F.O.P.

2017

ANNUAL REPORT

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The contact person for the Sponsor is Ms Foo Quee Yin.
Telephone number: 6221 0271

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:
Teo Kee Bock (Chairman)
Teo Kee Chong (Managing Director)

Non-Executive:
Ang Kim Ton
Tan Keh Eyo (Lead Independent Director)
Lim Kang San (Independent Director)
Low Beng Tin (Independent Director)

AUDIT COMMITTEE
Tan Keh Eyo (Chairman)
Lim Kang San
Low Beng Tin

NOMINATING COMMITTEE
Low Beng Tin (Chairman)
Tan Keh Eyo
Lim Kang San

REMUNERATION COMMITTEE
Lim Kang San (Chairman)
Tan Keh Eyo
Low Beng Tin

SECRETARY
Kiar Lee Noi

REGISTERED OFFICE

2 Jalan Rajah #06-28
Golden Wall Flatted Factory
Singapore 329134
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Fax: (65) 6268-2300
Email: contact@fopgroup.com
Website: http://www.fopgroup.com

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623

AUDITORS

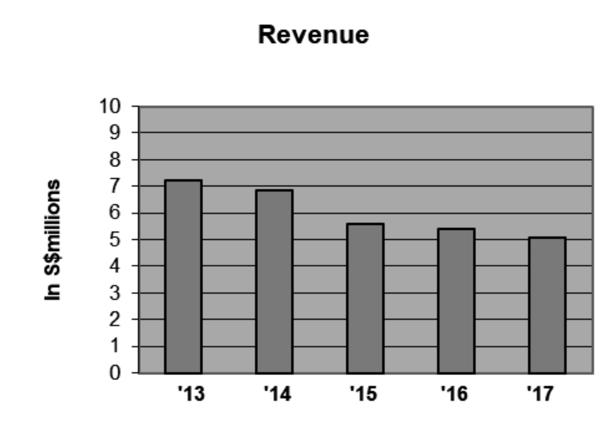
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

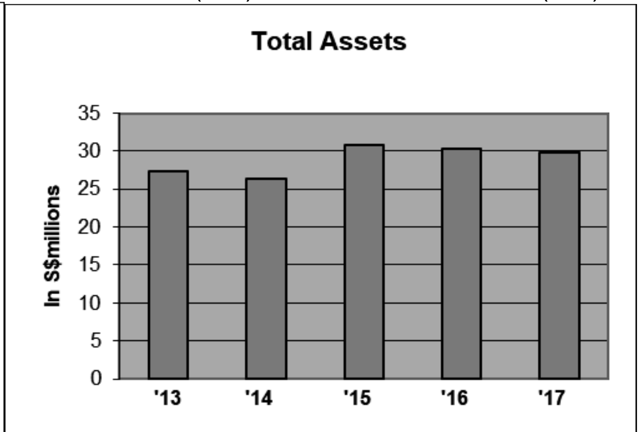
AUDIT PARTNER-IN-CHARGE
Mr Lee Wei Hock
(Appointed since the financial year ended 31 December 2017)

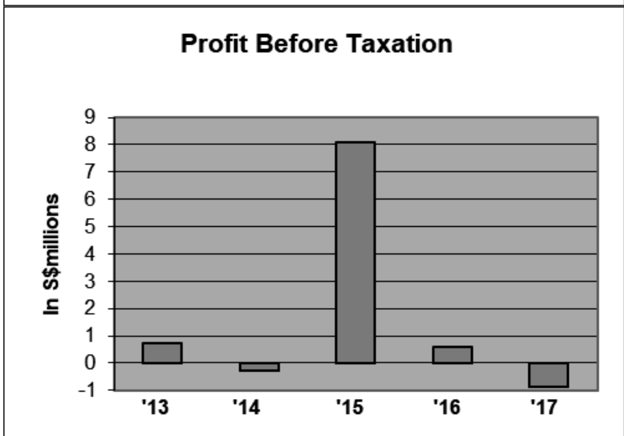
SPONSOR
Asian Corporate Advisors Pte. Ltd.
160 Robinson Road, #21-05 SBF Center
Singapore 068914

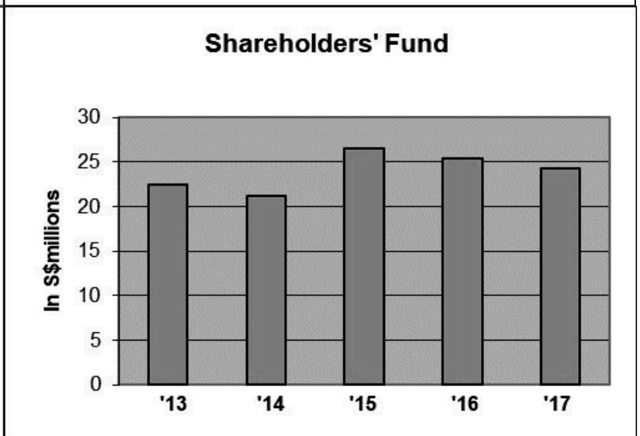
FINANCIAL HIGHLIGHTS

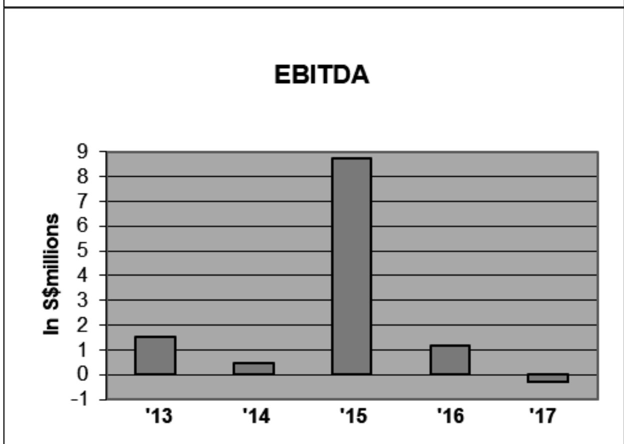
	2013	2014	2015	2016	2017
Continuing Operations	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Revenue	7,206	6,859	5,585	5,408	5,055
Profit/(Loss) Before Taxation	709	(291)	8,110	610	(853)
Total Assets	27,297	26,400	30,819	30,366	29,788
Shareholders' Fund	22,424	21,212	26,448	25,453	24,255
EBITDA	1,533	474	8,709	1,181	(284)
Net Cash Flows from/(used in) Operating Activities	1,303	1,120	(928)	191	(435)

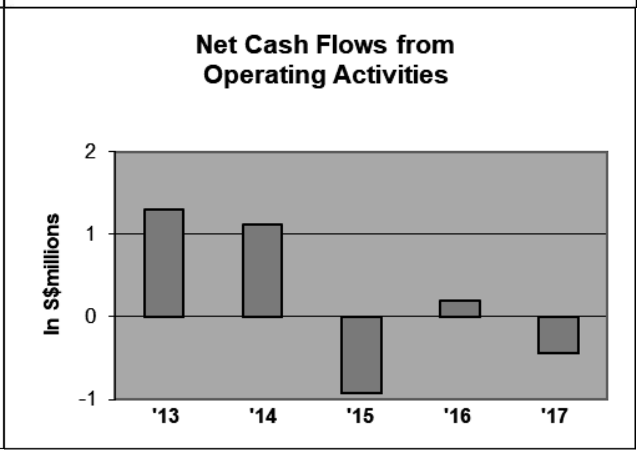












CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Group's Annual Report for the financial year ended 31 December 2017 ("**FY2017**").

For the year in review, the Group recorded a loss after tax from continuing operations of S$1.08 million as compared with a profit after tax of S$0.07 million for the financial year ended 31 December 2016 ("**FY2016**"). Correspondingly, the Group recorded a loss after tax from continuing operations, attributable to owners of the Company, of S$1.25 million for FY2017 as compared with S$0.21 million for FY2016.

As a result, the Group's loss per share from continuing operations was 2.74 Singapore cents for FY2017 as compared with 0.46 Singapore cents for FY2016. Net asset value per share also decreased from 51.00 Singapore cents as at 31 December 2016 to 48.60 Singapore cents as at 31 December 2017.

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

For FY2017, total Group revenue amounted to S$5.06 million, representing a decrease of about S$0.35 million or 6% as compared with S$5.41 million for FY2016 mainly due to lower sales of printing cylinders in Malaysia, on account of keen competition, and Sri Lanka, partially offset by higher sales in Singapore due to the improved economy.

Notwithstanding the lower Group revenue, however, cost of sales declined only marginally by about 1%, from S$3.15 million for FY2016 to S$3.13 million for FY2017, due to the higher average costs of raw materials, coupled with the stronger US dollar ("**US$**") versus the Malaysian Ringgit ("**RM**") for seamless steel pipes, mild-steel plates and copper used in the production of printing cylinders.

As a result, gross profit declined by about S$0.34 million or 15%, from S$2.26 million for FY2016 to S$1.92 million for FY2017 and gross profit margin from about 42% for FY2016 to 38% for FY2017.

For FY2017, other operating income amounted to S$0.76 million as compared with S$0.34 million for FY2016, an increase of S$0.42 million, mainly due to the gain on settlement of other receivables per Deed of Settlement agreement with A-Smart Holdings Ltd, coupled with higher gain on disposal of property, plant and equipment, partially offset by non-recurring net foreign exchange gain in FY2016.

Distribution expenses were lower at S$0.28 million for FY2017 as compared with S$0.33 million for FY2016 in line with the lower revenue as well as the weaker RM versus the S$.

Other operating expenses pertain to the loss recognized on derecognition of Star City loan of S$0.82 million mainly due to a delay in the construction of the project and net foreign exchange loss of S$0.52 million on account of the weaker US$ versus the S$ in relation to the Star City loan.

Net finance income amounted to S$0.51 million for FY2017 as compared with S$0.38 million for FY2016 mainly due to higher deemed interest income of S$0.29 million relating to discount adjustment on the Company's loans to Star City, partially offset by lower interest income of S$0.16 million on bank deposits due to lower investible funds.

Income tax expense was lower at S$0.23 million for FY2017 as compared with S$0.54 million for FY2016, a drop of about S$0.31 million or 58%, mainly due to underprovision of prior year taxes relating to the disposal of an investment property of the Group in FY2016.

CHAIRMAN'S STATEMENT

For FY2017, share of results of associate (net of tax) amounted to a loss of S$0.45 million as compared with a profit of S$0.02 million for FY2016. The share of results for FY2017 is based on the Completion of Contract method where revenue is recognized when the properties are handed over to the owners on completion.

As a result of the above factors, the Group recorded a loss after tax from continuing operations of S$1.08 million for FY2017 as compared with a profit after of S$0.07 million for FY2016.

For discontinued operation, the Group recorded a loss, net of tax, of S$0.14 million for FY2017, including a loss on remeasurement to fair value less costs to sell for disposal group of S$0.07 million, as compared with S$0.04 million for FY2016. The Group had entered into a share sale and purchase agreement to divest its 60% share of equity interest in Fuji Offset Plates (M) Sdn Bhd ("**FOPM**") on 30 November 2017. The disposal was completed on 15 January 2018 and the entire proceeds amount of RM600,000 was received on 4 April 2018.

Consequently, loss after tax amounted to S$1.23 million for FY2017 as compared with a profit after tax of S$0.03 million for FY2016.

FINANCIAL POSITION

The Group's financial position remains healthy with total assets of S$29.79 million as at 31 December 2017 as compared with S$30.37 million as at 31 December 2016.

The Group's working capital remains positive, though lower, at S$7.87 million as at 31 December 2017 as compared with S$9.07 million as at 31 December 2016 due mainly to the advancement of an additional loan to Star City amounting to S$1.42 million.

CASH POSITION

For FY2017, the Group's net cash flows used in operating activities amounted to S$0.44 million, expended mainly on working capital, payment of income taxes and loss before taxation, after adding back depreciation and amortization and adding back or subtracting other non-cash items.

Cash flows used in investing activities, amounting to S$1.00 million were mainly for the advancement of an additional loan of US$1.0 million (approximately S$1.42 million) to Star City in 1H2017 and purchase of property, plant and equipment less proceeds from the settlement of other receivables.

Cash flows used in financing activities of S$0.19 million were mainly for the payment of dividends to Owners of the Company.

As a result, the Group recorded a net decrease in cash and cash equivalents of S$1.63 million for FY2017 while cash and cash equivalents stood at S$5.39 million as at 31 December 2017.

CHAIRMAN'S STATEMENT

SEGMENTAL REVIEW

Printing Plates and Cylinders Business Segment

For FY2017, Group sales revenue from printing cylinders totaled S$4.88 million as compared with S$5.34 million for FY2016, representing a decline of about S$0.46 million or 9% mainly due to lower sales of printing cylinders in Malaysia and Sri Lanka, on account of keen competition, partially offset by higher sales in Singapore due to the improved economy.

There were no sales of printing plates for FY2017 as compared with S$0.09 million for FY2016, as the Group has ceased the trading of the product and will completely withdraw from this business sub-segment after the disposal of its 60% stake in FOPM is completed.

Gross profit margin for the printing cylinders business sub-segment declined from 34% for FY2016 to about 29% for FY2017 mainly due to the higher average costs of raw materials, coupled with the stronger US$ versus the RM for seamless steel pipes, mild-steel plates and copper used in the production of printing cylinders. However, the sub-segment recorded a higher profit of S$1.29 million for FY2017 as compared with S$0.22 million for FY2016 for the printing plates and cylinders business segment due to the non-recurring loss making printing plates business sub-segment.

Investment Holding Business Segment

Total revenue from the investment holding business segment improved from S$0.07 million for FY2016 to S$0.18 million for FY2017 mainly due to the lease of a subsidiary's warehouse cum office building for printing plates now classified as an investment property.

However, the segment recorded a lower profit of S$0.22 million for FY2017 as compared with S$0.24 million for FY2016 due mainly to lower allocated interest income, on account of lower investible funds, coupled with higher attributable administrative expenses, and partially offset by other operating income due to the gain on settlement of other receivables per Deed of Settlement agreement with A-Smart Holdings Ltd.

Investment in Property Development Companies Business Segment

Under the Group's new business segment under Investment in property development companies in IPark and Star City, share of results (net of tax) amounted to a loss of S$0.44 million for FY2017 for IPark as compared with a profit of S$0.02 million for FY2016. The share of results is based on the Completion of Contract method where revenue is recognized when the properties are handed over to the owners on completion.

For Star City, the Group recognized deemed interest income of S$0.46 million for FY2017 as compared with S$0.17 million for FY2016 relating to discount adjustments on the Company's loan to Star City. FY2017, the Group also made a provision of S$0.82 million pertaining to the loss recognized on derecognition of the Company's loan to Star City under other operating expenses. As a result, the segment recorded a loss of S$0.80 million, as compared with a profit of S$0.19 million for FY2016.

