2015. He served as the Finance Manager from July 2010 and Accounting Manager when he joined the Group in March 1998. Prior to joining the Group, he was the Head of Accounts Department of a construction company.

Mr. Chiang graduated with a Bachelor of Economics (Honours) degree in Management Studies from the University of London. He is a member of the Institute of Singapore Chartered Accountants, Fellow of the Association of Chartered Certified Accountants and an Accredited Tax Adviser (GST) with the Singapore Institute of Accredited Tax Professionals Limited.

Wilson Loh
Head of Commercial

Mr. Wilson Loh joined the Group in November 2013 as Head of Commercial and is responsible for developing and implementing market and business strategies. Prior to joining the Group, he was the General Manager of a major American chemical distribution company with responsibilities for overseeing its regional distribution business from 1992 to 2013.

Mr. Loh graduated with a Bachelor of Science in Business Administration degree from the University of San Francisco and a Master in Business Administration from the same university.

Wong Moon Seng
Technical Adviser to Chairman

Mr. Wong Moon Seng serves as the Group's Technical Adviser since March 2002. He joined the Group in 1965 as Deputy Plant Manager and was involved in the evolution of the Group's manufacturing technology from the first-generation mercury cells to the present Bipolar membrane Electrolyzer technology.

Mr. Wong graduated with a Bachelor of Science degree in Chemical Engineering from the National Taiwan University.

Yeo Keng Liang
Sales & Marketing Manager

Mr. Yeo was appointed as the Sales & Marketing Manager in March 2009. He joined the Group in 1985 as Marketing Executive. Prior to joining the Group, he worked with a consumer goods distributor and the Consumer Association of Singapore.

Mr. Yeo graduated with a Diploma in Commerce from Ngee Ann Technical College.

Teo Ek Pheng
Logistics Manager

Mr. Teo joined the Group in 1965 and has held various positions in the Group during his tenure with the Group. He was promoted to Logistics Manager in March 2009 with overall responsibilities for the Group's distribution business. He is also a Director of Chem Transport Pte Ltd, a subsidiary company.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended 31 March 2017.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 31 to 73 are drawn up so as to give a true and fair view of the financial position of the group and of the company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1. DIRECTORS

The directors of the company in office at the date of this statement are:

Lim Soo Peng J.P.	(Chairman and Managing Director)
Lim Yew Khang Cecil	(Appointed on 15 September 2016)
Lim Yew Tee Collin	
Tay Kah Chye	
Dr Wan Soon Bee	
Valerie Ong Choo Lin	
Lee Kia Jong Elaine	(Appointed on 15 September 2016)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the names of directors		Shareholdings in which directors are deemed to have an interest	
Names of directors and company in which interests are held	**At beginning of year or date of appointment, if later**	**At end of year**	**At beginning of year or date of appointment, if later**	**At end of year**
Chemical Industries (Far East) Limited. (Ordinary Shares)				
Lim Soo Peng J.P.	2,764,250	2,764,250	32,743,500	32,743,500
Lim Yew Khang Cecil	14,000	14,000	-	-
Lim Yew Tee Collin	10,479	10,479	-	-
Tay Kah Chye	16,750	16,750	-	-

By virtue of section 7 of the Singapore Companies Act, Mr Lim Soo Peng is deemed to have an interest in all the related corporations of the company.

The directors' interests in the shares of the company at 21 April 2017 were the same as 31 March 2017.

4. SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no option to take up unissued shares of the company or any corporation in the group was granted.

(b) *Options exercised*

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option.

5. AUDIT COMMITTEE

The Audit Committee of the company, consisting all non-executive and independent directors, is chaired by Mr Tay Kah Chye and comprises Ms Lee Kia Jong Elaine, Dr Wan Soon Bee and Ms Valerie Ong Choo Lin. The Audit Committee has met two times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external auditors of the company:

a) the audit plan;

b) the group's financial and operating results and accounting policies;

c) the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company before their submission to the directors of the company and external auditor's report on those financial statements;

d) the half-yearly and annual announcements on the results and financial position of the company and the group;

e) the co-operation and assistance given by the management to the group's external auditors; and

f) the re-appointment of the external auditors of the group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

Having considered various factors, including the scale of the group's operations, and that its business, customers and suppliers being primarily in Singapore, the Audit Committee is of the view that an internal audit function is not necessary in the present circumstances. The Audit Committee will review this if circumstances change.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the group at the forthcoming AGM of the company.

6. AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

LIM SOO PENG

TAY KAH CHYE

23 May 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Chemical Industries (Far East) Limited. (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at March 31, 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 31 to 73.

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

Basis for Opinion

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

Key Audit Matter

Key audit matter is those matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. This matter was 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 this matter.

Valuation of investment properties

The group has investment properties stated at fair value, determined based on professional external valuers engaged by the group.

The valuation process involves significant judgement and estimation. The valuations are dependent on the valuation methodology applied and these are underpinned by a number of assumptions which included price per square metre of market comparables used; location and remaining lease tenure. A change in the key assumptions applied may have a significant impact to the valuation.

Our audit performed and responses thereon

We read the terms of engagement of the external valuer to consider the objectivity and independence of the external valuer, and also considered the qualification and competency of the external valuer engaged.

We considered the appropriateness of the valuation techniques used by the external valuer for the respective investment properties, taking into account the profile and type of the investment properties. We discussed with the external valuer on the results of the work, and compared the key assumptions used in their valuations by reference to externally published benchmarks where available and considered whether these assumptions are consistent with the current market environment.

We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates.

We found that the external valuer was recognised professionals with appropriate level of qualifications and experience. The valuation methodology adopted was in line with generally accepted market practices. The key assumptions used were within reasonable range, taking into account available industry data for comparable markets and properties. We also found the related disclosures in the financial statements to be adequate.

Disclosures on key assumptions and valuation techniques of investment properties are found in Note 10 to the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

a) 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.

b) 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.

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

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

e) 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.

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Loi Chee Keong.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

23 May 2017

STATEMENTS OF FINANCIAL POSITION
31 March 2017

	Note	Group		Company	
		2017	**2016**	**2017**	**2016**
		$'000	**$'000**	**$'000**	**$'000**
ASSETS					
Current assets					
Cash and cash equivalents	6	**26,267**	48,017	**23,115**	41,635
Trade and other receivables	7	**9,860**	10,032	**9,758**	9,945
Due from subsidiaries	5	-	-	**6,034**	3,518
Inventories	8	**4,667**	6,111	**4,767**	6,287
Total current assets		**40,794**	64,160	**43,674**	61,385
Non-current assets					
Property, plant and equipment	9	**32,727**	37,188	**32,127**	36,514
Investment properties	10	**41,400**	39,800	-	-
Subsidiaries	11	-	-	**6,383**	6,383
Associates	12	-	-	-	-
Available-for-sale investments	13	**708**	602	**708**	602
Total non-current assets		**74,835**	77,590	**39,218**	43,499
Total assets		**115,629**	141,750	**82,892**	104,884
LIABILITIES AND EQUITY					
Current liabilities					
Short-term bank loans	15	**-**	10,539	**-**	10,539
Trade and other payables	16	**5,326**	3,507	**4,776**	2,995
Due to subsidiaries	5	-	-	**351**	2,478
Current portion of long-term bank loans	14	**-**	9,952	**-**	9,952
Current portion of finance leases	17	**88**	111	**10**	9
Income tax payable		**4,481**	4,899	**4,286**	4,698
Total current liabilities		**9,895**	29,008	**9,423**	30,671