DIVIDEND

The Board is pleased to announce a first and final dividend of 0.3 Singapore cents per ordinary share, tax exempt (one-tier), amounting to S$150,000 for FY2017, unchanged from FY2016.

CHAIRMAN'S STATEMENT

FUTURE PROSPECTS

Going forward, the printing cylinders business sub-segment will remain challenging due to the keen competition. With the completion of the disposal of the Group's 60% stake in FOPM on 15 January 2018, the Company has exited from the printing plates business sub-segment completely.

For printing cylinders, aside from controlling costs to the extent possible, the Group will continue to optimize its production by seeking out cheaper alternative sources of supply of raw materials, where available.

In the investment holding business segment the Group had completed the sale of its investment property located at 10 Jalan Hasil Industrial Estate, 81200 Johor Bahru, Johor, Malaysia on 7 March 2018. The Group is also expected to complete the sale of its investment property at Lot 4070 & 4078 after March 2018 after entering into a sale and purchase agreement with Modern Unit Sdn. Bhd., an unrelated party, on 22 November 2017.

Meanwhile, for the Group's investment in IPark, Johor, Malaysia, and Star City, Cambodia, their performances may depend on the continuing economic growth of the two countries in particular, and China in general. According to the World Bank, while growth in China is forecast to moderate to 6.4% in 2018, from 6.8% in 2017, due to its economic rebalancing and slower credit growth, Cambodia is projected to grow at 6.9% in 2018, from 6.8% in 2017, and Malaysia is projected at 5.2% in 2018, slightly lower as compared with 5.9% in 2017.

Property sales launch for IPark has been ongoing since October 2016. Todate, under Parcel 1, out of 7 factory units 1 was sold while out of 43 units 11 were sold, and 3 rented out, under Parcel 2. There are no new developments to the Star City project due to changes in the architectural design resulting in a delay to the project which is now forecast to be completed by 2021.

CHANGES TO BOARD COMPOSITION

During the year, there were some changes to the board composition. Our Lead Independent Director, Mr Lim Tee Kit resigned on 2 May 2017. Mr Lim has been a non-executive Director of the Company since 7 March 1991. I would like to thank Mr Lim for his invaluable contributions to the board during his tenure.

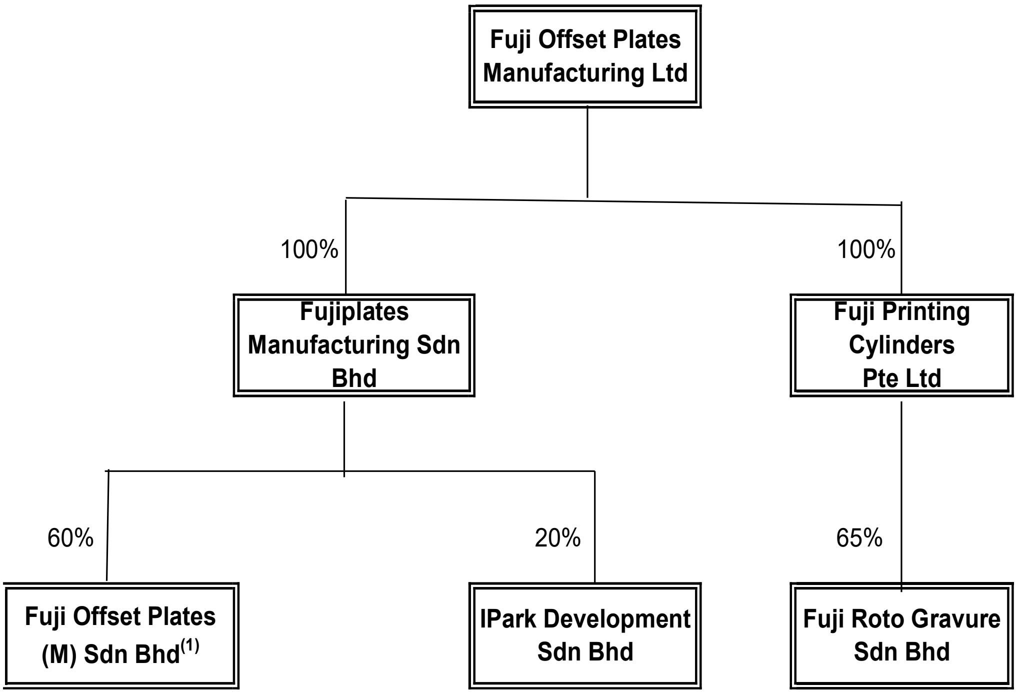
I would also like to take this opportunity to welcome Mr Low Beng Tin to the board with effect from 3 May 2017.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to take this opportunity to express my heartfelt appreciation to all our shareholders, customers, business associates and partners for their continued support and confidence in the Group. I would also like to thank the management and staff for their dedication, hard work and contributions to the Group and to our Directors for their valuable contributions and guidance.

David Teo Kee Bock
Chairman

CORPORATE STRUCTURE



Note:

(1) The Group entered into a share sale and purchase agreement to divest its 60% share equity interest in Fuji Offset Plates (M) Sdn Bhd on 30 November 2017. The sale was completed on 15 January 2018.

DIRECTORS' PROFILE

David Teo Kee Bock, Executive Chairman

Mr Teo is the founder of the Company and has been an Executive Director and Chairman of the Company since 18 November 1982. Mr Teo has been involved in the printing industry for more than 30 years and has been the main driving force behind the growth of the Company. His areas of responsibilities include business development, strategic planning and marketing. He is currently a Director of Apricot Capital Pte. Ltd., an investment holding company.

Steven Teo Kee Chong, Managing Director

Mr Teo has been an Executive Director of the Company since 18 November 1982 and was appointed Managing Director on 19 May 1994. Mr Teo has been involved in the printing industry for more than 30 years. As the Managing Director of the Company, Mr Teo is responsible for the day-to-day operations and management of the Group. Mr Teo is also a Director of the subsidiaries of the Group.

Tan Keh Eyo, Lead Independent Director

Mr Tan was appointed as an Independent Director of the Company on 18 November 1997 and was subsequently appointed as the Lead Independent Director on 3 May 2017. He is the Chairman of the Audit Committee and is also a member of the Nominating and Remuneration Committees. Mr Tan graduated with a Bachelor degree in Commerce from the Nanyang University, Singapore, in 1979. Ever since, he has been active in the Industrial Chemical Industries within the Asian region. Currently, he is a Marketing Consultant in his own company.

Low Beng Tin, Independent Director

Mr Low was appointed as an Independent Director of the Company on 3 May 2017. He is the Chairman of the Nominating Committee and is also a member of the Audit and Remuneration Committees. Mr Low is also the Non-Executive Chairman/Independent Director of Cosmosteel Holdings Limited, Independent Director of Lian Beng Group Ltd, and Datapulse Technology Limited all of which are listed on the SGX-ST. He is also an Independent Director of J.P Nelson Holdings Ltd which is listed in Taiwan. Mr Low is currently the Executive Director of Assimilated Technologies (S) Pte Ltd. Mr Low has close to 40 years of engineering experience in the oil and gas, petrochemical, chemical and marine industries. In recognition of his contribution to the community, he was conferred the Pingat Bakti Masyarakat (The Public Service Medal) in 2004 and the Bintang Bakti Masyarakat (The Public Service Star) in 2009 by the President of the Republic of Singapore. He holds a Diploma in Electrical Engineering from Singapore Polytechnic, a Diploma in Management Studies from Singapore Institute of Management and was conferred a Masters in Business Administration (Chinese Programme) from the National University of Singapore.

Lim Kang San, Independent Director

Mr Lim was appointed as an Independent Director of the Company on 28 June 2002. He is currently the Chairman of the Remuneration Committee and also serves as a member of the Audit and Nominating Committees. Mr Lim graduated from Monash University, Australia, with a Bachelor's Degree majoring in Accounting in 1985 and a Bachelor's Degree in Law in 1986. He runs his own business in Malaysia. Mr Lim is a business consultant to several other companies.

Ang Kim Ton, Non-Executive Director

Mdm Ang was a Non-Executive Director of the Company from 1982 until her retirement in April 2008. She came out of retirement and was appointed on 28 April 2011 and every year since her last re-appointment on 28 April 2016.

KEY EXECUTIVES' PROFILE

Adrian Teo Kee Tiong
Managing Director of Fuji Roto Gravure Sdn Bhd

Mr Teo was appointed as the Managing Director of Fuji Roto Gravure Sdn Bhd ("**FRG**"), an indirect 65%-owned subsidiary of the Group, on 2 December 1999. He has been with FRG as its Executive Director and minority shareholder since its inception in 1995. Prior to that, Mr Teo was with Fuji Printing Cylinders Pte Ltd, the holding company of FRG, as its General Manager/Assistant to the Chairman from 1992 to 2004. Mr Teo graduated with a Bachelor degree in Business Administration from the National University of Singapore.

Lim Jit Toong
Executive Director of Fuji Offset Plates (M) Sdn Bhd,
Director of Fujiplates Manufacturing Sdn Bhd

Mr Lim was appointed as an Executive Director of Fuji Offset Plates (M) Sdn Bhd ("**FOPM**"), an indirect 60%-owned subsidiary of the Group, on 1 January 2009. He is also a minority shareholder of FOPM. Prior to his appointment, Mr Lim was with Fujiplates Sdn Bhd, a related company of the Group, as its Executive Director from its inception in 1984 to its dissolution in December 2008.

Mr Lim has been involved in the printing industry for more than 30 years. His main areas of responsibilities include the business development, sales and marketing of the Group's conventional offset and computer-to-plate ("**CTP**") printing plates in Malaysia.

Mr Lim is also a Director of the Company's wholly-owned subsidiary, Fujiplates Manufacturing Sdn Bhd ("**FPM**"), the holding company of FOPM.

On 30 November 2017, the Group has entered into a share sale and purchase agreement to dispose of its 60% equity interest in FOPM. The disposal of the shares was completed on 15 January 2018.

Chua Thiam Chye
Group Financial Controller

Mr Chua was appointed as the Group Financial Controller on 1 January 2003. He graduated with a degree in Business Administration from the University of Singapore. He has had extensive experience in various functions, mainly accounting and finance, from a multi-national company.

Eddie Teo Kwei Chieh
Assistant General Manager of Fujiplates Manufacturing Sdn Bhd

Mr Teo joined the Group on 19 July 1994 as the Financial Controller of FPM, a direct wholly-owned subsidiary of the Company, and is currently the Assistant General Manager of FPM. He has more than 16 years of working experience in banking operations and finance with a local bank as well as in manufacturing, business set-up and management. He graduated with a Bachelor of Science degree in Finance and Management Information Systems from the Ohio State University.

Teo Weixian
Business Development Manager of the Company

Mr Teo was appointed as the Business Development Manager of the Company on 1 May 2008. He holds a Bachelor of Commerce degree from the University of New South Wales. Mr Teo's main responsibilities include assisting the Managing Director of the Company in the smooth running of its business operations and developing, planning and implementing policies and activities for the Group's diversification and development.

CORPORATE GOVERNANCE

The Directors and Management of Fuji Offset Plates Manufacturing Ltd (the "**Company**") are committed to high standards of corporate governance. The Board adopts practices based on the Code of Corporate Governance 2012 (the "**Code**"). All references to the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") shall mean the Listing Manual Section B: Rules of Catalist of the SGX-ST.

Board's Conduct of its Affairs – Principle 1
Board Composition and Guidance – Principle 2

The Board sets the overall strategy and policies of the Group on matters such as financial control, financial performance and risk management procedures. These functions are carried out either directly or delegated to Board committees, namely the Audit Committee (the "**AC**"), Nominating Committee (the "**NC**") and Remuneration Committee (the "**RC**"). In addition, the Board sets to:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
(c) review management performance;
(d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
(e) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

All Directors are also expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

All incoming Directors are also expected to receive comprehensive and tailored induction on joining the Board. This includes his duties as a Director and how to discharge those duties, and an orientation programme to ensure that they are familiar with the Company's business and governance practices. The Company shall provide training for first-time Directors in areas such as accounting, legal and industry-specific knowledge as appropriate.

All Directors shall receive regular training funded by the Company, particularly on relevant new laws, regulations and changing commercial risks, from time to time.

Upon appointment of each Director, the Company shall provide a formal letter to the Director, setting out the Director's duties and obligations.

To facilitate a more effective check on Management, non-executive Directors are encouraged to meet regularly without the presence of Management.

The Board has adopted internal guidelines for matters requiring Board approval, including but not limited to the appointment of Directors (as recommended by the NC) and their remuneration packages (as recommended by the RC), Board sub-committees and material transactions, including investment in and disposal of securities, investment properties, subsidiaries, associates and property development companies, operation of banking accounts, credit facilities, bank deposits, provision of corporate guarantees and the provision, capitalization, and denomination of loans to subsidiaries, associates and property development companies. The Board also approves the half year and full year results announcements, Interested Person Transactions and Annual Reports of the Company.

CORPORATE GOVERNANCE

During the financial year ended 31 December 2017 ("**FY2017**"), the Board consists of two executive Directors and four non-executive Directors, three of whom are independent. Notwithstanding the fact that Mr Lim Kang San and Mr Tan Keh Eyo has each served on the Board beyond nine years, the NC and the Board, after rigorous review considers each of them to be independent as they do not hold any shares in the Company, receive only a fixed fee income from the Company, and are independent in character and judgement, and do not have any relationships that could interfere with the exercise of the Directors' independent business judgement. The above Directors have exercised independence in their views and judgement in the Board and Board Committee meetings, and have displayed characteristics expected of independent Directors.

The Board meets at least twice a year. Ad-hoc Board meetings will be held as and when necessary. A total of two Board meetings were held in FY2017. Directors may participate in a meeting of the Board by means of telephone conference, videoconferencing, audio visual or other similar communications equipment under the Company's Constitution.