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

31 March 2017

		Group		Company	
		2017	**2016**	**2017**	**2016**
		$'000	**$'000**	**$'000**	**$'000**
Non-current liabilities					
Long-term bank loans	14	**-**	-	**-**	-
Finance leases	17	**30**	118	**30**	39
Deferred tax liabilities	18	**4,232**	4,925	**4,193**	4,886
Total non-current liabilities		**4,262**	5,043	**4,223**	4,925
Capital and reserves					
Share capital	19	**75,945**	75,945	**75,945**	75,945
Reserves	20	**983**	886	**532**	435
Accumulated profits (losses)		**24,544**	30,868	**(7,231)**	(7,092)
Total equity		**101,472**	107,699	**69,246**	69,288
Total liabilities and equity		**115,629**	141,750	**82,892**	104,884

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year Ended 31 March 2017

		Group	
	Note	2017	2016
		$'000	$'000
Revenue	21	**58,128**	78,390
Cost of sales		**(41,269)**	(56,116)
Gross profit		**16,859**	22,274
Other income (net)	22	**4,042**	6,887
Distribution expenses		**(2,814)**	(3,235)
Administrative expenses		**(7,808)**	(11,130)
Finance costs	23	**(239)**	(576)
Profit before tax		**10,040**	14,220
Income tax expense	24	**(1,175)**	(1,511)
Profit for the year attributable to owners of the company	25	**8,865**	12,709
Basic and diluted earnings per share (cents)	27	**11.67**	16.73

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 March 2017

	Group	
	2017	**2016**
	$'000	**$'000**
Profit for the year	**8,865**	12,709
Other comprehensive income (loss) (net of tax)		
Items that may be reclassified subsequently to profit or loss		
Available-for-sale investments	**97**	(123)
Total comprehensive income for the year attributable to owners of the company	**8,962**	12,586

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2017

			← Reserves		→		
	Note	Share capital	Reserves	Investment revaluation reserve	Total reserves	Accumulated profits	Attributable to equity holders of the company
		$'000	$'000	$'000	$'000	$'000	$'000
Group							
Balance at 1 April 2015		75,945	451	558	1,009	19,298	96,252
Total comprehensive income for the year							
Profit for the year		-	-	-	-	12,709	12,709
Other comprehensive loss		-	-	(123)	(123)	-	(123)
Total		-	-	(123)	(123)	12,709	12,586
Dividends paid, representing transactions with owners, recognised directly in equity	26	-	-	-	-	(1,139)	(1,139)
Balance at 31 March 2016		75,945	451	435	886	30,868	107,699
Total comprehensive income for the year							
Profit for the year		-	-	-	-	8,865	8,865
Other comprehensive income		-	-	97	97	-	97
Total		-	-	97	97	8,865	8,962
Dividends paid, representing transactions with owners, recognised directly in equity	26	-	-	-	-	(15,189)	(15,189)
Balance as at 31 March 2017		75,945	451	532	983	24,544	101,472

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year ended 31 March 2017

	Note	Share capital	Investment revaluation reserve	Accumulated losses	Total
		$'000	$'000	$'000	$'000
Company					
Balance as at 1 April 2015		75,945	558	(18,313)	58,190
Total comprehensive income for the year					
Profit for the year		-	-	12,360	12,360
Other comprehensive loss		-	(123)	-	(123)
Total		-	(123)	12,360	12,237
Dividends paid, representing transactions with owners, recognised directly in equity	26	-	-	(1,139)	(1,139)
Balance as at 31 March 2016		75,945	435	(7,092)	69,288
Total comprehensive income for the year					
Profit for the year		-	-	15,050	15,050
Other comprehensive gain		-	97	-	97
Total		-	97	15,050	15,147
Dividends paid, representing transactions with owners, recognised directly in equity	26	-	-	(15,189)	(15,189)
Balance as at 31 March 2017		75,945	532	(7,231)	69,246

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2017

	Group	
	2017	**2016**
	$'000	**$'000**
Operating activities		
Profit before tax	**10,040**	14,220
Adjustments for:		
Depreciation of property, plant and equipment	**6,333**	8,313
(Gain) Loss from fair value adjustments on investment properties	**(1,600)**	900
Write-off of property, plant and equipment	**-**	1,299
Gain from fair value adjustments on derivative financial instruments	**-**	(1,435)
Impairment loss on property, plant and equipment	**-**	11,000
Amortisation of front end fee	**48**	75
Foreign exchange differences	**(790)**	(75)
Dividend income	**(23)**	(28)
Interest expense	**239**	576
Interest income	**(18)**	(11)
Operating cash flows before movements in working capital	**14,229**	34,834
Trade and other receivables	**(1)**	3,499
Inventories	**1,444**	(1,312)
Trade and other payables	**1,892**	(2,664)
Cash generated from operations	**17,564**	34,357
Dividends paid	**(15,189)**	(1,139)
Income tax paid	**(2,087)**	(1,817)
Interest paid	**(239)**	(576)
Interest received	**18**	11
Dividends received	**23**	28
Net cash from operating activities	**90**	30,864

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2017

	Group	
	2017	**2016**
	$'000	**$'000**
Investing activities		
Purchase of property, plant and equipment (Note A)	(1,872)	(697)
Additions to available-for-sale investments	(9)	(10)
Net cash used in investing activities	(1,881)	(707)
Financing activities		
Repayment of short-term bank loans (net)	(10,693)	(3,640)
Repayment of long-term bank loans	(10,000)	(5,500)
Repayment of obligations under finance leases	(111)	(140)
Net cash used in financing activities	(20,804)	(9,280)
Net (decrease) increase in cash and cash equivalents	(22,596)	20,877
Cash and cash equivalents at beginning of year	48,017	27,315
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	845	(175)
Cash and cash equivalents at end of year	26,267	48,017

Note A

During the year, the group acquired property, plant and equipment with an aggregate cost of $1,872,000 (2016 : $747,000) of which $Nil (2016 : $50,000) was acquired by way of finance leases.

See accompanying notes to financial statements.

1. GENERAL

The company (Registration No. 196200046K) is incorporated in Singapore with its principal place of business and registered office at 3, Jalan Samulun, Singapore 629127. The company is listed on the mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the company are investment holding and the manufacture and sale of chemicals.

The principal activities of the subsidiaries and associates are disclosed in Notes 11 and 12 to the financial statements.

The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company for the year ended 31 March 2017 were authorised for issue by the Board of Directors on 23 May 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

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

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

ADOPTION OF NEW AND REVISED STANDARDS – On 1 April 2016, the group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised FRSs that are relevant to the group and the company were issued but not effective:

• FRS 109 *Financial Instruments*[1]

• FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*[1]

• FRS 116 *Leases*[2]

[1] *Applies to annual periods beginning on or after January 1, 2018, with early application permitted.*
[2] *Applies to annual periods beginning on or after 1 January 2019, with early application permitted conditional upon application of FRS 115 at or before the date of initial application of FRS 116.*

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

Management anticipates that the adoption of the above FRSs in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities; (ii) general hedge accounting and; (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk to be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in the existing FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

On adoption of FRS 109, the group will need to account for expected credit losses and expect to use historical experience, modified by any future change such as customers' profile and payment modes.

FRS 115 *Revenue from Contracts with Customers*

In November 2015, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contracts with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisifies a performance obligation.

Under FRS 115, an entity recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. For more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

Based on the existing sources of revenue as at March 31, 2017 management has made a preliminary assessment that the application of FRS 115 may not have a material impact on the group's financial statements. Further evaluation will be undertaken should there be further updates on the application of FRS 115 or should the sources of revenue change in the year when FRS 115 becomes effective.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and it will supersede FRS 17 Leases and its associate interpretative guidance.