The composition of the Board and Board committees are as follows:

Director	Designation	Committee Membership		
		Audit	Nominating	Remuneration
David Teo Kee Bock	Executive Chairman	-	-	-
Steven Teo Kee Chong	Managing Director	-	-	-
Ang Kim Ton	Non-Executive Director	-	-	-
Tan Keh Eyo[(1)]	Lead Independent Director	Chairman	Member	Member
Low Beng Tin[(2)]	Independent Director	Member	Chairman	Member
Lim Kang San	Independent Director	Member	Member	Chairman

Notes:

[(1)] Appointed as Lead Independent Director and re-designated as the Chairman of the Audit Committee on 3 May 2017
[(2)] Appointed as Independent Director, Chairman of the Nominating Committee, and Member of the Audit and Remuneration Committees on 3 May 2017

CORPORATE GOVERNANCE

The attendance of the Directors at the Board and Board committees meetings held in FY2017 are as follows:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**
Name of Directors								
David Teo Kee Bock	2	2	NA	NA	NA	NA	NA	NA
Steven Teo Kee Chong	2	2	NA	NA	NA	NA	NA	NA
Ang Kim Ton	2	1	NA	NA	NA	NA	NA	NA
Tan Keh Eyo	2	2	2	2	1	1	1	1
Low Beng Tin(1)	2	1	2	1	1	-	1	-
Lim Tee Kit(2)	2	1	2	1	1	1	1	1
Lim Kang San	2	2	2	2	1	1	1	1

Notes:

(1) Appointed on 3 May 2017
(2) Resigned on 2 May 2017

NA denotes "Not Applicable"

Where appropriate, the Directors receive relevant briefings from time to time on new updates in relation to regulatory changes to accounting standards, Listing Manual, corporate governance and other regulations or statutory requirements. In FY2017, the Directors were briefed by external auditors and the Company Secretary on the new auditor's report, changes in accounting standards and other regulatory updates. In addition, induction, orientation and training will be provided to new and, where appropriate, existing Directors.

The Board comprises Directors who provide core competencies in accounting and finance, business experience, industry knowledge, strategic planning, legal knowledge and customer based experience and knowledge. Key information such as academic, professional and commercial qualifications of each Director is set out on page 8 of this Annual Report.

The Independent and Non-Executive Directors constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance.

The Independent and Non-Executive Directors of the Company meet regularly to discuss any matters without the presence of Management as and when circumstances require.

Chairman and Managing Director – Principle 3

Mr David Teo Kee Bock is the Chairman and Mr Steven Teo Kee Chong is the Managing Director. Both are executive Directors of the Company and are siblings.

Notwithstanding the above, there is a clear separation of the roles and responsibilities of the Chairman and Managing Director.

CORPORATE GOVERNANCE

As the Chairman of the Company, Mr David Teo Kee Bock assumes responsibility for promoting a culture of openness and debate at the Board, ensures effective communication with Shareholders, encourages constructive relations within the Board and between the Board and Management, facilitates the effective contribution of Non-Executive Directors in particular, the workings of the Board, schedules meetings, prepares meeting agendas in consultation with the Managing Director, exercises control of the quantity, quality and timeliness of the flow of information between the Management and the Board and assists in ensuring compliance with the Group's guidelines on corporate governance. At the same time, the Chairman is also involved with providing the strategic direction of the Group, business development and enhancing ties with the Group's customers.

As the Managing Director of the Company, Mr Steven Teo Kee Chong is responsible for the day-to-day operations and management of the Group.

In view of the relationship between Mr David Teo Kee Bock and Mr Steven Teo Kee Chong, Mr Tan Keh Eyo was appointed as the Lead Independent Director of the Company on 3 May 2017 and will be available to shareholders when they have concerns which cannot be resolved through the normal channel of the Chairman, Managing Director or Group Financial Controller or for which such contact is inappropriate. Also, the Independent Directors make up half the Board members. After meeting with shareholders or when there are issues to be discussed, the Lead Independent Director will lead meetings with other Independent Directors, without the presence of other Directors, and provide feedback, where appropriate, to the Chairman after such meetings.

Board Membership – Principle 4
Board Performance - Principle 5

The NC comprises three non-executive independent Directors and its Terms of Reference govern the responsibilities and administration of the NC. The Terms of Reference were formulated with guidance from the Code.

The members of the NC are as follows:

Low Beng Tin	(Chairman, independent/non-executive Director)
Tan Keh Eyo	(Lead independent/non-executive Director)
Lim Kang San	(Independent/non-executive Director)

The responsibilities of the NC include the following:

(a) identify and nominate candidates to the Board for the appointment of new Directors;
(b) review the Board structure, size and composition;
(c) review and recommend to the Board the re-election of Directors in accordance with the Company's Constitution at each Annual General Meeting ("**AGM**");
(d) review the independence of Board members and assess the adequacy of the Board members with multiple board representations;
(e) develop a process to evaluate the performance of the Board, its board committees and Directors;
(f) assess the effectiveness of the Board and the contributions of the Board members;
(g) review of board succession plan for Directors; and
(h) review of training and professional development programmes for the Board.

Key information in respect of the academic and professional qualifications, other directorships and principal commitments of each Director is set out in pages 8 and 14. In addition, information on shareholdings in the Company and its related companies held by each Director is set out in page 22 in the "Directors' Statement" section of this Annual Report.

The information on date of first appointment, date of last re-election/re-appointment, directorship and chairmanships both present and those held over the preceding three (3) years in other listed companies, and other principal commitments of each Director is set out in the next page.

CORPORATE GOVERNANCE

Director	Age	Designation	Date of Initial Appointment	Date of Last Re-election/ Re-appointment	Present Directorships in listed companies	Past Directorships in listed companies for the preceding three (3) years
David Teo Kee Bock	67	Executive Chairman	18 November 1982	27 April 2015	-	Super Group Ltd
Steven Teo Kee Chong	64	Managing Director	18 November 1982	28 April 2017	-	-
Ang Kim Ton[1]	89	Non-Executive Director	28 April 2011	28 April 2016	-	-
Tan Keh Eyo	63	Lead Independent Director	18 November 1997	28 April 2017	-	-
Low Beng Tin	68	Independent Director	3 May 2017	NA	1) Comosteel Holdings Limited 2) Lian Beng Group Ltd 3) Datapulse Technology Limited 4) JP Nelson Holdings	1) OEL Holdings Limited 2) China YongSheng Limited
Lim Kang San	56	Independent Director	28 June 2002	28 April 2016	-	Super Group Ltd

Note:

[1]Mdm Ang was first appointed as non-executive Director on 18 November 1982 until her retirement in April 2008. She came out of retirement and was appointed on 28 April 2011 and has been re-appointed every year since in accordance with the Section 153(6) of the Companies Act, Chapter 50 of Singapore which was repealed with effect from 3 January 2016.

For FY2017, the NC has reviewed and confirmed the independence of the Independent Directors of the Company, namely Mr Tan Keh Eyo, Mr Low Beng Tin and Mr Lim Kang San as noted on page 11.

In the event of a vacancy or where it is considered that the Board will benefit from the services of a new Director with particular skills, the NC will, in consultation with the Board, determine the selection criteria and select new Directors based on their experience and expertise.

Based on this criteria, the NC may approach external institutions, e.g. the Singapore Institute of Directors, search consultants or via open advertisements in the search for suitable candidates. The search for suitable candidates may also be from the contacts and network of existing Directors and management. Next, the NC will conduct formal interviews with shortlisted candidates to assess their suitability and ensure that the candidates meet its criteria and expectations. After the selection process, the NC will make the necessary recommendation to the Board for approval. The new Directors will undergo an orientation programme to provide them with background information on the Company to gain a better understanding of the Group’s business.

CORPORATE GOVERNANCE

Pursuant to the Company's Constitution, all Directors submit themselves for re-election at least once every three years. In accordance with Article 106 of the Company's Constitution, one-third of the Directors, or if their number is not in a multiple of three, the number nearest to but not less than one-third, shall retire from office at every AGM. In addition, Article 90 of the Company's Constitution provides that all newly appointed Directors shall hold office only until the next AGM and are eligible to offer themselves for re-election.

Accordingly, the Board accepted the NC's nomination of the retiring Directors who have given their consent for re-election at the forthcoming AGM of the Company. The retiring Directors at the forthcoming AGM of the Company are Mr David Teo Kee Bock and Mr Lim Kang San, who will retire under Article 106 of the Company's Constitution, and Mr Low Beng Tin, who will retire under Article 90 of the Company's Constitution.

Mr David Teo Kee Bock will, upon re-election as a Director of the Company, remain as the Executive Chairman of the Company. Mr Lim Kang San will, upon re-election as a Director of the Company, remain as the Chairman of the RC and a member of the AC and NC. Mr Low Beng Tin will, upon re-election as a Director of the Company, remain as the Chairman of the NC, and a member of the AC and RC. Both Mr Lim Kang San and Mr Low Beng Tin do not have any relationships with any of the Directors, the Company and its 10% shareholders.

The evaluation of re-appointment of a Director takes into consideration, amongst other factors, the composition of the Board and each Director's competencies, commitment, contribution and performance.

The NC is of the view that the current Board comprises members with diverse competencies, experience and skills that match the demands facing the Group. The NC is also of the opinion that the size of the Board is appropriate taking into account the size, scope and nature of the operations of the Group. The NC has established a self-assessment process to evaluate the performance of the Board and its Board committees as a whole during FY2017 given the complementary and collective nature of the Directors' contributions. The Company did not engage any external facilitators for FY2017. The self-assessment process involves the evaluation of the performance of the Board and its Board committees as a whole, by each individual Director through completing a set of questionnaire, based on factors such as board structure, board process, board accountability and standards of conduct.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. Based on the individual Directors' confirmation to the NC on his ability to carry out his duties as a Director of the Company and to address any competing time commitments that may arise, the NC believes that it would not be necessary to put a maximum limit on the number of listed company board representations that each individual Director may hold.

The NC has evaluated the competing time commitments faced by Directors serving on multiple boards during FY2017 and is satisfied that the Directors have spent adequate time on the Group's affairs to fulfill their responsibilities.

Access to Information – Principle 6

Board members are provided with adequate information, including half-yearly financial management reports, prior to Board meetings, and on an on-going basis as well as board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained. The Board has separate and independent access to senior management and the Company Secretary.

CORPORATE GOVERNANCE

Board members are also entitled to request for additional information and Management shall provide them on a timely basis.

The Company Secretary and/or her nominee attends all meetings of the Board, the AC, the NC and the RC. The Directors have separate and independent access to the Company Secretary who assists the Board in ensuring that the Board procedures are followed and rules and regulations under the Listing Manual and the Companies Act are complied with. The Company Secretary prepares the minutes after each meeting. The Company Secretary also ensures that information flow within the Board and its board committees and between Management and non-executive Directors are good The Company Secretary also facilitates the orientation of the Board and Management and assists their professional developments as required.

Should Directors, whether as a group or individually, require independent professional advice, the Company will bear the expenses incurred if such advice is required to enable the Directors to discharge their duties professionally.

The Board is involved in the appointment and removal of the Company Secretary.

Procedures for Developing Remuneration Process – Principle 7
Level and Mix of Remuneration – Principle 8
Disclosure of Remuneration – Principle 9

The RC's Terms of Reference were formulated with guidance from the Code that governs the RC's responsibilities and administration. The RC comprises all non-executive independent Directors as follows:-

Lim Kang San	(Chairman, independent/non-executive Director)
Tan Keh Eyo	(Lead independent/non-executive Director)
Low Beng Tin	(Independent/non-executive Director)

The responsibilities of the RC include the following:

(a) recommend to the Board a framework of remuneration for Board members and key executives;
(b) determine remuneration packages for each executive Director and the Managing Director;
(c) review the remuneration packages of key executives of the Group to ensure that they are comparable within the industry and comparable companies, including performance-related elements; and
(d) review non-executive Directors' remuneration.

No Director is involved in determining his own remuneration. The RC and the Board are of the view that the remuneration packages of the executive Directors and key executives, which include a fixed component and a variable component linked to the Company's performance, is aligned to the interest of shareholders and are not excessive. The variable portion is linked to individual performance, and is dependent on the performance of the Group, as well as the contribution of the individual to the Group's performance. Non-executive Directors are paid a fixed fee appropriate to their level of contribution, taking into account factors such as effort, time spent and their responsibilities. Non-executive Directors' fees are tabled for shareholders' approval at every AGM. When required, the RC may seek advice, at the Company's expense, from external professionals in the field of executive compensation and related matters.

Executive Directors have service contracts which are subject to renewal every three years. The RC is of the view that the Directors' service contracts are not excessively long or with onerous removal clauses. The notice period for either the Company or the Executive Directors to terminate the service contracts is six months.

Apart from the above, the Company does not have any long-term incentives, including share option schemes, nor contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel as the incentives do not make up a significant percentage of their remuneration.

CORPORATE GOVERNANCE

The following table shows a breakdown of the remuneration of Directors and key executives (in percentage terms):

Remuneration Bands	Salary	Bonus	Directors' Fees	Allowance & Other Benefits	Total Compensation
	%	%	%	%	%
Directors					
Below S$250,000					
David Teo Kee Bock	57	10	9	24	100
Steven Teo Kee Chong	61	10	10	19	100
Ang Kim Ton	-	-	100	-	100
Tan Keh Eyo	-	-	100	-	100
Low Beng Tin	-	-	100	-	100
Lim Kang San	-	-	100	-	100
Key Executives					
Below S$250,000					
Adrian Teo Kee Tiong	50	21	-	29	100
Lim Jit Toong	82	7	-	11	100
Chua Thiam Chye	80	13	-	7	100
Eddie Teo Kwei Chieh	76	6	-	18	100
Teo Weixian	73	12	-	15	100

In view of the sensitive and confidential nature of their remuneration packages, the Company is of the view that it is in the best interest of the Company to disclose the remuneration paid to the Directors and key executives in bands of S$250,000. The aggregate total remuneration paid to the top five key executives (who are not Directors or the Managing Director) in FY2017 is S$421,000.

The remuneration of employees who are immediate family members of a Director, and whose remuneration exceeds S$50,000 during the year are as follows:

	Relationship
S$200,000-S$250,000 Adrian Teo Kee Tiong	Brother of Mr David Teo Kee Bock and Mr Steven Teo Kee Chong, all of whom are the sons of Mdm Ang Kim Ton
S$50,000-S$100,000 Teo Weixian	Son of Mr Steven Teo Kee Chong, nephew of Mr David Teo Kee Bock and grandson of Mdm Ang Kim Ton

The remuneration disclosed is computed based on gross salaries, allowances and other benefits accruing during FY2017.

The Company does not have any termination or retirement benefits that may be granted to Directors, the Managing Director and top five key executives.

CORPORATE GOVERNANCE

Accountability – Principle 10

The Board provides shareholders with a balanced and understandable assessment of the Group's performance, position and prospects on a half-yearly basis. The Company's management currently provides the Board with the appropriate management accounts of the Group's performance, position and prospects on a half-yearly basis.

As the Company's market capitalisation was below the S$75 million threshold limit as at 31 December 2017, it is not mandatory for the Company to announce its quarterly results. In view of limited resources and costs, the Board has decided not to volunteer announcing quarterly results for the time being. The Board will continue to assess the situation for compliance with quarterly reporting. In the meantime, the Company will continue to comply with the half-year and full-year announcements of its financial results and other price sensitive information, as and when necessary, in compliance with the requirements under the Listing Manual.

Risk Management and Internal Controls – Principle 11
Audit Committee ("AC") – Principle 12
Internal Audit – Principle 13

The AC has its own Terms of Reference, which were formulated with guidance from the Companies Act and the Code. The AC currently comprises three non-executive members, all of whom are independent pursuant to Rule 704(7) of the Listing Manual:

Tan Keh Eyo	(Chairman, lead independent/non-executive Director)
Low Beng Tin	(Independent/non-executive Director)
Lim Kang San	(Independent/non-executive Director)

All members of the AC have accounting or related financial management expertise or experience. Besides performing the functions of the AC laid down in Section 201B(5) of the Companies Act, Chapter 50 of Singapore, the AC's duties and responsibilities include the following:

(a) reviewing the financial statements, accounting policies and system of internal accounting controls, which are the responsibility of the Board of Directors acting through the AC. The AC meets periodically with management and performs the functions specified in the Companies Act. The AC held two meetings during FY2017. In performing its functions, the AC reviewed the overall scope of external audit. The AC met with the Company's external auditors, Ernst & Young LLP, to discuss the scope of their work, the results of their examinations and evaluation of the Company's system of internal controls. The AC also reviewed the assistance provided by the Company's officers to the external auditors;

(b) reviewing the Group's interim and annual announcements and reports before submission to the Board for approval. The AC reviewed the consolidated financial statements and the financial statements of the Company for FY2017 as well as the auditors' report thereon prior to their submission to the Board of Directors for adoption;

(c) reviewing procedures set up by the Group and the Company to identify, report and, where necessary, seek approval for related party and interested person transactions (as defined in Chapter 9 of the Listing Manual) in order to discharge the responsibilities specified in the requirements;

(d) reviewing legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes (including financial, operational, compliance and information technology controls) and any reports received from regulators;

(e) reviewing the independence of the external auditors annually and recommendation to the Board of Directors on the re-appointment of external auditors at the AGM of the Company; and

(f) reviewing the adequacy of the Group's risk management policies and systems.

CORPORATE GOVERNANCE

During the financial year, any changes in accounting standards and any issues which may have an impact on the Group's financial statements are highlighted to the AC by the external auditors, ensuring that the Board, through the AC, is kept abreast of such changes. The AC had conducted two meetings during the year and the duties as described above were carried out.

The AC meets with the external auditors, without the presence of the Company's management, on an annual basis. The AC had met with the external auditors once, without the presence of the Company's management, during the financial year.

Non-audit fees paid to the auditors of the Company for FY2017 amounted to S$13,000 for tax planning and compliance work. The AC has undertaken a review of all non-audit services provided by the auditors and is of the opinion that such services would not affect the independence and objectivity of the auditors. Audit fees paid to auditors of the Company for FY2017 totaled S$99,000.

The Company confirms that it has complied with Rule 712 and Rule 715 of the Listing Manual in relation to its external auditors.

The AC has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any Director or executive officer to attend its meetings.

The Directors are responsible for the Group's system of internal controls. While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal controls are designed to provide reasonable assurance that assets are safeguarded, the proper accounting records are maintained, and financial information used within the business and for publication is reliable. In designing these controls, the Directors have given regard to the risks to which the businesses are exposed, the likelihood of such risks occurring and the costs of protecting against them.

Based on the work performed by the external auditors, and having reviewed the effectiveness of the Group's system of internal controls established and maintained by the Group, the Board, with the concurrence of the AC, is of the opinion that the existing internal controls addressing the financial, operational, compliance, and information technology risks, and the risk management systems are adequate and effective as at 31 December 2017.

The Board has also received assurance from the Managing Director and the Group Financial Controller that:

(a) the financial records have been properly maintained and the financial statements for the financial year under review give a true and fair view of the Company's operations and finances; and

(b) the Company's risk management and internal control systems are adequate and effective throughout the financial year.

The Company outsources its internal audit function to an independent accountancy firm, M.S. Wong & Co. from Johor Bahru, Johor, Malaysia. The scope of the audit generally covers operational, financial controls, risk management and information technology of the sole manufacturing subsidiary of the Group, i.e. Fuji Roto Gravure Sdn Bhd ("**FRG**"). The internal auditors reports their findings and recommendations to the AC and follow up on actions implemented in their next audit review. The AC reviews the scope and results of the internal audit bi-annually and ensures that the internal audit function is adequately resourced. Following the review of the internal audit plan for FY2015 and their evaluation of the system of internal controls, the AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Group.

The AC has adopted a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees may raise concerns about possible improprieties in matters of financial reporting or other matters such as the encounter of any improper conduct within the Group. The AC did not receive any complaint during FY2017. Procedures are in place for the proper follow-up and investigations of such whistle-blowing incidents, as and when they arise. The Group has extended the whistle-blowing policy to members of the public by means of the Company's website with effect from July 2016 as well.

CORPORATE GOVERNANCE

Shareholders Rights – Principle 14
Communication with Shareholders – Principle 15
Conduct of Shareholder Meetings – Principle 16

The Company endeavors to maintain regular and effective communication with shareholders through timely and comprehensive announcements. It has adopted a policy of making all necessary disclosures in public announcements via the SGXNET. The annual report is sent to all shareholders on a timely basis and notices of all general meetings are advertised in newspapers and announced via the SGXNET.

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

The Company encourages shareholders' participation during the general meetings. Shareholders are able to engage the Board and Management on the Group's business activities, financial performance and other business-related matters during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures.

The Company's Constitution allows any shareholder, who is unable to attend the general meetings in person, to appoint not more than two proxies to attend and vote in his/her place at the general meetings via proxy forms submitted in advance (i.e. not less than forty-eight (48) hours before the time appointed for holding the general meeting). The proxy form is sent with the notice of general meetings to all shareholders.

All Directors are encouraged to be present and available at general meetings to address shareholders' queries. The external auditors will also be present at the AGM of the Company to address any relevant queries raised by the shareholders.

In considering dividend payments, the Company takes into account, amongst other factors, current cash position, future cash requirements, profitability, retained earnings and business outlook. In this regard, the Company does not have a fixed dividend policy as having one will jeopardize the Company in times of adverse changes in market conditions. Nevertheless, it has been making dividend payments of 0.3 Singapore cents every year for the last five years. For FY2017, the Company is recommending a first and final one-tier tax-exempt dividend of 0.30 cents per share subject to shareholders' approval at the forthcoming AGM.

Dealings in Securities

The Company has established guidelines and a system of controls in monitoring the dealings in its securities by the Directors and key employees. In particular, it covers the identification of the parties subject to the control system, the reporting of securities dealings by the parties and the review of such reports by the AC. This is executed by monitoring the monthly shareholders listing to track share transactions by the Directors and key employees.

In addition, the Company has implemented a policy whereby Directors and relevant executives are prohibited from dealing in the shares of the Company commencing one month prior to the release of the half-year and full-year announcements of the Company's financial results and ending on the date of announcement of the relevant results. They are also discouraged from dealing in the Company's securities on short-term considerations.

CORPORATE GOVERNANCE

Interested Person Transactions

The Company has adopted an internal policy with regards to transactions with interested persons and has set out procedures for the review and approval of the Group's interested person transactions to ensure that such transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The transactions during FY2017, for which the renewed general mandate was approved by shareholders at the AGM held on 28 April 2017, are provided below:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Interested person – Adrian Teo Kee Tiong **Company** Fuji Printing Cylinders Pte Ltd (FPC), a wholly-owned subsidiary of the Group Fuji Roto Gravure Sdn Bhd (FRG), where FPC owns 65% and Adrian Teo owns 35% **IPT transaction** Supply of printing cylinders by FRG to FPC Provision of technical services by the Group to FRG Lease of premises by Fujiplates Manufacturing Sdn Bhd to FRG	-	S$430,000

Risk Management

The Company does not have a separate risk management committee. Risk management oversight is through the AC while the Board is collectively responsible for the management of risks and sets the direction for the Group in the way risks are managed. The Board has ultimate responsibility for approving the strategy of the Group in addressing shareholders' expectations and does not expose the Group to an unacceptable level of operational, financial and compliance risks. Details of the Group's financial risk management objectives and policies are set out in pages 81 to 85 of this Annual Report.

Material Contracts

Save for the service contracts mentioned under the section on "Remuneration Committee" and transactions as disclosed in the "Interested Person Transactions" section above, there were no material contracts entered into by the Group involving the interests of the Directors or controlling shareholders, either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Non-Sponsor Fee

There was no non-sponsor fee paid to the Sponsor, Asian Corporate Advisors Pte. Ltd., as well as to the previous Sponsor, SAC Capital Private Limited, for FY2017.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Fuji Offset Plates Manufacturing Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2017.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company 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 December 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

Directors

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

Teo Kee Bock
Teo Kee Chong
Ang Kim Ton
Low Beng Tin
Tan Keh Eyo
Lim Kang San

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		**Deemed interest**	
	At the beginning of financial year	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Company				
Ordinary shares				
Teo Kee Bock	11,980,250	11,980,250	10,500	10,500
Teo Kee Chong	10,884,500	7,884,500	–	–
Ang Kim Ton	8,480,000	8,480,000	–	–

Directors' interest in shares or debentures (cont'd)

By virtue of Section 7 of the Act, Messrs Teo Kee Bock and Teo Kee Chong are deemed to have interests in the subsidiaries of Fuji Offset Plates Manufacturing Ltd, at the beginning and at the end of the financial year.

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2018.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, 0r at the end of the financial year.

As disclosed in Note 26 of the accompanying financial statements, the Company and its related corporations have, in the normal course of business, entered into various transactions with one director, and a company in which a director has substantial financial interests. However, the directors have neither received nor become entitled to receive any benefit arising out of these transactions other than those to which they are ordinarily entitled to as shareholders of these companies.

Options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

The Audit Committee (the "AC") comprises three members, all of whom are non-executive directors. All of its members, including the Chairman, are independent.

The AC met as necessary and carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter. 50, including the following:

- Reviewed the audit plans of the external auditors of the Group and the Company, and reviewed the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external auditors;
- Reviewed the half yearly announcement and annual financial statements and the auditors' report on the annual financial statements before submission to the board of directors;
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual;

Audit Committee (cont'd)

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and independence and objectivity of the external auditors; and
- Recommends to the board of directors the external auditors to be nominated and reviewed the scope and results of the audit.

The Board of Directors and the Audit Committee have reviewed the adequacy of the Group's internal controls, including financial, operational, compliance, information technology risk and risk management systems. The Board of Directors with the concurrence of the Audit Committee is of the opinion that the system of internal controls in place are adequate in meeting the current scope of the Group's business operations.

Further information regarding the AC is disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Teo Kee Chong
Director

Teo Kee Bock
Director

Singapore
6 April 2018

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 31 December 2017

Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fuji Offset Plates Manufacturing Ltd (the Company) and its subsidiaries (collectively, the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2017, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 31 December 2017

Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Determination of fair value of land and buildings classified as property, plant and equipment

The Group carries its freehold land and buildings at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation.

The Group performs internal valuation assessment to determine the fair values of its freehold land and buildings as at 31 December 2017, which amounted to $82,000 and $1,920,000 respectively.

The valuation of the freehold land and buildings involves management judgment and is significant to our audit due to their magnitude and implication on whether impairment losses should be recorded. The valuation is also highly dependent on a range of estimates, and is highly sensitive to changes in the key assumptions applied, particularly those relating to recent prices of comparable properties, gross replacement cost of improvements, allowance for deterioration and price per square meter.

As part of the audit, amongst others, we assessed the appropriateness of the valuation models and property related data which includes estimates used by management. In addition, our internal specialists assisted us in evaluating the appropriateness of the valuation techniques, and certain key inputs and assumptions used in the estimation process. These key inputs and assumptions include recent prices of comparable properties, gross replacement cost of improvements, allowance for deterioration and price per square meter. We also assessed the adequacy of the related disclosures in Notes 7 and 28.

Impairment assessment of investment in and loan to an investee company

As at 31 December 2017, the Group has investment in and loan to an investee company, Star City Property Development Co Ltd, amounting to S$2,024,000 and S$5,261,000 respectively. The investment in and loan to this investee company represent 24% of the Group's total assets. As disclosed in Note 15, the investee company is a property developer which purchased plots of land in Cambodia with loans from its investors. Management took into consideration the valuation of the underlying land held by the investee company in their impairment assessment of the investment and the loan. We determined that the impairment assessment is a key audit matter due to the magnitude of these items in the financial statements and significant management judgement used in the assessment.

We performed the following audit procedures, amongst others, in evaluating management's assessment on whether objective evidence of impairment existed as at year end. The investee company engaged independent external valuation specialists to determine the gross development value of its project. We considered the objectivity and competence of the external valuation specialists. We involved our internal specialists in assessing the appropriateness of the valuation models and property related data, amongst others, recent prices of comparable transactions used by the external valuation specialist and adopted by the investee company in their estimation process. We also assessed the appropriateness of the disclosures relating to the details of the cost of investment and loan in Notes 12 and 15.

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 31 December 2017

Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Impairment assessment of investment in associate

The Group has a 20% equity interest in IPark Development Sdn Bhd, a private company in Malaysia that is engaged in property development. When objective evidence of impairment is identified, management estimates the recoverable amount of the Group's investment in IPark on a value in use basis using a discounted cash flow model. The assessment of whether any objective evidence of impairment exists requires management judgement. When making the assessment, management considers factors such as actual performance of the underlying property development relative to its budget, its expected future performance, as well as prevailing market conditions and economic outlook that may impact the profitability of the development. Based on its assessment, management has concluded that there were no objective evidence of impairment in respect of the investment in the associate at year end.

We focused on this area because of the significant judgement required by management over the assessment of whether objective evidence of impairment exists.

As part of the audit, amongst others, we assessed the appropriateness of the approach and data used by management in their assessment. We obtained the latest property development cost budget prepared by the third-party developer business partner and tested the budget for reasonableness by corroborating key items in the budget to supporting agreements. We validated the sales projection that management used by comparing it against actual recent transacted sales prices for property units at the development as well as historical sales trend. We also considered management's assessment of the prevailing economic condition including business outlook that are relevant to the property development. We also assessed the adequacy of the disclosures relating to the details of the cost of investment and loan in Notes 11 and 15.

Other Information

Management is responsible for 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.

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 31 December 2017

Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

Report on the Audit of the Financial Statements (cont'd)

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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 31 December 2017

Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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.