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Upon adoption of FRS 116, the group will recognise liabilities for non-cancellable operating lease commitments (other than those which fall within the exceptions stated above); and recognise a corresponding right of use asset to be amortised on a straight line basis over the lease period. Note 29 provides an indication of the nature and extend of lease arrangements which fall within FRS 116.

FRS convergence in 2018

Singapore-incorporated companies listed on the Singapore Exchange (SGX) will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after April 1, 2018. The group will be adopting the new framework for the first time for financial year ending March 31, 2019, with retrospective application to the comparative financial year ending March 31, 2018 and the opening statement of financial position as at April 1, 2018 (date of transition).

Based on a preliminary assessment of the potential impact arising from IFRS 1 First-time adoption of IFRS, management does not expect significant changes to the group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs as set out in the preceding paragraphs on the equivalent FRSs.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company and its subsidiaries. Control is achieved when the company:

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

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

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

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the company, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

When necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies in line with the group's accounting policies.

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's ownership interests in a subsidiary that do not result in the group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the company's financial statements, investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

ASSOCIATES - An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations.*

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the group retains an interest in the former associate and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the group reduces its ownership interest in an associate but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the group, profits and losses resulting from the transactions with the associate are recognised in the group's consolidated financial statements only to the extent of interests in the associate that are not related to the group.

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Available-for-sale financial assets

Certain shares held by the group are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 4 to the financial statements. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive payments is established.

Trade and other receivables and amounts due from subsidiaries

Trade and other receivables and amounts due from subsidiaries that have fixed or determinable payments that are not quoted in an active market are initially measured at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term balances where the effect of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter into bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. With the exception of available-for–sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Trade and other payables and amount due to subsidiaries are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term balances where the recognition of interest would be immaterial.

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

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other properties assets, commences when the assets are available for their intended use.

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

Leasehold buildings	-	3.33% to 10% (over the terms of lease)
Plant and machinery and laboratory equipment	-	5% to 10%
Steel cylinders	-	6.66%
Office equipment, furniture and fittings	-	10% to 33.3%
Motor vehicles	-	25%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

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

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

INVESTMENT PROPERTY - Investment property, which is property held to earn rentals and/or for capital appreciation is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

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

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

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

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

PROVISIONS - Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount can be measured reliably.

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

The group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as lease income.

The group as lessee

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income

The group's policy for recognition of revenue from operating leases is described above.

Interest income

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

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

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, and 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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Management has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

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.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS - Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand and at bank and fixed deposits less bank overdrafts and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the group's accounting policies

In the application of the group's accounting policies, which are described in Note 2, the management is of the opinion that any application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may 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) Impairment in property, plant and equipment

The group reviews the carrying amount of its property, plant and equipment to determine whether there are any indications that these assets have suffered an impairment loss. If indicators of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

For the year ended 31 March 2017, no impairment loss on property, plant and equipment was recognised in profit or loss. In 31 March 2016, $11 million loss was recognised in the profit or loss, in respect to the impairment loss on property, plant and equipment.

The carrying amount of the property, plant and equipment is disclosed in Note 9 to the financial statements.

b) Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as disclosed in Note 2. Management estimates useful lives of property, plant and equipment by reference to expected usage of the plant and equipment, expected repair and maintenance, and technical or commercial obsolescence arising from changes of improvements in the market. Changes in these factors could impact the useful lives and related depreciation charges.

The carrying amount of property, plant and equipment of the group and company is disclosed in Note 9 to the financial statements.

c) Fair value of investment properties

The group estimates the fair value of investment properties based on valuation performed by an independent professional valuer. The estimated market values may differ from the price at which the group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates such as overall market conditions require an assessment of factors not within management's control. As a result, actual results of operations and realisation of net assets may differ from the estimates set forth in these financial statements, and the difference may be significant. Information about the valuation techniques and inputs used in determining the fair value of investment properties are disclosed in Notes 10 to the financial statements.

The carrying amount of investment properties is disclosed in Note 10 to the financial statements.

d) Allowances for doubtful debts

The policy for allowances for doubtful debts of the group and the company is based on the evaluation of collectability and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history of each customer and on-going dealings with these parties. If the financial conditions of the counterparties with which the company were to deteriorate, resulting in an impairment of their abilities to make payments, additional allowances may be required. As at 31 March 2017 and 2016, no allowance for doubtful debts has been made.

The carrying amounts of the group's and the company's trade and other receivables are disclosed in Note 7 to the financial statements.

e) Allowance for inventories

The policy for allowance for inventories for the group is based on management's judgement and evaluation of the saleability and the aging analysis of the individual inventory items. A considerable amount of judgement is required in assessing the ultimate realisation of these inventories, including the current market prices and movement trends.

The carrying amounts of the group's and the company's inventories are disclosed in Note 8 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Loans and receivables (including cash and cash equivalents)	**35,667**	55,185	**38,529**	52,295
Available-for-sale investments	**708**	602	**708**	602
	36,375	55,787	**39,237**	52,897
Financial liabilities				
Amortised cost	**5,444**	24,227	**5,167**	26,012

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar arrangements*

The group and the company do not have any financial instruments which are subject to offsetting enforceable master netting arrangements or similar netting arrangements.

(c) *Financial risk management policies and objectives*

The risks associated with the group's financial instruments include foreign exchange risk, interest rate risk, equity price risk, credit risk and liquidity risk.

The group enters into foreign exchange forward contracts to manage its exposure to foreign currency risk. The group does not hold or issue derivative financial instruments for speculative purposes.

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

(i) Foreign exchange risk management

The group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk, mainly arising from United States dollar.

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currency other than the functional currency of the group entities are as follows:

	<-------Non-Derivative------->				Net Exposure	
	Liabilities		Assets			
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Group and Company						
United-States dollars	1,094	11,147	19,486	25,554	18,392	14,407

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in United States dollar against the functional currency of each group entity. The sensitivity analysis includes the effect of outstanding United States dollar denominated monetary items and forward foreign exchange contracts adjusted at the period end for a 10% change in foreign currency rates.

If United States dollar strengthens by 10% against the functional currency of each group entity, profit or loss will improve by approximately:

	2017	**2016**
	$'000	**$'000**
Group and Company		
Profit for the year	**1,839**	1,441

The opposite applies if the United State dollar weakens by 10% against the functional currency of each group entity.

(ii) Interest rate risk management

The group and company are exposed to interest rate risks due to the fluctuation of the prevailing market interest rate on fixed deposits and bank borrowings.

The group's and company's interest rate risks relate primarily to its variable rate bank borrowings. The group and company currently do not use any derivative contracts to hedge its exposure to interest rate risk.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for the fixed deposits, bank overdrafts and bank loans at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the group's and the company's profit for the year would decrease/increase by approximately $Nil (2016 : decrease/increase by $78,000). This is mainly attributable to the group's and company's exposure to interest rates on its variable rate borrowings.

(iii) Equity price risk management

The group and company are exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The group does not actively trade available-for-sale equity investments.

Further details of available-for-sale equity investments can be found in Note 13 to the financial statements.

Equity price sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of available-for-sale equity investments, if the quoted market prices had been 10% higher/lower while all other variables were held constant, the group's and the company's investment revaluation reserves would increase/decrease by approximately $71,000 (2016 : $60,000).

The group's and company's sensitivity to equity prices has not changed significantly from the prior year.

(iv) Credit risk management

The group's credit risk is primarily attributable to its trade and other receivables and cash and cash equivalents. This represents the group's maximum exposure to credit risk. The group performs ongoing credit evaluation of its customers and generally does not require collateral on trade receivables.

There exists concentration of credit risk with respect to trade receivables. Trade receivables are generated primarily from 4 (2016 : 4) customers from the industrial chemicals segment. The amounts receivable from these customers represented approximately 35% (2016 : 31%) of the total trade receivables of the group. Management believes that the financial standing of these customers which are major multinational corporations substantially mitigates the group's exposure to credit risk.

(v) Liquidity risk management

The group maintains sufficient cash and bank balances, and internally generated cash flows to finance their activities. The group finances its operations by a combination of equity and bank borrowings. In addition, the group manages liquidity risk by (a) use of liquid assets and; (b) available borrowing facilities to meet the liquidity needs.

Liquidity risk analysis

Non-derivative financial liabilities

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 and company can be required to pay.

Non-derivative financial liabilities

The following table details the expected maturity for non-derivative financial liabilities. The inclusion of information on non-derivative financial assets is necessary in order to understand the group's liquidity risk management as the group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the group and the company anticipates that the cash flow will occur in a different period.

	Carrying amount	Total	On demand or within 1 year	Within 2 to 5 years
		<---- Contractual cash flows ----> (including interest payments)		
	$'000	$'000	$'000	$'000
Group				
2017				
Non-interest bearing	5,326	5,326	5,326	-
Finance lease liability (fixed rate)	118	122	92	30
	5,444	5,448	5,418	30
2016				
Non-interest bearing	3,507	3,507	3,507	-
Finance lease liability (fixed rate)	229	240	117	123
Variable interest rate instruments	20,491	20,894	20,894	-
	24,227	24,641	24,518	123
Company				
2017				
Non-interest bearing	5,127	5,127	5,127	-
Finance lease liability (fixed rate)	40	43	11	32
	5,167	5,170	5,138	32
2016				
Non-interest bearing	5,473	5,473	5,473	-
Finance lease liability (fixed rate)	48	54	11	43
Variable interest rate instruments	20,491	20,894	20,894	-
	26,012	26,421	26,378	43

The group's and company's financial assets are mainly due on demand or within one year.

(vi) Fair value of financial assets and financial liabilities

The group determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets/ financial liabilities	**Fair value as at ($'000)**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	2017	**2016**		
	Assets (Liabilities)	**Assets (Liabilities)**		
Available-for-sale investment	708	602	Level 1	Quoted bid prices in an active market

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The carrying amounts of cash and cash equivalents, trade and other receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The carrying amount of long-term bank loan approximates its fair value.

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy during the period.

(d) *Capital risk management policies and objectives*

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of share capital, reserves and accumulated profits.

Management reviews the capital structure on an annual basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital.

The group's overall strategy remains unchanged from 2016.

5 RELATED COMPANY TRANSACTIONS

Some of the transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand.

Compensation of directors and key management personnel

The remuneration of directors and key management personnel during the year was as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Short-term benefits	**3,924**	6,944
Post employment benefits	**86**	85
	4,010	7,029

The remuneration of directors and key management personnel is determined by the Remuneration Committee having regard to the performance of individual and market trends.

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash	**24,202**	45,968	**23,104**	41,624
Fixed deposits	**2,054**	2,038	**-**	-
Cash on hand	**11**	11	**11**	11
	26,267	48,017	**23,115**	41,635

Cash and bank balances comprise cash held by the group and short-term bank deposits with a maturity of three months or less.

Fixed deposits bear average effective interest rate of 0.75% (2016 : 0.5%) per annum and for a tenure of approximately 30 days (2016 : 30 days).

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivable due from:				
Sale of goods	**9,339**	6,984	**9,336**	6,984
Sundry debtors	**20**	129	**20**	125
Rental deposits	**30**	44	**13**	22
Prepayments	**460**	2,665	**378**	2,604
Income tax recoverable	**-**	199	**-**	199
Other deposits	**11**	11	**11**	11
	9,860	10,032	**9,758**	9,945

The average credit period on sales of goods is 30 days (2016 : 30 days). No interest is charged on the trade receivables.

Before accepting any new customer, the group performs an internal assessment to determine the potential customer's credit quality and defines credit limits by customer. Credit limits are reviewed on a regular basis.

The group and company have not provided for receivables amounting to $3,440,000 (2016 : $2,764,000) which are past due at the end of the reporting period as there has not been a significant change in credit quality. These receivables are on average past due for 30 days (2016 : 30 days). The group and company have also assessed receivables that are current and not impaired and determined that no allowances are required. The group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

8 INVENTORIES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Finished goods	**3,037**	3,563	**3,137**	3,721
Raw materials	**910**	2,200	**910**	2,218
Packing and other materials	**720**	348	**720**	348
	4,667	6,111	**4,767**	6,287

9 PROPERTY, PLANT AND EQUIPMENT

	Construction-in-progress	Leasehold buildings	Plant and machinery	Steel cylinders	Laboratory equipment	Office equipment, furniture and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost:								
At 1 April 2015	288	31,742	111,220	4,333	494	1,124	2,602	151,803
Additions	136	-	147	146	-	74	244	747
Disposals/Write-off [1]	-	-	(2,612)	-	-	-	(174)	(2,786)
At 31 March 2016	424	31,742	108,755	4,479	494	1,198	2,672	149,764
Additions	1,184	-	58	317	2	166	145	1,872
Disposals/Write-off [1]	-	-	-	-	-	(33)	-	(33)
Transfers	(1,294)	-	1,150	144	-	-	-	-
At 31 March 2017	314	31,742	109,963	4,940	496	1,331	2,817	151,603
Accumulated								
At 1 April 2015	-	19,424	67,867	3,878	424	1,026	2,131	94,750
Depreciation	-	1,283	6,619	107	9	54	241	8,313
Eliminated on disposals/write-off	-	-	(1,313)	-	-	-	(174)	(1,487)
At 31 March 2016	-	20,707	73,173	3,985	433	1,080	2,198	101,576
Depreciation	-	1,283	4,581	142	10	62	255	6,333
Eliminated on disposals/write-off	-	-	-	-	-	(33)	-	(33)
At 31 March 2017	-	21,990	77,754	4,127	443	1,109	2,453	107,876
Impairment:								
Impairment loss recognised in the year ended 31 March 2016 and balance at 31 March 2017	-	-	11,000	-	-	-	-	11,000
Carrying amount:								
At 31 March 2017	314	9,752	21,209	813	53	222	364	32,727
At 31 March 2016	424	11,035	24,582	494	61	118	474	37,188

In 2016, the group carried out a review of the recoverable amount of its plant and machinery, taking into account the early termination of supply agreements by customers. These assets are used in the group's Industrial Chemicals segment. The review led to the recognition of an impairment loss of $11 million which had been recognised in profit or loss, and included in the line item – Other income (net).

[1] Amount included write-off of property, plant and equipment of $1,299,000 for the year ended 31 March 2016.