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 31 December 2017

Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

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 Lee Wei Hock.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

6 April 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Revenue	3	5,055	5,408
Cost of sales		(3,132)	(3,153)
Gross profit		1,923	2,255
Other income		760	335
Distribution expenses		(278)	(332)
Administrative expenses		(1,983)	(2,048)
Other operating expenses		(1,340)	–
Results from operating activities		(918)	210
Finance income (net)	4	511	383
Share of results of associate (net of tax)		(446)	17
(Loss)/profit before tax	6	(853)	610
Income tax expense	5	(229)	(541)
(Loss)/profit from continuing operations for the year, net of tax		(1,082)	69
Discontinued operation			
Loss from discontinued operation, net of tax	32	(144)	(40)
(Loss)/profit for the year		(1,226)	29
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Revaluation of property		(1)	(18)
Foreign currency translation		387	(662)
Other comprehensive income for the year, net of tax		386	(680)
Total comprehensive income for the year		(840)	(651)
(Loss)/profit for the year attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax		(1,254)	(207)
Loss from discontinued operation, net of tax		(116)	(24)
		(1,370)	(231)
Non-controlling interests			
Profit from continuing operations, net of tax		172	276
Loss from discontinued operation, net of tax		(28)	(16)
		144	260
(Loss)/profit for the year		(1,226)	29

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2017 (cont'd)

	Note	2017 $'000	2016 $'000
Total comprehensive income attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax		(932)	(821)
Total comprehensive income from discontinued operations, net of tax		(116)	(24)
		(1,048)	(845)
Non-controlling interests			
Total comprehensive income from continuing operations, net of tax		236	210
Total comprehensive income from discontinued operations, net of tax		(28)	(16)
		208	194
Total comprehensive income for the year		(840)	(651)
Loss per share attributable to owners of the Company			
Basic and diluted (cents per share)	23	(2.74)	(0.46)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS
As at 31 December 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Non-current assets					
Property, plant and equipment	7	4,053	5,659	284	–
Intangible assets	8	68	98	–	–
Investment properties	9	2,032	553	–	–
Subsidiaries	10	–	–	7,809	9,231
Long-term prepayments	13	320	486	–	–
Investment in associate	11	6,204	6,524	–	–
Long-term loan due from associate	15	89	87	–	–
Other investment	12	2,024	1,587	2,024	1,587
Other receivable	15	5,261	5,093	5,261	5,093
		20,051	20,087	15,378	15,911
Current assets					
Investment properties held for sale	9	958	385	–	–
Inventories	14	755	733	–	–
Prepayments		126	42	1	–
Trade and other receivables	15	1,824	1,915	351	233
Tax recoverable		310	285	–	–
Cash and bank deposits	16	5,184	6,919	512	608
		9,157	10,279	864	841
Assets of disposal group classified as held for sale	32	580	–		
Total assets		29,788	30,366	16,242	16,752
Current liabilities					
Trade and other payables	17	1,114	1,111	495	256
Loans and borrowings	18	92	36	54	–
Provision		32	35	12	15
Current tax payable		48	27	–	–
		1,286	1,209	561	271
Non-current liabilities					
Loans and borrowings	18	180	100	117	–
Deferred tax liabilities	20	801	747	–	–
		981	847	117	–
Liabilities directly associated with disposal group classified as held for sale	32	201	–	–	–
Total liabilities		2,468	2,056	678	271

BALANCE SHEETS
As at 31 December 2017 (cont'd)

	Note	Group		Company	
		2017	**2016**	**2017**	**2016**
		$'000	$'000	$'000	$'000
Equity attributable to owners of the Company					
Share capital	21	14,807	14,807	14,807	14,807
Reserves	22	9,448	10,646	757	1,674
		24,255	25,453	15,564	16,481
Non-controlling interests		3,065	2,857	–	–
Total equity		27,320	28,310	15,564	16,481
Total equity and liabilities		29,788	30,366	16,242	16,752

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2017

	Attributable to owners of the Company						
Group	**Share capital** $'000	**Foreign currency translation reserve** $'000	**Revaluation reserve** $'000	**Retained earnings** $'000	**Total** $'000	**Non-controlling interests** $'000	**Total equity** $'000
At 1 January 2017	14,807	(9,565)	1,478	18,733	25,453	2,857	28,310
(Loss)/profit for the year	–	–	–	(1,370)	(1,370)	144	(1,226)
Other comprehensive income							
Net deficit on revaluation of freehold land and buildings	–	–	(1)	–	(1)	–	(1)
Foreign currency translation	–	323	–	–	323	64	387
Total comprehensive income for the year	–	323	(1)	(1,370)	(1,048)	208	(840)
Dividends on ordinary shares (Note 24)	–	–	–	(150)	(150)	–	(150)
At 31 December 2017	14,807	(9,242)	1,477	17,213	24,255	3,065	27,320

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2017 (cont'd)

	Attributable to owners of the Company						
Group	**Share capital** $'000	**Foreign currency translation reserve** $'000	**Revaluation reserve** $'000	**Retained earnings** $'000	**Total** $'000	**Non-controlling interests** $'000	**Total equity** $'000
At 1 January 2016	14,807	(8,969)	1,496	19,114	26,448	2,663	29,111
(Loss)/profit for the year	–	–	–	(231)	(231)	260	29
<u>Other comprehensive income</u>							
Net deficit on revaluation of freehold land and buildings	–	–	(18)	–	(18)	–	(18)
Foreign currency translation	–	(596)	–	–	(596)	(66)	(662)
Total comprehensive income for the year	–	(596)	(18)	(231)	(845)	194	(651)
Dividends on ordinary shares (Note 24)	–	–	–	(150)	(150)	–	(150)
At 31 December 2016	14,807	(9,565)	1,478	18,733	25,453	2,857	28,310

STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2017 (cont'd)

Company	**Share capital** $'000	**Retained earnings** $'000	**Total** $'000
At 1 January 2017	14,807	1,674	16,481
Loss for the year	–	(767)	(767)
Total comprehensive income for the year	–	(767)	(767)
Dividends on ordinary shares (Note 24)	–	(150)	(150)
At 31 December 2017	14,807	757	15,564
At 1 January 2016	14,807	2,345	17,152
Loss for the year	–	(521)	(521)
Total comprehensive income for the year	–	(521)	(521)
Dividends on ordinary shares (Note 24)	–	(150)	(150)
At 31 December 2016	14,807	1,674	16,481

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 31 December 2017

	Note	2017 $'000	2016 $'000 (Restated)
Operating activities			
(Loss)/profit before tax from continuing operations		(853)	610
Loss from discontinued operation		(144)	(40)
(Loss)/profit before tax, total		(997)	570
Adjustments for:			
Depreciation of property, plant and equipment	7	476	513
Depreciation of investment properties	9	44	7
Gain on disposal of property, plant and equipment	6	(185)	(76)
Gain on settlement of fully impaired other receivables	6	(514)	–
Loss recognised on derecognition of Star City loan	6	818	–
Loss on remeasurement to fair value less costs to sell for disposal group	32	73	–
Amortisation of intangible assets and long-term prepayments	8,13	44	44
Share of results of associate		446	(17)
Interest expense		5	7
Interest income	4	(516)	(395)
Foreign exchange loss/(gain)		457	(212)
Operating cash flows before changes in working capital		151	441
Changes in working capital:			
Increase in inventories		(145)	(65)
Increase in trade and other receivables		(105)	(368)
(Increase)/decrease in prepayments		(84)	14
(Decrease)/increase in trade and other payables		(127)	361
Cash flows (used in)/generated from operations		(310)	383
Income taxes paid		(180)	(413)
Interest received		55	221
Net cash flows (used in)/generated from operating activities		(435)	191
Investing activities			
Purchase of property, plant and equipment	7	(522)	(874)
Refund for/(purchase of) intangible assets		8	(62)
Proceeds from disposal of property, plant and equipment		185	78
Proceeds from settlement of fully impaired other receivables		514	–
Loan to Star City		(1,420)	(271)
Investment in associate		–	(3,405)
Deposit received in relation to investment properties held for sale		231	–
Net cash flows used in investing activities		(1,004)	(4,534)

CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 31 December 2017 (cont'd)

	Note	2017 $'000	2016 $'000 (Restated)
Financing activities			
Interest paid	4	(5)	(7)
Dividends paid to owners of the Company	24	(150)	(150)
Payments to hire purchase creditors		(36)	(32)
Net cash flows used in financing activities		(191)	(189)
Net decrease in cash and cash equivalents		(1,630)	(4,532)
Effect of exchange rate changes on cash and cash equivalents		96	(85)
Cash and cash equivalents at 1 January		6,919	11,536
Cash and cash equivalents at 31 December	16	5,385	6,919

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Fuji Offset Plates Manufacturing Ltd (the Company) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 2 Jalan Rajah #06-28, Golden Wall Flatted Factory, Singapore 329134.

The principal activities of the Company are those relating to the sale of aluminium offset plates, trading of related industrial chemicals for the printing industry, investments in commercial, industrial, hospitality, residential and/or mixed development properties and investment holding.

The principal activities of the subsidiaries and associate are disclosed in Notes 10 and 11 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group has adopted SFRS(I) on 1 January 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). On transition to SFRS(I), the Group expects to elect the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017. The Group expects to reclassify an amount of $9,565,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

The Group expects to elect the option to treat the carrying amount of land and buildings revalued under previous accounting policy as its deemed cost as at 1 January 2017. The Group expects to treat an amount of $3,885,000 of land and buildings as its deemed cost as at 1 January 2017.

Other than the effects of the matters as described above and the impact on adoption of SFRS(I) 9 and SFRS(I) 15, the Group expects that the adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 9 and SFRS(I) 15 will be similar to the impact on adoption of FRS 109 and FRS 115 as disclosed in Note 2.3.

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on 1 January 2017, including the Amendments to FRS 7 *Disclosure Initiative*. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	*Effective for annual periods beginning on*
Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Improvements to FRSs (December 2016)	
- Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to FRS 28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Improvements to FRSs (March 2018)	
- Amendments to FRS 103 *Business Combinations*	1 January 2019
- Amendments to FRS 12 *Income Taxes*	1 January 2019
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

<u>FRS 115 *Revenue from Contracts with Customers*</u>

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on January 2018.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

FRS 115 *Revenue from Contracts with Customers* *(cont'd)*

The Group performed a preliminary impact assessment of adopting FRS 115 based on currently available information. This assessment may be subject to changes arising from a more detailed ongoing analysis. The Group is in a business of providing sale of aluminium offset plates and cylinders, trading of related industrial chemicals for the printing industry, investments in property development companies and investment holding. The Group does not expect any significant impact to arise from the adoption of this standard, except for the equity accounting for its share of results from associate. The Group's share of results of the associate is currently assessed using the completed contract method. With the adoption of FRS 115, the share of results may be assessed on a percentage-of-completion method.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109 in 2018.

(a) Classification and measurement

The Group currently measures its investment in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount under FRS 39 and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

(b) Impairment

FRS 109 requires the Group and the Company to record expected credit losses on all of its debt securities, loans, trade receivables and financial guarantees, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group currently does not expect any significant impact to arise in this respect from the adoption of the standard.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets, total liabilities and gearing ratio.

2.4 *Basis of consolidation*

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation (cont'd)***

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.5 ***Transactions with non-controlling interests***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

2. Summary of significant accounting policies (cont'd)

2.6 *Foreign currency*

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

The Group has elected to recycle the accumulated exchange differences in the separate component of other comprehensive income that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

2. Summary of significant accounting policies (cont'd)

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.19. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

Freehold land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	-	30 to 60 years
Plant and machinery	-	2 to 10 years
Renovations	-	2 to 10 years
Office equipment, furniture and fittings	-	2 to 10 years
Motor vehicles	-	6 years

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

2. Summary of significant accounting policies (cont'd)

2.7 ***Property, plant and equipment (cont'd)***

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.8 ***Intangible assets***

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

2.9 ***Long-term prepayments***

Long-term prepayments represents premium paid on leasehold land. Long-term prepayments are stated at cost less accumulated amortisation and impairment losses. They are amortised in profit or loss using the straight-line method over their lease terms ranging from 30 to 60 years.

2.10 ***Investment properties***

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

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are measured at cost less depreciation and accumulated impairment losses.

2. Summary of significant accounting policies (cont'd)

2.10 *Investment properties (cont'd)*

Depreciation is provided on the straight-line basis so as to write-off the cost of the investment property over its estimated useful life of 50 years. Freehold land is not depreciated.

The carrying value of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment properties.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.11 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 *Associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate profit or loss in the period in which the investment is acquired.

2. Summary of significant accounting policies (cont'd)

2.12 *Associates (cont'd)*

Under the method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.13 *Cash and bank deposits*

Cash and bank deposits comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 *Financial instruments*

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group has not designated any financial asset initial recognition at fair value through profit or loss.

2. Summary of significant accounting policies (cont'd)

2.14 ***Financial instruments (cont'd)***

(a) Financial assets (cont'd)

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as are classification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

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

2. Summary of significant accounting policies (cont'd)

2.14 *Financial instruments (cont'd)*

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of other financial liabilities, not at fair value through profit or loss, directly attributable transaction costs.

The Group has not designated any financial liability upon initial recognition at fair value through profit or loss.

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

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

2.15 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

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

2. Summary of significant accounting policies (cont'd)

2.15 *Impairment of financial assets (cont'd)*

(a) Financial assets carried at amortised cost (cont'd)

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

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

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

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

(b) Financial assets carried at cost

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

2. Summary of significant accounting policies (cont'd)

2.16 *Impairment of non-financial assets*

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

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

2. Summary of significant accounting policies (cont'd)

2.17 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.18 *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 an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 *Employee benefits*

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. As for the companies in Malaysia, the companies make contributions to the Employee Provident Fund Scheme in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (cont'd)

2.20 ***Employee benefits (cont'd)***

(b) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.21 ***Leases***

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(b). Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.22 *Non-current assets held for sale and discontinued operations*

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.23 *Revenue*

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

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2. Summary of significant accounting policies (cont'd)

2.24 *Taxes*

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (cont'd)

2.24 *Taxes (cont'd)*

(b) Deferred tax (cont'd)

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

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

2. Summary of significant accounting policies (cont'd)

2.25 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 *Contingencies*

A contingent liability is:

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

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

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.27 *Share capital and share issuance expenses*

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

2. Summary of significant accounting policies (cont'd)

2.28 *Significant accounting judgments and estimates*

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

2.28.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Impairment assessment of investment in and loan to an investee company

The Group has a 20% equity interest in IPark Development Sdn Bhd, a private company in Malaysia that is engaged in property development (Note 11). When objective evidence of impairment is identified, management estimates the recoverable amount of the Group's investment in IPark on a value in use basis using a discounted cash flow model. The assessment of whether any objective evidence of impairment exists requires management judgement. When making the assessment, management considers factors such as actual performance of the underlying property development relative to its budget, its expected future performance, as well as prevailing market conditions and economic outlook that may impact the profitability of the development. Based on its assessment, management has concluded that there were no objective evidence of impairment in respect of the investment in the associate at year end.

2.28.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2. Summary of significant accounting policies (cont'd)

2.28 *Significant accounting judgments and estimates (cont'd)*

2.28.2 Key sources of estimation uncertainty (cont'd)

(a) Determination of fair value of buildings classified as property, plant and equipment

The Group carries its freehold land and buildings at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation.