	Construction-in-progress	Leasehold buildings	Plant and machinery	Steel cylinders	Laboratory equipment	Office equipment, furniture and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company								
Cost:								
At 1 April 2015	288	31,742	110,305	4,333	494	776	496	148,434
Additions	136	-	52	146	-	13	103	450
Disposals/Write-off [1]	-	-	(2,612)	-	-	-	(65)	(2,677)
At 31 March 2016	424	31,742	107,745	4,479	494	789	534	146,207
Additions	1,184	-	22	317	2	142	-	1,667
Disposals/Write-off [1]	-	-	-	-	-	(33)	-	(33)
Transfers	(1,294)	-	1,150	144	-	-	-	-
At 31 March 2017	314	31,742	108,917	4,940	496	898	534	147,841
Accumulated depreciation:								
At 1 April 2015	-	19,424	67,193	3,878	424	678	420	92,017
Depreciation	-	1,283	6,579	107	9	46	30	8,054
Eliminated on disposals/write-off	-	-	(1,313)	-	-	-	(65)	(1,378)
At 31 March 2016	-	20,707	72,459	3,985	433	724	385	98,693
Depreciation	-	1,283	4,536	142	10	39	44	6,054
Eliminated on disposals/write-off	-	-	-	-	-	(33)	-	(33)
At 31 March 2017	-	21,990	76,995	4,127	443	730	429	104,714
Impairment:								
Impairment loss recognised in the year ended 31 March 2016 and balance at 31 March 2017	-	-	11,000	-	-	-	-	11,000
Carrying amount:								
At 31 March 2017	314	9,752	20,922	813	53	168	105	32,127
At 31 March 2016	424	11,035	24,286	494	61	65	149	36,514

In 2016, the company carried out a review of the recoverable amount of its plant and machinery, taking into account the early termination of supply agreements by customers. These assets are used in the group's Industrial Chemicals segment. The review led to the recognition of an impairment loss of $11 million which had been recognised in profit or loss, and included in the line item – Other income (net).

[1] Amount included write-off of property, plant and equipment of $1,299,000 for the year ended 31 March 2016.

The leasehold buildings of the group and the company comprise factory and office buildings situated at 3, Jalan Samulun, Singapore 629127 and 91 Sakra Avenue, Jurong Island, Singapore 627882. The lease expires in December 2025 and July 2027 respectively. Management believes that the group will be able to extend the lease upon expiry.

The carrying amounts of motor vehicles under finance lease agreements (Note 17) are as follows:

	Motor vehicles
	$'000
Group	
At 31 March 2017	67
At 31 March 2016	199
Company	
At 31 March 2017	67
At 31 March 2016	92

10 INVESTMENT PROPERTIES

	Freehold and leasehold land	**Leasehold buildings and improvements**	**Total**
	$'000	**$'000**	**$'000**
Group			
At fair value			
Balance at 1 April 2015	28,327	12,373	40,700
Loss from fair value adjustments included in profit or loss	(626)	(274)	(900)
Balance at 31 March 2016	27,701	12,099	39,800
Gain from fair value adjustments included in profit or loss	1,114	486	1,600
Balance at 31 March 2017	28,815	12,585	41,400

The fair values of the group's investment properties at 31 March 2017 and 2016 were determined on the basis of valuations carried out at the respective year end dates by an independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the group. The fair value was determined based on the market comparison approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of these properties is their current use. There has been no change to the valuation technique during the year.

Freehold and leasehold land and buildings as at 31 March 2017 and 2016 comprise:

Locations	Description	Tenure
a) 19 Carpenter Street Singapore 059902 Lots 99677C, 99675X, and 99674N of Town Subdivision 7	5 storey commercial building with lettable area of 18,101 square feet	Lot 99677C 99 years lease commencing from 1 January 1951 Lots 99675X and 99674N Freehold

b) 17 Upper Circular Road Singapore 058415 Lots 99776K, 99771W, and 99766C of Town Subdivision 7	5 storey commercial building with lettable area of 17,307 square feet	99 years lease commencing from 1 January 1951

The property rental income from the group's investment properties which are leased out under operating lease, amounted to $1,432,000 (2016 : $1,419,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $320,000 (2016 : $234,000).

Details of the group's investment properties and information about the fair value hierarchy as at 31 March 2017 and 2016 are as follows:

	Level 1	Level 2	Level 3	Fair value
	$'000	**$'000**	**$'000**	**$'000**
Investment properties				
As at 31 March 2017	-	-	41,400	41,400
As at 31 March 2016	-	-	39,800	39,800

There were no transfers between the respective levels during the year.

The following table shows the significant unobservable input used in the valuation models for investment properties classified as Level 3 in the fair value hierarchy:

Type	Significant unobservable input	Range	Relationship of unobservable input to fair value
Shophouses			
31 March 2017	Price per square feet of floor area	$1,705 to $2,721	The higher the price per square feet, the higher the valuation assuming all other variables are held constant
31 March 2016	Price per square feet of floor area	$1,442 to $3,001	The higher the price per square feet, the higher the valuation assuming all other variables are held constant

The price per square feet of floor area of the group's investment properties is made by reference to the recent transaction prices for similar properties in the locality and adjusted based on valuer's knowledge of the factors specific to the group's respective properties such as location, floor area and remaining lease tenure.

11 INVESTMENTS IN SUBSIDIARIES

	Company	
	2017	**2016**
	$'000	**$'000**
Unquoted equity shares - at cost	**6,383**	6,383

Details of all the company's subsidiaries are as follows:

Name of subsidiaries	**Principal activity**	**Proportion of ownership interest and voting power held**	
		2017	2016
		%	%
Chem Transport Pte Ltd *	General carriers	**100**	100
Kimia Trading Pte. Ltd. *	General merchant, importer and exporter of chemicals	**100**	100
Juta Properties Private Limited *	Proprietor of commercial buildings	**100**	100
JPI Investments Pte Ltd ** (Shares held by Juta Properties Private Limited)	Dormant	**100**	100

The subsidiaries are incorporated and operating in Singapore except for JPI Investments Pte Ltd incorporated in British Virgin Islands.

* Audited by Deloitte & Touche LLP, Singapore
** Not required to be audited

12 ASSOCIATES

	Group	
	2017	**2016**
	$'000	**$'000**
Unquoted equity shares - at cost	**1**	1
Share of post-acquisition reserves	**(1)**	(1)
	-	-

In 2002, management decided to cease all financial support to the associates. Accordingly, the group's share of post-acquisition reserves was limited to the group's cost of investment of $1,000 (2016 : $1,000).

Details of the group's associates are as follows:

Name of associates	Principal activity and country of operation	Proportion of ownership interest and voting power held	
		2017	2016
		%	%
Industrial Diamonds Enterprise B.V.I. Ltd.	Dormant (Singapore)	**45**	45
Apex Superabrasive Co., Ltd. * (Shares held by Industrial Diamonds Enterprise B.V.I. Ltd.)	Dormant (Hong Kong)	**-**	45

* De-registered during 2017.

13 AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Quoted equity shares, at fair value	**708**	602

Investments in quoted equity securities offer the company and the group the opportunity for returns through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of these securities is based on the quoted closing market prices on the last market day of the financial year.

14 LONG-TERM BANK LOANS

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Secured - at amortised cost		
Bank loans	**-**	9,952
Less: Amount due for settlement within 12 months (shown under current liabilities)	**-**	(9,952)
Amount due for settlement after 12 months	**-**	-

In 2016, the bank loans of $9,952,000 of the group and company were secured by the following:

i) a first all monies mortgage over the company's leasehold buildings (Note 9);

ii) a first fixed and floating charge over all the company's assets;

iii) a first fixed charge over all cash and bank balances and fixed deposits (Note 6) of the company;

iv) assignment by way of security, all relevant insurance policies of the company; and

v) a negative pledge over all the company's assets.

The group and company obtained a bank loan of $30 million in November 2011 which was repayable in semi-annual instalments of $2.75 million, with a final repayment of $7.25 million in November 2016. The first repayment of $750,000 was in May 2012. This bore interest at 1.75% above the bank's swap rate per annum.

The long-term bank loans are repayable as follows:

	Group and Company	
	2017	**2016**
	$'000	**$'000**
On demand or within one year	-	10,000
In the second year	-	-
	-	10,000
Less: Bank facility fees (net of amortisation)	-	(48)
	-	9,952
Less: Amount due for settlement within 12 months (shown under current liabilities)	-	(9,952)
Amount due for settlement after 12 months	-	-

The bank loans have been fully settled during the financial year.

15 SHORT-TERM BANK LOANS

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Secured - at amortised cost		
Bills payable to banks	-	10,539

In 2016, the bills payable bore interest at rates from 1.56% to 2.67% per annum. The bills payable were secured on the same terms as the company's bank loans and bank overdrafts as disclosed in Note 14.

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Outside parties	**3,331**	1,579	**2,827**	1,148
Accrued expenses	**1,901**	1,605	**1,860**	1,529
Sundry creditors	**94**	323	**89**	318
	5,326	3,507	**4,776**	2,995

The average credit period on purchases of goods is 30 days (2016 : 30 days). No interest is charged on the trade payables.

Trade payables comprise amounts outstanding for trade purchases.

17 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Amounts payable under finance leases:				
Within one year	**92**	117	**88**	111
In the second to fifth year inclusive	**30**	123	**30**	118
	122	240	**118**	229
Less: Future finance charges	**(4)**	(11)	**-**	-
Present value of finance lease obligations	**118**	229	**118**	229
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(88)**	(111)
Amount due for settlement after 12 months			**30**	118
Company				
Amounts payable under finance leases:				
Within one year	**11**	11	**10**	9
In the second to fifth year inclusive	**32**	43	**30**	39
	43	54	**40**	48
Less: Future finance charges	**(3)**	(6)	**-**	-
Present value of finance lease obligations	**40**	48	**40**	48
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(10)**	(9)
Amount due for settlement after 12 months			**30**	39

It is the group's policy to lease certain of its motor vehicles under finance leases. The average lease term is 5 years (2016 : 5 years). The effective borrowing rate ranges from 2.75% to 4.48% (2016 : 2.75% to 4.48%) per annum. The finance lease obligations are secured by the property, plant and equipment under these finance lease arrangements (Note 9). Interest rates are fixed at the contract date, and thus expose the group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

18 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the group and company, and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation
	$'000
Group	
At 1 April 2015	8,352
Credit to profit or loss (Note 24)	(3,427)
At 31 March 2016	4,925
Credit to profit or loss (Note 24)	(693)
At 31 March 2017	4,232
Company	
At 1 April 2015	8,342
Credit to profit or loss (Note 24)	(3,456)
At 31 March 2016	4,886
Credit to profit or loss (Note 24)	(693)
At 31 March 2017	4,193

19 SHARE CAPITAL

	Group and Company			
	2017	**2016**	**2017**	**2016**
	Number of ordinary shares		**$'000**	**$'000**
	'000	**'000**		
Issued and paid up: At the beginning and end of the year	**75,945**	75,945	**75,945**	75,945

Fully paid ordinary shares which have no par value, carry one vote per share and a right to dividends as and when declared by the company.

20 RESERVES

Translation reserve

Exchange differences relating to translation from the functional currencies of the group's foreign subsidiaries into Singapore dollar are recorded under currency translation reserve.

Investment revaluation reserve

The investment revaluation reserve represents cumulative fair value changes of available-for-sale investments.

21 REVENUE

	Group	
	2017	2016
	$'000	$'000
Sale of goods	**56,696**	76,971
Rental income	**1,432**	1,419
	58,128	78,390

22 OTHER INCOME (NET)

	Group	
	2017	2016
	$'000	$'000
Dividend income	**23**	28
Interest income	**18**	11
Insurance claims	**1,517**	-
Net foreign exchange gain (loss)	**416**	(1,723)
Settlement sums received	**-**	18,419
Impairment loss on plant and equipment (Note 9)	**-**	(11,000)
Gain (Loss) from fair value adjustments in investment properties	**1,600**	(900)
Gain from fair value adjustments on forward foreign exchange contracts	**-**	1,435
Others	**468**	617
	4,042	6,887

23 FINANCE COSTS

	Group	
	2017	2016
	$'000	$'000
Interest expense:		
Bank loans	**233**	568
Finance leases	**6**	8
	239	576

24 INCOME TAX EXPENSE

	Group	
	2017	**2016**
	$'000	**$'000**
Income tax expense:		
Current	**1,685**	4,940
Under(Over)provision in prior years	**183**	(2)
	1,868	4,938
Deferred tax credit (Note 19):		
Current	**(693)**	(3,193)
Overprovision in prior years	**-**	(234)
	(693)	(3,427)
Total income tax expense	**1,175**	1,511

Domestic income tax is calculated at 17% (2016 : 17%) of the estimated assessable income for the year.

The total expense for the year can be reconciled to the accounting profit as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Profit before income tax	**10,040**	14,220
Income tax expense calculated at 17%	**1,707**	2,417
Effects of items that are not taxable in determining taxable profit	**(491)**	(522)
Effect of tax concession	**(67)**	(16)
Effect of revenue that is exempted from taxation	**(84)**	(85)
Under(Over)provision in prior years	**183**	(236)
Tax rebate	**(28)**	(60)
Others	**(45)**	13
Income tax expense recognised in profit or loss	**1,175**	1,511

25 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Group	
	2017	**2016**
	$'000	**$'000**
Depreciation of property, plant and equipment	**6,333**	8,313
Directors' remuneration	**2,870**	5,902
Directors' fees	**371**	390
Employee benefits expense (including directors' remuneration)	**9,313**	12,298
Costs of defined contribution plans included in employee benefits expense	**486**	471
Write-off of property, plant and equipment	**-**	1,299
Audit fees paid to auditors of the company	**57**	59
Non-audit fees paid to auditors of the company	**17**	14
Cost of inventories recognised as an expense	**21,798**	22,778
Net foreign exchange loss	**416**	1,723

26 DIVIDENDS PAID

During the financial year ended 31 March 2017, the company paid an interim one-tier tax exempt dividend of 12 cent per share on the ordinary shares of the company totalling $9,113,000 in respect of the financial year ended 31 March 2017.

Subsequent to the financial year ended 31 March 2017, the company recommended a final one tier tax-exempt dividend at 3.0 cent per share on the ordinary shares of the company totaling $2,278,000 in respect of the financial year ended 31 March 2017. The proposed dividend is subject to shareholders' approval and has not been included as a liability.

During the financial year ended 31 March 2016, the company paid a final one-tier tax exempt dividend of 1.5 cent per share on the ordinary shares of the company totalling $1,139,000 in respect of the financial year ended 31 March 2015.

Subsequent to the financial year ended 31 March 2016, the company recommended a final one tier tax-exempt dividend at 3.0 cent per share and a special dividend of 5.0 cent per share on the ordinary shares of the company totaling $6,076,000 in respect of the financial year ended 31 March 2016.

27 EARNINGS PER SHARE

The calculation of basic and fully diluted earnings per share is based on the group's profit attributable to equity holders of the company divided by the weighted average number of ordinary shares in issue during the year.

	Group	
	2017	**2016**
	$'000	**$'000**
Profit attributable to equity holders of the company ($'000)	**8,865**	12,709
Weighted average number of ordinary shares used to compute basic and fully diluted earnings per share ('000)	**75,945**	75,945
Earnings per share (cents)	**11.67**	16.73

28 SEGMENT INFORMATION

Information reported to the group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is organised into two operating segments – Industrial Chemicals and Properties.