The Group performs internal valuation assessment to determine the fair values of its freehold land and buildings as at 31 December 2017, which amounted to $82,000 and $1,920,000 respectively.

The valuation of the freehold land and buildings involves management judgment. The valuation is highly dependent on a range of estimates, and is highly sensitive to changes in the key assumptions applied, particularly those relating to recent prices of comparable properties, gross replacement cost of improvements, allowance for deterioration and price per square meter.

(b) Impairment assessment of investment in and loan to an investee company

As at 31 December 2017, the Group has investment in and loan to an investee company, Star City Property Development Co Ltd, amounting to S$2,024,000 and S$5,261,000 respectively. The investment in and loan to this investee company represent 24% of the Group's total assets. Management took into consideration the valuation of the underlying land held by the investee company in their impairment assessment of the investment and the loan.

(c) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant in delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 15 to the financial statements.

2. Summary of significant accounting policies (cont'd)

2.28 *Significant accounting judgments and estimates (cont'd)*

2.28.2 Key sources of estimation uncertainty (cont'd)

(d) Income taxes

The Group has exposure to income taxes in 2 jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's tax recoverable, income tax payable and deferred tax liabilities at the balance sheet date was $310,000 (2016: $285,000), $48,000 (2016: $27,000) and $801,000 (2016: $747,000) respectively.

3. Revenue

	Group	
	2017	**2016**
	$'000	$'000
Sales of goods	4,879	5,336
Rental income	176	72
	5,055	5,408

Revenue represents the net invoiced value of goods sold and services rendered in the normal course of business. All inter-company transactions have been eliminated in arriving at the Group's revenue.

4. Finance income (net)

	Group	
	2017	**2016**
	$'000	$'000
Interest income on bank deposits	52	216
Discount adjustment on loan	464	174
	516	390
Hire purchase interest	(5)	(7)
	511	383

5. Income tax expense

	Group	
	2017	**2016**
	$'000	$'000
Current tax expense		
Current year	218	137
(Over)/underprovision in respect of prior years	(37)	371
	181	508
Deferred tax expense (Note 20)		
Movement in temporary differences	(3)	42
Under/(over)provision in respect of prior years	51	(9)
	48	33
Income tax expense recognised in profit or loss	229	541

Reconciliation of effective tax rate

Relationship between tax expense and (loss)/profit before tax

A reconciliation between tax expense and the product of accounting profit/loss multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 is as follows:

	Group	
	2017	**2016**
	$'000	$'000
(Loss)/profit before tax	(853)	610
Tax at the domestic rates applicable to profits in the countries where the Group operates	(136)	176
Income not subject to taxation	(191)	(66)
Expenses not deductible for tax purposes	361	74
Deferred tax assets not recognised	118	113
Tax incentive	(50)	(125)
Share of results of associate	107	(4)
Underprovision in respect of prior years	14	362
Others	6	11
	229	541

The corporate income tax rate applicable to Singapore companies of the Group is 17% (2016: 17%).

Malaysian subsidiaries current income tax is calculated at the statutory rate of 24% (2016: 24%) of the estimated assessable profit for the years.

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

6. (Loss)/profit before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group	
	2017	**2016**
	$'000	$'000
Other income		
Gain on disposal of property, plant and equipment	(185)	(76)
Other income arising from sale of scrap	(43)	(37)
Gain on settlement of fully impaired other receivables	(514)	–
Foreign exchange gain	–	(194)
Cost of sales and expenses		
Foreign exchange loss	522	–
Loss recognised on derecognition of Star City loan (Note 15)	818	–
Loss on remeasurement to fair value less costs to sell for disposal group (Note 32)	73	–
Amortisation of long-term prepayments (Note 13)	21	30
Amortisation of intangible assets (Note 8)	23	14
Depreciation of property, plant and equipment (Note 7)	476	513
Depreciation of investment properties (Note 9)	44	7
Audit fees paid to:		
Auditors of the Company	78	66
Other auditors	21	27
Non-audit fees paid to:		
Auditors of the Company	10	10
Other auditors	3	3
Operating lease expenses	30	30
Employee benefits expenses (Note 19)	1,703	1,998
Inventories recognised as an expense in cost of sales (Note 14)	1,295	1,327

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

7. Property, plant and equipment

Group	At valuation		At cost				
	Freehold land $'000	**Buildings** $'000	**Plant and machinery** $'000	**Renovations** $'000	**Office equipment, furniture and fittings** $'000	**Motor vehicles** $'000	**Total** $'000
Cost/valuation							
At 1 January 2016	161	3,853	13,731	246	1,726	1,511	21,228
Reclassified to intangible assets	–		–	–	(298)	–	(298)
Revaluation surplus	–	(24)	–	–	–	–	(24)
Elimination of accumulated depreciation on revaluation	–	(61)	–	–	–	–	(61)
Additions	–	–	793	–	81	–	874
Disposals	–	–	(6,252)	–	(801)	(63)	(7,116)
Translation difference	–	(44)	(369)	(3)	(15)	(17)	(448)
At 31 December 2016	161	3,724	7,903	243	693	1,431	14,155
Reclassified to investment properties	(81)	(1,801)	–	–	–	–	(1,882)
Revaluation deficit	–	(3)	–	–	–	–	(3)
Additions	–	–	354	–	18	322	694
Disposals	–	–	(920)	–	(7)	(380)	(1,307)
Attributable to discontinued operations	–	–	–	–	(8)	(25)	(33)
Translation difference	2	–	151	3	17	16	189
At 31 December 2017	82	1,920	7,488	246	713	1,364	11,813

7. Property, plant and equipment (cont'd)

	At valuation		At cost				
Group	**Freehold land** $'000	**Buildings** $'000	**Plant and machinery** $'000	**Renovations** $'000	**Office equipment, furniture and fittings** $'000	**Motor vehicles** $'000	**Total** $'000
Accumulated depreciation and impairment losses							
At 1 January 2016	–	–	12,655	217	1,622	1,035	15,529
Reclassified to intangible assets	–	–	–	–	(244)	–	(244)
Depreciation for the year	–	61	291	6	23	132	513
Elimination of accumulated depreciation on revaluation	–	(61)	–	–	–	–	(61)
Disposals	–	–	(6,252)	–	(800)	(62)	(7,114)
Translation difference	–	–	(88)	(2)	(26)	(11)	(127)
At 31 December 2016	–	–	6,606	221	575	1,094	8,496
Depreciation for the year	–	25	340	5	29	77	476
Elimination of accumulated depreciation on revaluation	–	(25)	–	–	–	–	(25)
Disposals	–	–	(920)	–	(7)	(380)	(1,307)
Attributable to discontinued operations	–	–	–	–	(8)	(25)	(33)
Translation difference	–	–	124	2	17	10	153
At 31 December 2017	–	–	6,150	228	606	776	7,760
Net carrying amount							
At 31 December 2016	161	3,724	1,297	22	118	337	5,659
At 31 December 2017	82	1,920	1,338	18	107	588	4,053

7. Property, plant and equipment (cont'd)

Company	**Plant and machinery** $'000	**Renovations** $'000	**Office equipment, furniture and fittings** $'000	**Motor vehicles** $'000	**Total** $'000
Cost/valuation					
At 1 January and 31 December 2016	12	114	96	606	828
Additions	–	–	3	285	288
Disposals	–	–	–	(317)	(317)
At 31 December 2017	12	114	99	574	799
Accumulated depreciation					
At 1 January 2016	12	114	95	579	800
Depreciation for the year	–	–	1	27	28
At 31 December 2016	12	114	96	606	828
Depreciation for the year	–	–	–	4	4
Disposals	–	–	–	(317)	(317)
At 31 December 2017	12	114	96	293	515
Net carrying amount					
At 31 December 2016	–	–	–	–	–
At 31 December 2017	–	–	3	281	284

Revaluation of freehold land and buildings

The Group's freehold land and building at PLO 158, Jalan Angkasa Mas 6, Tebrau II Industrial Estate 81100 Johor Bahru, Johor, Malaysia and Lot 6673, Jalan Waja 1, Kawasan Perindustrian Pandan, Mukim of Tebrau, Johor Bahru, Johor, Malaysia, and Lot 6680, Jalan Waja 4, Kawasan Perindustrian Pandan, Mukim of Tebrau, Johor Bahru, Johor, Malaysia, were stated based on an independent professional valuation carried out on 31 December 2016 by IPC Island Property Consultants Sdn Bhd. Details of valuation techniques and inputs used are disclosed in Note 28.

As at 31 December 2017, the Group's freehold land and buildings at PLO 158 and Lot 6673 were valued based on directors' valuations. Details of valuation techniques and inputs used are disclosed in Note 28.

If the buildings were measured using the cost model, the carrying amount would have been $919,000 (2016: $1,808,000).

7. Property, plant and equipment (cont'd)

Assets held under hire purchase

The carrying amount of motor vehicles held by the Group under hire purchase at the balance sheet date is $488,000 (2016: $258,000). The carrying amount of motor vehicles held under hire purchase by the Company at the balance sheet date is $281,000 (2016: Nil).

In 2017, the Group acquired property, plant and equipment with an aggregate cost of $694,000 (2016: $874,000) of which $172,000 (2016: Nil) was financed under hire purchase arrangements. Cash payments of $522,000 (2016: $874,000) were made to purchase property, plant and equipment.

Assets pledged as security

The Group's buildings with a carrying amount of $1,899,000 (2016: $3,724,000) are pledged to secure banking facilities granted to a subsidiary.

8. Intangible assets

Group	Technical know-how $'000	Computer Software $'000	Total $'000
Cost			
At 1 January 2016	110	–	110
Reclassified from property, plant and equipment	–	298	298
Adjustments	–	62	62
Translation difference	–	(13)	(13)
At 1 January 2017	110	347	457
Adjustments	–	(8)	(8)
Translation difference	–	7	7
At 31 December 2017	110	346	456
Accumulated amortisation			
At 1 January 2016	110	–	110
Reclassified from property, plant and equipment	–	244	244
Amortisation charge for the year	–	14	14
Translation difference	–	(9)	(9)
At 1 January 2017	110	249	359
Amortisation charge for the year	–	23	23
Translation difference	–	6	6
At 31 December 2017	110	278	388
Net carrying amount			
At 31 December 2016	–	98	98
At 31 December 2017	–	68	68

9. Investment properties and investment properties held for sale

(a) Investment properties

	Group 2017	Group 2016
	$'000	$'000
Balance sheet:		
Cost		
At 1 January	715	1,255
Transfer from property, plant and equipment	1,882	–
Transfer from prepayments	337	–
Transfer to investment properties held for sale	(726)	(520)
Translation difference	58	(20)
At 31 December	2,266	715
Accumulated depreciation		
At 1 January	162	290
Transfer from prepayments	185	–
Transfer to investment properties held for sale	(162)	(135)
Depreciation for the year	44	7
Translation difference	5	–
At 31 December	234	162
Net carrying amount		
At 1 January	553	965
At 31 December	2,032	553
Valuation of investment properties	3,576	838
Statement of comprehensive income:		
Rental income from investment properties:		
- Minimum lease payments	181	72
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	45	5

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

9. Investment properties and investment properties held for sale (cont'd)

Valuation of investment properties

The fair value of the investment properties as at 31 December 2016 was based on valuations performed by Vest Land Real Estate Agency, an independent valuer with recent experience in the location and category of the properties being valued. The valuations were based on estimated marketable price of the factory and industrial land assessed by the independent valuer. In relying on the valuation reports, management had exercised its judgement and was satisfied that the valuation methods and estimates are reflective of current market conditions.

The fair value of the investment properties as at 31 December 2017 is based on directors' valuations.

The investment properties held by the Group as at 31 December 2017 are as follows:

Description and Location	Existing Use	Tenure
Lot 6680, Mukim of Tebrau	Industrial	Freehold
PLO 210, Jalan Angkasa Mas Utama, Johor Darul Ta'zim	Industrial	Freehold

(b) Investment properties held for sale

The Group entered into a sale and purchase agreement with YFM Industrial Sdn Bhd, an unrelated party, on 14 February 2017, in respect of the investment property located at 10 Jalan Hasil Industrial Estate, 81200 Johor Bahru, Johor, Malaysia with a carrying value of $394,000 (2016: $385,000) as of 31 December 2016.

The contracted sale consideration for the investment property is $1,371,000 (2016: $1,343,000). The property was classified as held for sale as at 31 December 2016. The sale of this investment property was completed on 7 March 2018.

On 22 November 2017, the Group entered into a sale and purchase agreement with Modern Unit Sdn. Bhd., an unrelated party, in respect of the investment property located at Lot 4070 & 4078 Taman Gembira, Johor Bahru, Johor, Malaysia with a carrying value of $564,000 as of 31 December 2017.

The contracted sale consideration for the investment property is approximately $1,146,000. The sale of this investment property is expected to be completed in 2018.

Accordingly both investment properties are recorded as investment properties held for sale in the balance sheet as at 31 December 2017.

Properties pledged as security

Investment properties amounting to $958,000 (2016: $385,000) were mortgaged to secure banking facilities granted to a subsidiary.

10. Subsidiaries

	Company	
	2017	**2016**
	$'000	$'000
Shares, at cost	5,758	5,758
Long-term loan to a subsidiary	2,051	3,473
	7,809	9,231

The long-term loan to a subsidiary is non-trade in nature, unsecured and interest-free. Accordingly, the fair value of the loan is not determinable as the settlement of the amount is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, a part of the entity's net investment in the subsidiary, it is stated at cost.

(a) Composition of the Group

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest	
			2017	**2016**
			%	%
Held by the Company:				
Fuji Printing Cylinders Pte Ltd *	Singapore	Trading in printing cylinders and its related products	100	100
Fujiplates Manufacturing Sdn. Bhd. **	Malaysia	Letting of properties and investment holding	100	100
Held through Fuji Printing Cylinders Pte Ltd:				
Fuji Roto Gravure Sdn. Bhd. **	Malaysia	Manufacture and sale of gravure printing cylinders and related services in the printing industry	65	65
Held through Fujiplates Manufacturing Sdn Bhd:				
Fuji Offset Plates (M) Sdn Bhd. **	Malaysia	Sale of offset printing plates and materials in printing industries	60	60

* Audited by Ernst & Young LLP Singapore.

** Audited by member firm of Ernst & Young Global in Malaysia.

10. Subsidiaries (cont'd)

(b) Interest in a subsidiary with material non-controlling interest ("NCI")

The Group has the following subsidiary that has NCI that is material to the Group.