Industrial Chemicals segment is involved in the manufacture and sales of chemicals. Properties segment is involved in the business of managing and renting of commercial properties.

Accordingly, the above are the group's reportable segments under FRS 108. Information regarding the group's reportable segments is presented below. There is no change to amounts reported for the prior year as the segment information reported internally is provided to the group's chief operating decision maker on a similar basis.

Segment revenue and results	Revenue		Profit	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Industrial Chemicals	**56,696**	76,971	**7,782**	14,727
Properties	**1,432**	1,419	**2,456**	30
Total	**58,128**	78,390	**10,238**	14,757
Interest income			**18**	11
Dividend income			**23**	28
Finance costs			**(239)**	(576)
Profit before income tax			**10,040**	14,220
Income tax expense			**(1,175)**	(1,511)
Consolidated revenue and profit for the year	**58,128**	78,390	**8,865**	12,709

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in 2017 and 2016.

The accounting policies of the reportable segments are the same as the group's accounting policies described in Note 2. Segment profit represents profit earned by each segment without allocation of interest income, dividend income, write back of bad debts previously written off, finance costs and income tax expense.

Segment assets

	2017	2016
	$'000	$'000
Industrial Chemicals	**70,433**	95,016
Properties	**44,488**	46,132
Total segment assets	**114,921**	141,148
Unallocated assets	**708**	602
Consolidated assets	**115,629**	141,750

All assets are allocated to reportable segments other than available-for-sale investments (Note 13).

Other segment information

	Capital expenditure		Depreciation	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Industrial Chemicals	**1,847**	685	**6,294**	8,291
Properties	**25**	62	**39**	22
	1,872	747	**6,333**	8,313

In addition to the capital expenditure and depreciation reported above, impairment loss of $11 million in 2016 was recognised in respect of plant and machinery. This impairment loss was attributable to the industrial chemicals segment.

Information about major customers

44% (2016 : 64%) of the group's industrial chemicals revenue is generated from top 4 (2016 : 5) customers.

83% [2016 : 99%] of the group's properties revenue is generated from top 6 [2016 : 7] customers.

Geographical information

The group's assets and operations are located primarily in Singapore.

29 OPERATING LEASE ARRANGEMENTS

The group as a lessee

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Minimum lease payments under operating leases recognised as an expense in the year	**1,054**	1,062

At the end of the reporting period, commitments in respect of operating lease for its leasehold land are as follows:

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Within one year	**1,059**	1,088
In the second to fifth year inclusive	**4,234**	4,351
After the fifth year	**4,846**	6,131
	10,139	11,570

Leases are negotiated for a term ranging from two to thirty years and rentals are fixed for an average of one year.

The group as lessor

The group rents out its investment properties under operating leases. Property rental income earned during the year was $1,432,000 (2016 : $1,419,000).

At the end of the reporting period, the group has contracted with tenants for the following future minimum lease payments:

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Within one year	**1,269**	1,067
In the second to fifth year	**1,243**	1,159
	2,512	2,226

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FINANCIAL SUMMARY

Unit: $'000

	2017	2016	2015	2014	2013
Revenue	58,128	78,390	86,739	100,162	111,841
Profit before tax	10,040	14,220	9,299	10,999	1,402
Tax (expense) credit	(1,175)	(1,511)	(1,194)	(654)	262
Profit for the year	8,865	12,709	8,105	10,345	1,664
Attributable to:					
Equity holders of the company	8,865	12,709	8,105	10,345	1,664
ASSETS					
Property, plant and equipment	32,727	37,188	57,053	67,811	76,728
Available-for-sale investments	708	602	715	626	623
Investment properties	41,400	39,800	40,700	38,400	32,400
Current Assets	40,794	64,160	45,469	40,666	34,315
Total assets	115,629	141,750	143,937	147,503	144,066
LIABILITIES					
Deferred tax liabilities	4,232	4,925	8,352	8,592	8,033
Non-current liabilities	30	118	10,132	15,696	21,275
Current liabilities	9,895	29,008	29,201	32,578	33,688
Total liabilities	14,157	34,051	47,685	56,866	62,996
CAPITAL AND RESERVES					
Share Capital	75,945	75,945	75,945	75,945	75,945
Reserves	983	886	1,009	2,360	2,379
Accumulated profits	24,544	30,868	19,298	12,332	2,746
Total equity	101,472	107,699	96,252	90,637	81,070
Per Share:	cts	cts	cts	cts	cts
Earnings before tax	13.22	18.72	12.24	14.48	1.85
Earnings after tax	11.67	16.73	10.67	13.62	2.19
Dividend (net)	15.00	8.00	1.50	1.50	1.00
Net asset value	134	142	127	119	107

SHAREHOLDING STATISTICS

AS AT 22 MAY 2017

ISSUED AND FULLY PAID-UP CAPITAL	**S$75,945,399**
NUMBER OF SHARES ISSUED	**75,945,399**
CLASS OF SHARE	**ORDINARY SHARES WITH EQUAL VOTING RIGHTS**
NO. OF TREASURY SHARES	**NIL**

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	64	5.47	2,105	0.00
100 - 1,000	253	21.62	156,623	0.21
1,001 - 10,000	583	49.83	2,636,152	3.47
10,001 - 1,000,000	263	22.48	15,161,055	19.96
1,000,001 and above	7	0.60	57,989,464	76.36
TOTAL	1,170	100.00	75,945,399	100.00

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
S. P. LIM & COMPANY PTE LTD	30,293,500	39.89
UNITED OVERSEAS BANK NOMINEES PTE LTD	13,804,770	18.18
UOB KAY HIAN PTE LTD	4,989,690	6.57
DBS NOMINEES PTE LTD	3,771,141	4.97
LIM SOO PENG	2,764,250	3.64
RAFFLES NOMINEES (PTE) LTD	1,352,445	1.78
LAU GEOK CHENG	1,013,668	1.33
DBS VICKERS SECURITIES (S) PTE LTD	948,700	1.25
CHIA KEE KOON	673,000	0.89
MICHAEL LIN DAOJI	650,000	0.86
EASTERN RUBBER COMPANY (MALAYA) PTE LIMITED	550,000	0.72
NG KEE SENG	368,000	0.48
YEE LAT SHING	300,000	0.40
YIM WING CHEONG	270,000	0.36
THIO DJOE ENG	268,687	0.35
LEE SOON HIAN	258,900	0.34
YEO TECK KIM	250,050	0.33
LIEW PAK CHAN	221,000	0.29
TEO SIOK GHEE	210,122	0.28
GOH CHOON ENG	208,021	0.27
TOTAL	**63,165,944**	**83.18**

Percentage of Shares held by the Public

Based on information available to the Company as at 22 May 2017, approximately 27.97% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

SUBSTANTIAL SHAREHOLDERS AS AT 22 MAY 2017
(As recorded in the Register of Substantial Shareholders)

NAME OF SUBSTANTIAL SHAREHOLDERS	Direct Interest	%	Deemed Interest	%
Lim Soo Peng	2,764,250	3.64	32,743,500[1]	43.11
S.P. Lim & Company Pte Ltd	30,293,500	39.89		
The Great Eastern Life Assurance Co Ltd	13,479,304	17.75		
Lion Capital Management Ltd			13,479,304[2]	17.75
Oversea-Chinese Banking Corporation Ltd			13,479,304[2]	17.75
Great Eastern Holdings Ltd			13,479,304[2]	17.75
Batu Kawan Berhad	4,976,000	6.55		
Tan Sri Dato' Seri Lee Oi Hian			4,976,000[3]	6.55
Dato' Lee Hau Hian			4,976,000[3]	6.55
Arusha Enterprise Sdn Bhd			4,976,000[3]	6.55
Di-Yi Sdn Bhd			4,976,000[3]	6.55
High Quest Holdings Sdn Bhd			4,976,000[3]	6.55
Wan Hin Investments Sdn Berhad			4,976,000[3]	6.55

[1]This represent Lim Soo Peng's deemed interest in (a) the 30,293,500 shares held by S.P. Lim & Company Pte Ltd, (b) the 550,000 shares held by Eastern Rubber Company (Malaya) Pte Ltd and (c) the 1,900,000 shares registered in the name of DBS Nominees (S) Pte Ltd.