Name of Subsidiary	**Principal place of business**	**Proportion of ownership interest held by non-controlling interest** %	**Profit allocated to NCI during the reporting period** \$'000	**Accumulated NCI at the end of reporting period** \$'000	**Dividends paid to NCI** \$'000
31 December 2017:					
Fuji Roto Gravure Pte Ltd	Malaysia	35	172	2,884	–
31 December 2016:					
Fuji Roto Gravure Pte Ltd	Malaysia	35	277	2,652	–

(c) Summarised financial information about a subsidiary with material NCI

Summarised financial information before intercompany eliminations of a subsidiary with material NCI are as follows:

	Fuji Roto Gravure Pte Ltd	
	2017	**2016**
	\$'000	\$'000
Summarised balance sheet		
Current		
Assets	7,073	6,616
Liabilities	(588)	(800)
Net current assets	6,485	5,816
Non-current		
Assets	1,935	1,965
Liabilities	(180)	(204)
Net non-current assets	1,755	1,761
Net assets	8,240	7,577

10. Subsidiaries (cont'd)

	Fuji Roto Gravure Pte Ltd	
	2017	**2016**
	$'000	$'000
Summarised statement of comprehensive income		
Revenue	4,770	5,146
Profit before taxation	638	875
Profit for the year	491	790
Other comprehensive income	172	(179)
Total comprehensive income	663	611
Other summarised information		
Net cash flows from operating activities	(226)	911
Acquisition of property, plant and equipment	(407)	(874)

11. Investment in associate

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Shares, at cost	6,748	6,748	–	–
Share of results	(434)	12	–	–
Translation differences	(110)	(236)	–	–
	6,204	6,524	–	–

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2017 %	2016 %
IPark Development Sdn Bhd	Malaysia	Property development	20	20

11. Investment in associate (cont'd)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

Summarised balance sheet	IPark Development Sdn Bhd	
	2017	**2016**
	$'000	$'000
Current		
Assets	93,458	50,915
Liabilities	31,755	17,727
Net current assets	61,703	33,188
Non-current		
Assets	16,581	123
Liabilities	47,493	–
Net non-current (liabilities)/assets	(30,912)	123
Net assets	30,791	33,311
Proportion of the Group's ownership	20%	20%
Group's share of net assets	6,158	6,662
Other adjustments	46	(138)
Carrying amount of the investment	6,204	6,524
Summarised statement of comprehensive income		
(Loss)/profit for the year	(2,230)	85

12. Other investment

	Group and Company	
	2017	**2016**
	$'000	$'000
Non-current:		
Available-for-sale financial assets		
Unquoted equity instruments, at cost	2,024	1,587

Unquoted shares are stated at cost as at end of the reporting period.

The investment relates to the Group's equity interest in a company in Cambodia, Star City Property Development Co Ltd ("Star City").

In 2017, the Group made additional interest-free advances amounting to $1,420,000 (2016: $6,022,000) to Star City. For financial report purposes, the deemed interest foregone on these interest-free advances is accounted for as part of the Company's cost of investment in Star City. The Group recorded its equity interest in Star City amounting to $2,024,000 (2016:$1,587,000) as other investment and advances to Star City amounting to $5,261,000 (2016:$5,093,000) as non-current other receivables (Note 15) as at 31 December 2017.

13. Long-term prepayments

	Group	
	2017	**2016**
	$'000	$'000
Premium paid on leasehold land, at cost	1,217	1,217
Transfer to investment properties	(337)	–
	880	1,217
Less:		
Accumulated amortization		
At 1 January	601	571
Transfer to investment properties	(185)	–
Amortisation charge for the year	21	30
At 31 December	437	601
	443	616
Translation differences	(123)	(130)
Net carrying amount	320	486

The long-term prepayments are mortgaged to secure banking facilities granted to a subsidiary.

14. Inventories

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Balance sheet:				
Raw materials	640	543	–	–
Work-in-progress	73	72	–	–
Finished goods	42	118	–	–
	755	733	–	–
Statement of comprehensive income:				
Inventories recognised as an expense in cost of sales (Note 6)	1,295	1,327	–	8

15. Trade and other receivables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Current:				
Trade receivables	1,752	1,744	1	1
Deposits	13	15	2	3
Other receivables	59	156	5	6
Amount due from a subsidiary	–	–	343	223
	1,824	1,915	351	233
Non-current:				
Long-term loan due from associate	89	87	–	–
Other receivable (Note 12)	5,261	5,093	5,261	5,093
Total trade and other receivables (current and non-current)	7,174	7,095	5,612	5,326
Add:				
Cash and bank deposits (Note 16)	5,184	6,919	512	608
Total loans and receivables	12,358	14,014	6,124	5,934

Trade and other receivables (current)

Trade receivables and amount due from a subsidiary are non-interest bearing, generally on 30 to 90 days' terms and to be settled in cash. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Long-term loan due from associate (non-current)

Long-term loan due from associate is in respect of the interest receivable on the loan prior to the loan's capitalization into ordinary and non-cumulative redeemable preference shares ("**NCRPS**") in 2016 and recorded as investment in associate in Note 11.

Other receivable (non-current) (Note 12)

Other receivable relates to USD-denominated amounts advanced to Star City Property Development Co., Ltd ("Star City"). The advance is for purpose of purchasing and carrying out development of residential and commercial units for sale on two parcels of land in Cambodia ("Property") by Star City. The amount is unsecured and non-interest bearing, has no repayment terms and is not expected to be repaid within the next twelve months. The fair value of the loan is calculated based on effective interest rate of 8.5% per annum with expected repayment period of 5 years (2016: 3 years) due to a delay in the construction of the project. This consequently resulted in a loss of $818,000 (2016: Nil) as the Group and the Company had to derecognise part of the other receivable balance.

15. Trade and other receivables (cont'd)

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to $908,000 (2016: $890,000) and $1,000 (2016: $1,000) respectively, that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Gross	
Group	**2017**	**2016**
	$'000	$'000
Past due 1 – 30 days	331	357
Past due 31 – 90 days	364	403
More than 90 days	213	130
	908	890
Company		
Past due 1 – 30 days	–	–
Past due 31 – 90 days	–	–
More than 90 days	1	1
	1	1

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 90 days. These receivables are mainly due from customers that have a good payment record with the Group.

The Group's and the Company's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	284	200	1	1
Less: Allowance for doubtful amounts	(71)	(70)	–	–
	213	130	1	1

15. Trade and other receivables (cont'd)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Movement in allowance accounts:				
At 1 January	(70)	(72)	–	–
Written off	–	–	–	–
Exchange differences	(1)	2	–	–
At 31 December	(71)	(70)	–	–

Amount due from a subsidiary is trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash. There is no allowance for doubtful debts on this outstanding balance.

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Other receivables – nominal amounts	–	831	–	831
Less: Allowance for doubtful amounts	–	(831)	–	(831)
	–	–	–	–
Movement in allowance accounts:				
At 1 January	831	831	831	831
Recovered	(600)		(600)	
Written off	(231)	–	(231)	–
At 31 December	–	831	–	831

During the year, the Company's claim to recover a defaulted amount of approximately $831,000 under an Equity Transfer Agreement dated 31 July 2010 between the Company and A-Smart was amicably settled. Pursuant to the settlement, the Company received a payment for a sum of $600,000 and recognised as gain on settlement of fully impaired other receivables of $514,000 in profit or loss after deducting associated legal costs.

15. Trade and other receivables (cont'd)

Trade and other receivables denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
United States Dollar	5,261	5,093	5,261	5,093

16. Cash and bank deposits

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Cash at banks and in hand	3,686	4,258	512	608
Fixed deposits with banks	1,498	2,661	–	–
Cash and bank deposits	5,184	6,919	512	608

As at 31 December 2017, the Group does not have any outstanding bank overdraft balance. The Group's bank overdraft facilities are secured by investment properties including held for sale, and property, plant and equipment with net carrying value of approximately $3,179,000 (2016: by buildings and investment property held for sale of the subsidiary with net carrying values of approximately $3,724,000 and $385,000 respectively).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates.

The weighted average effective interest rates per annum as at the end of the financial year are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	%	%	%	%
Cash at banks	0.02-0.10	0.10	0.10	0.10
Fixed deposits with banks	0.70-4.18	0.10-4.10	–	–

Interest rates are repriced at interval of not more than three months.

Cash and bank deposits denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
United States Dollar	29	147	20	25

16. Cash and bank deposits (cont'd)

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2017	**2016**
	$'000	$'000
Cash and bank deposits		
- Continuing operations	5,184	6,919
- Discontinued operation	201	–
Cash and cash equivalents	5,385	6,919

17. Trade and other payables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Trade payables	176	270	–	–
Accrued operating expenses	500	505	234	256
Deposits received	302	32	–	–
Other payables	132	304	7	–
Amounts due to related companies	4	–	254	–
Total trade and other payables	1,114	1,111	495	256
Add:				
- Loans and borrowings (Note 18)	272	136	171	–
Less:				
- Deposits received	231	–	–	–
Trade and other payables representing total financial liabilities carried at amortised cost	1,155	1,247	666	256

Deposits received include part considerations received in advance of completion of the sales of investment properties (Note 9(b)) which amounted to approximately $231,000 (2016: Nil).

Trade payables/other payables

These amounts are non-interest bearing. Trade payables are normally settled on 60-day term while other payables have an average term of six months.

Amounts due to related companies

These amounts are trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

17. Trade and other payables (cont'd)

Trade and other payables denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
United States Dollar	–*	4	–	–

* Amount less than $1,000

18. Loans and borrowings

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Current:				
Obligations under finance leases (Note 25)	92	36	54	–
Non-current:				
Obligations under finance leases (Note 25)	180	100	117	–
Total loans and borrowings	272	136	171	–

These obligations are secured by a charge over the leased assets (Note 7). The effective interest rates per annum at the balance sheet date range from 4.5% to 4.7% (2016: 4.5%) per annum for the Group and 4.7% (2016: Nil) per annum for the Company.

A reconciliation of liabilities arising from financing activities is as follows:

		Cashflows	Non-cash changes		
	2016		**Additions to property, plant and equipment**	**Reclassification**	**2017**
Finance lease	$'000	$'000	$'000	$'000	$'000
Current	36	(36)	54	38	92
Non-current	100	–	118	(38)	180
Total	136	(36)	172	–	272

19. Employee benefits

	Group	
	2017	**2016**
	$'000	$'000
Employee benefits expenses (including directors) (Note 6):		
Staff costs	1,591	1,851
Defined contribution pension schemes	115	140
Movement in liability for short-term accumulating compensated absences	(3)	7
	1,703	1,998

20. Deferred tax

Movements in deferred tax liabilities during the year are as follows:

Group	**At 1/1/2016** $'000	**Recognised in profit or loss (Note 5)** $'000	**Recognised in equity** $'000	**Exchange differences** $'000	**At 31/12/2016** $'000	**Recognised in profit or loss (Note 5)** $'000	**Recognised in equity** $'000	**Exchange differences** $'000	**At 31/12/2017** $'000
Deferred tax liabilities									
Differences in depreciation of property, plant and equipment for tax purposes	(221)	(33)	–	6	(248)	(48)	–	(6)	(302)
Revaluation to fair value:									
Freehold land and buildings	(505)	–	6	–	(499)	–	–	–	(499)
	(726)	(33)	6	6	(747)	(48)	–	(6)	(801)

20. Deferred tax (cont'd)

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Deferred tax assets:				
Tax losses	12,105	11,439	12,105	11,399
Others	12	12	12	12
	12,117	11,451	12,117	11,411

There are no temporary differences relating to investment in subsidiaries at the end of the reporting period.

Unrecognised tax losses

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group or the Company can recognise the benefits.

The recognised tax losses and investment tax allowances are available for set off against future taxable profits subject to agreement by the tax authority and compliance with the tax regulations of the respective tax jurisdiction.

There are no income tax consequences (2016: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 24).

21. Share capital

	Group and Company			
	2017		**2016**	
	No. of shares		**No. of shares**	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	49,913	14,807	49,913	14,807

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

22. Reserves

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
Foreign currency translation reserve	(9,242)	(9,565)	–	–
Revaluation reserve	1,477	1,478	–	–
Retained earnings	17,213	18,733	757	1,674
	9,448	10,646	757	1,674

Foreign currency translation reserve

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency; and

(b) the exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Revaluation reserve

The revaluation reserve comprises the net cumulative increase in the fair value of buildings and freehold land, net of tax.

23. Loss per share

Basic and diluted loss per share are calculated by dividing loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2017	**2016**
	$'000	$'000
Loss per share is based on:		
Loss for the year attributable to owners of the Company	(1,370)	(231)

	No. of shares	
	2017	**2016**
Weighted average number of shares in issue during the year	49,912,500	49,912,500

Diluted loss per share is similar to basic loss per share as there are no potential dilutive ordinary shares.

24. Dividends

	Group and Company	
	2017	**2016**
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- final tax exempt (one-tier) dividend of 0.3 cent per share (2016: 0.3 cent per share)	150	150
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholder's approval at the AGM:		
Proposed final tax exempt (one-tier) dividend of 0.3 cent per share (2016: 0.3 cent per share)	150	150

25. Commitments

(a) Operating lease commitments – as lessee

(i) On 1 August 2008, the Company entered into a lease for the Company's office at Jalan Rajah, Singapore, with a renewal option. The lease was renewed for another 2 years with effect from 1 August 2017 at the same rental rate.

The amount paid under the leases for 2017 was $30,000 (2016: $30,000).

(ii) The future minimum lease payments under the non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2017	**2016**
	$'000	$'000
Not later than 1 year	30	18
Later than 1 year but not later than 5 years	18	–
	48	18

25. Commitments (cont'd)

(b) Operating lease commitments – as lessor

The Group leases out its investment properties. Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2017	**2016**
	$'000	$'000
Not later than 1 year	16	–
Later than 1 year but not later than 5 years	–	–
	16	–

(c) Finance lease commitments

The Group has finance leases for certain items of motor vehicles. These leases do not have terms of renewal, purchase options or escalation clauses. The lease term is for 3 to 5 years (2016: 5 years). The effective interest rate is 4.5% to 4.7% (2016: 4.5%) per annum. The interest rate is fixed at contract date, and does not expose the Group to interest rate risk. The lease is on a fixed repayment basis and no arrangement has been entered into for contingent rental payable. The Group's obligations under the finance lease is secured by the lessor's title to the leased assets.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

25. Commitments (cont'd)

(c) Finance lease commitments (cont'd)

	Minimum lease payments 2017 $'000	Present value of payments (Note 18) 2017 $'000	Minimum lease payments 2016 $'000	Present value of payments (Note 18) 2016 $'000
Group				
Not later than 1 year	103	92	41	36
Later than 1 year and not later than 5 years	188	180	106	100
Total minimum lease payments	291	272	147	136
Less: future finance charges	(19)	–	(11)	–
Present value of minimum lease payments	272	272	136	136
Company				
Not later than 1 year	61	54	–	–
Later than 1 year and not later than 5 years	123	117	–	–
Total minimum lease payments	184	171	–	–
Less: future finance charges	(13)	–	–	–
Present value of minimum lease payments	171	171	–	–

26. Related party transactions

(a) Compensation of key management personnel

Key management personnel of the Group and Company are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The directors are considered as key management personnel of the Group and Company.