[2]This represent the 13,479,304 shares held by The Great Eastern Life Assurance Co Ltd.

[3]This represent the 4,976,000 shares held by Batu Kawan Berhad.

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CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

(the "Company")
(Incorporated in the Republic of Singapore)
Registration No. 196200046K

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT THE REGISTERED OFFICE OF THE COMPANY AT 3 JALAN SAMULUN, SINGAPORE 629127, ON FRIDAY, 30 JUNE 2017 AT 10.30 A.M. FOR THE FOLLOWING PURPOSES:-

A G E N D A

As Ordinary Business

1. To receive and adopt the Audited Financial Statements and Directors' Statement of the Company for the financial year ended 31 March 2017 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve Directors' fee of $371,000 (2016: $390,000) for the financial year ended 31 March 2017. **(Resolution 2)**

3. To declare a final dividend (one-tier tax-exempt) of 3 cents per ordinary share for the financial year ended 31 March 2017 (2016: first and final dividend of 3 cents per ordinary share and special dividend of 5 cents per ordinary shares). **(Resolution 3)**

4. To re-elect Mr Tay Kah Chye who will retire pursuant to Article 95(2) of the Constitution of the Company. **(Resolution 4)**
(See Explanatory Note 1)

5. To re-elect the following Directors, who will retire pursuant to Article 96 of the Constitution of the Company:

   (i) Mr Lim Yew Khang Cecil **(Resolution 5)**
   (ii) Ms Lee Kia Jong Elaine (Mrs Elaine Lim) **(Resolution 6)**
   (See Explanatory Note 1)

6. To re-appoint Deloitte & Touche LLP as auditors of the Company to hold office until the next Annual General Meeting and to authorize the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

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

7. **Authority to allot and issue shares**

   (a) That pursuant to Section 161 of the Companies Act, Cap. 50, and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

   (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares), and for the purpose of this Resolution, the total number of issued shares (excluding treasury shares) shall be the Company's total number of issued shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for;

(A) new shares arising from the conversion or exercise of convertible securities,

(B) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and

(C) any subsequent bonus issue, consolidation or subdivision of the Company's shares,

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 8)
(See Explanatory Note 2)

8. To transact any other business.

By Order of the Board

Foo Soon Soo
Company Secretary

Singapore, 12 June 2017

EXPLANATORY NOTES:-

1. Mr Tay Kah Chye will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

   Ms Lee Kia Jong Elaine (Mrs Elaine Lim) will, upon re-election as Director of the Company, remain as a member of the Audit Committee. She will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. She will continue as the Chairman of the Nominating Committee and a member of the Remuneration Committee.

   Ms Valerie Ong Choo Lin who is due to retire by rotation at this Annual General Meeting, will not be offering herself for re-election.

2. **Resolution 8,** if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares) of the Company of which the total number of convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares (excluding treasury shares) of the Company for this purpose shall be the total number of issued shares (excluding treasury shares) at the time this Resolution is passed (after adjusting for new shares arising from the conversion or exercise of convertible securities or share options which are outstanding or subsisting at the time this Resolution is passed and any subsequent bonus issues, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

NOTES:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy/proxies must be deposited at the registered office of the Company at 3 Jalan Samulun, Singapore 629127 not later than 48 hours before the time set for the meeting.

5. The instrument appointing a proxy/proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy/proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

6. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the annual general meeting in order for the Depositor to be entitled to attend and vote at the annual general meeting.

7. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the annual general meeting in person as proxy of his/her CPF and/or SRS Approved Nominee. CPF and SRS Investors who are unable to attend the annual general meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the annual general meeting.

NOTICE OF BOOKS CLOSURE DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Chemical Industries (Far East) Limited (the "Company") will be closed on 11 July 2017 after 5.00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited of 8 Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 10 July 2017 will be registered to determine shareholders' entitlements to the proposed final dividend. Members whose securities accounts with The Central Depository (Pte) Limited credited with shares in the Company at 5.00 p.m. on 10 July 2017 will be entitled to such proposed dividends.

Payment of the proposed dividends, if approved by shareholders at the Annual General Meeting to be held on 30 June 2017 will be paid on 19 July 2017.

By Order of the Board

Foo Soon Soo
Company Secretary

Singapore, 23 May 2017

CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

(Incorporated in the Republic of Singapore)
Co. Registration No. 196200046K

IMPORTANT

1. *Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the meeting and vote.*
2. *For investors who have used their CPF monies and/or SRS monies to buy shares in Chemical Industries (Far East) Limited, this Annual Report is forwarded to them at the request of their CPF and/or SRS Approved Nominees.*
3. *This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.*

PROXY FORM
ANNUAL GENERAL MEETING

I/We, ____

of ____

being a member/members of CHEMICAL INDUSTRIES (FAR EAST) LIMITED (the "**Company**"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or

as my/our proxy/proxies, to vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at 3 Jalan Samulun, Singapore 629127 on Friday, 30 June 2017 at 10.30 a.m. and at any adjournment thereof. The proxy/proxies is/are to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

		No. of Votes or to indicate with a tick	
No.	**Ordinary Resolutions**	**For**	**Against**
Ordinary Business			
1.	To receive and adopt the Audited Financial Statements and Directors' Statement of the Company for the financial year ended 31 March 2017 together with the Auditors' Report thereon.		
2.	To approve Directors' fee of $371,000 (2016: $390,000) for the financial year ended 31 March 2017.		
3.	To declare a final dividend (one-tier tax-exempt) of 3 cents per ordinary share for the financial year ended 31 March 2017 (2016: first and final dividend of 3 cents per ordinary share and special dividend of 5 cents per ordinary share).		
4.	To re-elect Mr Tay Kah Chye as a Director.		
5.	To re-elect Mr Lim Yew Khang Cecil as a Director.		
6.	To re-elect Ms Lee Kia Jong Elaine (Mrs Elaine Lim) as a Director.		
7.	To re-appoint Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Special Business			
8.	To authorize Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

All Resolutions put to the vote shall be decided by way of poll.

If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________________ day of ____________________ 2017.

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

NOTES:

1. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the "Companies Act").

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy/proxies must be deposited at the registered office of the Company at 3 Jalan Samulun, Singapore 629127 not later than 48 hours before the time set for the meeting.

5. The instrument appointing a proxy/proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy/proxies is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

6. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the meeting in order for the Depositor to be entitled to attend and vote at the meeting. A Depositor shall not be regarded as a member of the Company entitled to attend the meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the meeting.

7. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the meeting in person. CPF and SRS Investors who are unable to attend the meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the meeting.

8. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy/proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

9. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with its Constitution and Section 179 of the Companies Act.

10. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members (maintained by or on behalf of the Company), he/she should insert that number of shares. If the member has shares entered against his/her name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

    The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and /or representative(s) to attend, speak and vote at the meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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Affix
Postage
Stamp

The Company Secretary

CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

3 Jalan Samulun

Singapore 629127