Key management personnel compensation comprised:

	Group	
	2017	**2016**
	$'000	$'000
Directors' fees	90	90
Central Provident Fund contributions	15	15
Short-term employee benefits	371	376
	476	481

Key management personnel compensation comprised:

Directors of the Company	476	481

(b) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2017	**2016**
	$'000	$'000
Company in which a director of the Company have substantial financial interests		
Sales	–	7
Printing expenses	4	3
One director of the Company (2016: Two)		
Rental expenses	30	50

27. Contingent liabilities (unsecured)

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities granted to subsidiaries amounting to $3,325,000 (2016: $3,256,000). At 31 December 2017, the amount of banking facilities utilised was Nil (2016: Nil). The financial guarantees will expire when the banking facilities are no longer available to the subsidiaries.

28. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

		2017		**2016**	
		$'000		$'000	
	Note	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets					
Other investment					
Unquoted equity instruments, at cost	12	2,024	*	1,587	*

* <u>Investment in equity instruments carried at cost</u>

Fair value information has not been disclosed for the investment in equity instrument that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in Star City that is not quoted on any market and do not have any comparable industry peer that is listed. The Company does not intend to dispose of the investment in the foreseeable future.

28. Fair value of assets and liabilities (cont'd)

(c) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	2017			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Non-financial assets:				
<u>Property, plant and equipment</u>				
Freehold land	–	–	82	82
Buildings	–	–	1,920	1,920

	2016			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Non-financial assets:				
<u>Property, plant and equipment</u>				
Freehold land	–	–	161	161
Buildings	–	–	3,724	3,724

28. Fair value of assets and liabilities (cont'd)

(d) Level 3 fair value measurements

Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 31 December $'000	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
2017				
Freehold land	82	Apportionment via comparable price	Comparable sales price ($20 per square foot)	The higher the comparable sales price, the higher the fair value
Buildings	1,920	Depreciated replacement cost (DRC)	Replacement cost – New ($30 to $32 per square foot)	The higher the replacement cost, the higher the fair value
2016				
Freehold land	161	Apportionment via comparable price	Comparable sales price ($20 per square foot)	The higher the comparable sales price, the higher the fair value
Buildings	3,724	Depreciated replacement cost (DRC)	Replacement cost – New ($30 to $32 per square foot)	The higher the replacement cost, the higher the fair value

Buildings are carried at fair valuation based on independent external valuation. They are measured utilising the cost (depreciation replacement cost or DRC) approach. The valuation is highly dependent on management's judgement on a range of estimates. The valuations are highly sensitive to changes in the key assumptions applied, particularly those relating to recent prices of comparable properties, gross replacement cost of improvements, allowance for deterioration and price per square meter.

Freehold land is carried at fair valuation based on independent external valuation. Freehold land is measured based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

28. Fair value of assets and liabilities (cont'd)

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's asset not measured at fair value at 31 December 2017 but for which fair value is disclosed:

	2017				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical asset (Level 1)	**Significant observable inputs other than quoted prices** (Level 2)	**Significant unobservable inputs** (Level 3)	**Total**	**Carrying Amount**
	$'000	$'000	$'000	$'000	$'000
Non-current assets					
Investment properties	–	–	3,576	3,576	2,032
Current assets					
Investment properties held for sale	2,517	–	–	2,517	958

	2016				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical asset (Level 1)	**Significant observable inputs other than quoted prices** (Level 2)	**Significant unobservable inputs** (Level 3)	**Total**	**Carrying Amount**
	$'000	$'000	$'000	$'000	$'000
Non-current assets					
Investment properties	–	–	838	838	553
Current assets					
Investment property held for sale	1,343	–	–	1,343	385

<u>Determination of fair value</u>

The fair values as disclosed in the table above are based on estimated marketable price of the factory and industrial land by directors (2016: independent valuer) and contracted sale prices.

28. Fair value of assets and liabilities (cont'd)

(f) Fair value of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and bank deposits (Note 16), trade and other receivables-current (Note 15), long-term loan due from associate (Note 15), loans and borrowings (Note 18) and trade and other payables (Note 17).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their relatively short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. The difference between the carrying value and fair value of fixed rate instruments is assessed to be not significant.

The fair value of non-current other receivable is not materially different from its carrying amount as at the end of the reporting period.

29. Financial risk management objectives and policies

The Group and Company are exposed to financial risks arising from its operations. The key financial risks include credit risk, liquidity risk and foreign currency risk.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, and long-term loan from associate. For other financial assets (including cash and bank deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group has established credit limits for customers and monitors their balances. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

29. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

At the end of the reporting period, approximately 14% (2016: 13%) of the Group's trade receivable was due from a major customer in the printing plates and cylinders business segment.

Trade and other receivables, and long-term loan from associate that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and bank deposits are entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 (Trade and other receivables).

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company monitor and maintain a level of cash and bank deposits deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group and the Company ensure that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations which excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

		Cash flows		
Group	**Note**	**Within 1 year**	**2 to 5 years**	**Total**
2017		$'000	$'000	$'000
Financial assets:				
Trade and other receivables	15	1,824	7,447	9,271
Cash and bank deposits	16	5,184	–	5,184
Total undiscounted financial assets		7,008	7,447	14,455
Financial liabilities:				
Trade and other payables	17	883	–	883
Loans and borrowings	18	103	188	291
Total undiscounted financial liabilities		986	188	1,174
Total net undiscounted financial assets		6,022	7,259	13,281

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Group 2016	Note	Within 1 year $'000	2 to 5 years $'000	Total $'000
		Cash flows		
Financial assets:				
Trade and other receivables	15	1,915	6,592	8,507
Cash and bank deposits	16	6,919	–	6,919
Total undiscounted financial assets		8,834	6,592	15,426
Financial liabilities:				
Trade and other payables	17	809	–	809
Loans and borrowings	18	41	106	147
Total undiscounted financial liabilities		850	106	956
Total net undiscounted financial assets		7,984	6,486	14,470

Company 2017	Note	Within 1 year $'000	2 to 5 years $'000	Total $'000
		Cash flows		
Financial assets:				
Trade and other receivables	15	351	7,358	7,709
Cash and bank deposits	16	512	–	512
Total undiscounted financial assets		863	7,358	8,221
Financial liabilities:				
Trade and other payables	17	495	–	495
Loans and borrowings	18	54	117	171
Total undiscounted financial liabilities		549	117	666
Total net undiscounted financial assets		314	7,241	7,555

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

		Cash flows		
Company	**Note**	**Within 1 year**	**2 to 5 years**	**Total**
2016		$'000	$'000	$'000
Financial assets:				
Trade and other receivables	15	233	6,505	6,738
Cash and bank deposits	16	608	–	608
Total undiscounted financial assets		841	6,505	7,346
Financial liabilities:				
Trade and other payables	17	256	–	256
Total undiscounted financial liabilities		256	–	256
Total net undiscounted financial assets		585	6,505	7,090

(c) Foreign currency risk

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar. Exposure to currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

Sensitivity analysis

A 10% strengthening of Singapore Dollar against the following currencies at the reporting date would decrease the profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit before tax 2017	**Profit before tax 2016**
	$'000	$'000
Group		
United States Dollar	529	524
Company		
United States Dollar	528	512

A 10% weakening of Singapore Dollar against the above currency would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

30. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 31 December 2016.

There were no changes in the Group's approach to capital management during the year. The Company and its subsidiaries are not subject to externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, loans and borrowings, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company.

	Group	
	2017	**2016**
	$'000	$'000
Trade and other payables (Note 17)	1,114	1,111
Loans and borrowings (Note 18)	272	136
Less: Cash and bank deposits (Note 16)	5,184	6,919
Net debt	(3,798)	(5,672)
Equity attributable to the owners of the Company	24,255	25,453
Total capital	24,255	25,453
Capital and net debt	20,457	19,781
Gearing ratio	–	–

31. Segment reporting

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) Printing plates and cylinders is the manufacture and sale of gravure printing cylinders and related services in the printing industry;

(ii) Investment holding;

(iii) Investment in property development companies.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2017

31. Segment reporting (cont'd)

	Printing plates and cylinders		Investment holding		Investment in property development companies		Adjustments and eliminations		Notes	Total operations	
	2017 $'000	2016	2017 $'000	2016 $'000	2017 $'000	2016	2017 $'000	2016 $'000		2017 $'000	2016 $'000
Revenue:											
External customers	4,879	5,336	176	72	–	–	–	–		5,055	5,408
Inter-segment revenue	–	–	225	235	–	–	(225)	(235)	A	–	–
Total revenue	4,879	5,336	401	307	–	–	(225)	(235)		5,055	5,408
Results:											
Segment profit/(loss)	1,285	221	220	238	(800)	191	(1,558)	(40)	B	(853)	610
Depreciation of property, plant and equipment	446	452	26	61	4	–	–	–		476	513
Depreciation of investment properties	–	7	44	–	–	–	–	–		44	7
Amortisation of long-term prepayments and intangible assets	44	44	–	–	–	–	–	–		44	44
Loss recognised on derecognition of Star City loan	–	–	–	–	818	–	–	–		818	–
Loss on remeasurement to fair value less costs to sell for disposal group	73	–	–	–	–	–	–	–		73	–
Impairment loss on property, plant and equipment	(3)	(18)	–	–	–	–	–	–		(3)	(18)
Interest income	29	51	23	165	464[1]	174[1]	–	–		516	390
Interest expense	(5)	(7)	–	–	–	–	–	–		(5)	(7)
Gain on settlement of fully impaired other receivables	–	–	(514)	–	–	–	–	–		(514)	–

31. Segment reporting (cont'd)

	Printing plates and cylinders		Investment holding		Investment in property development companies		Adjustments and eliminations		Notes	Total operations	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**		**2017**	**2016**
	$'000		$'000	$'000	$'000		$'000	$'000		$'000	$'000
Assets and Liabilities											
Segment assets	10,195	15,851	4,901	938	14,382	13,291	310	286		29,788	30,366
Capital expenditure – property, plant and equipment/intangible assets	687	936	–	–	–	–	–	–		687	936
Segment liabilities	760	1,114	332	31	–	–	1,376	911	C	2,468	2,056

(A) Notional interest income due to discount adjustment on loans to Star City

Notes:

(B) Inter-segment revenues are eliminated on consolidation.

(C) The following items are (deducted from)/added to segment profit/(loss) to arrive at "profit/(loss) before tax" presented in the consolidated statement of comprehensive income:

	2017	**2016**
	$'000	$'000
Profit from inter-segment sales	(225)	(235)
Unallocated finance costs	(522)	195
Unallocated corporate expenses	(811)	–
	(1,558)	(40)

31. Segment reporting (cont'd)

(C) Unallocated segment liabilities in respect of hire purchase creditors and deferred tax liabilities and current tax payable.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2017	**2016**	**2017**	**2016**
	S$'000	S$'000	S$'000	S$'000
Singapore	1,214	1,094	284	–
Malaysia	3,802	4,122	12,482	13,407
Cambodia	–	–	7,285	6,680
Bangladesh	–	81	–	–
Sri Lanka	34	109	–	–
Other countries	5	2	–	–
	5,055	5,408	20,051	20,087

Information about a major customer

Revenue from one major customer amounted to $545,000 (2016: $703,000) arising from sales by the printing plates and cylinders business segment.

32. Discontinued operation and disposal group classified as held for sale

On 1 December 2017, the Company announced the decision of its board of directors to dispose of one of its subsidiaries, Fuji Offset Plates (M) Sdn Bhd ("FOPM"), which was previously reported in the printing plates and cylinders business segment. As at 31 December 2017, the assets and liabilities related to FOPM have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale", and its results are presented separately in profit or loss as "Loss from discontinued operation, net of tax". The disposal of FOPM was completed on 15 January 2018.

32. Discontinued operation and disposal group classified as held for sale (cont'd)

Balance sheet disclosures

The major classes of assets and liabilities of FOPM classified as held for sale as at 31 December are as follows:

	Group 2017 $'000
Assets:	
Inventories	143
Trade and other receivables	236
Cash and short-term deposits	201
Assets of disposal group classified as held for sale	580
Liabilities:	
Trade and other payables	(201)
Liabilities directly associated with disposal group classified as held for sale	(201)
Net assets directly associated with disposal group classified as held for sale	379

Income statement disclosures

The results of FOPM for the years ended 31 December are as follows:

	Group	
	2017 $'000	2016 $'000
Revenue	512	559
Expenses	(587)	(605)
Loss from operations	(75)	(46)
Finance income	4	6
Loss recognised on remeasurement to fair value less costs to sell	(73)	–
Loss before tax from discontinued operation	(144)	(40)
Loss from discontinued operation, net of tax	(144)	(40)

32. Discontinued operation and disposal group classified as held for sale (cont'd)

Cash flow statement disclosures

The cash flows attributable to FOPM are as follows:

	Group	
	2017	**2016**
	$'000	$'000
Operating	(40)	(117)
Investing	4	6
Net cash outflows	(36)	(111)

Loss per share disclosures

Loss per share from discontinued operation attributable to owners of the Company (cent per share)		
Basic	(0.29)	(0.08)
Diluted	(0.29)	(0.08)

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively.

33. Reclassification of comparatives

Unrealised foreign exchange gain of $212,000 has been reclassified from effect of exchange rate changes on cash and bank deposits to non-cash adjustments before operating activities within the consolidated cash flow statement for the year ended 31 December 2016 to be comparable with current year presentation.

34. Events occurring after the reporting period

The disposal of FOPM was completed on 15 January 2018.

Subsequent to year end, the Group completed the sale of its investment property located at 10 Jalan Hasil Industrial Estate, 81200 Johor Bahru, Johor, Malaysia, and the entire remaining proceeds amount of approximately RM3,792,000 was received on 7 March 2018.

35. Authorisation of financial statements

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 6 April 2018.

MAJOR PROPERTIES OF THE GROUP
As at 31 December 2017

Description & Location	Effective Group Interest	Site Area (Sq Metres)	Built-up Area (Sq Metres)	Remaining Tenure
2-storey factory warehouse cum office building at PLO 210, Jalan Angkasa Mas Utama Tebrau II Industrial Estate 81100 Johor Bahru Johor, Malaysia	100%	8,094	5,381	35 years
Industrial building at 10 Jalan Hasil Industrial Estate 81200 Johor Bahru Johor, Malaysia (1)	100%	3,728	1,923	Freehold
Vacant industrial land at Lot 4070 & 4078 Taman Gembira, Johor Bahru Johor, Malaysia (2)	100%	5,590	N/A	Freehold
2-storey factory warehouse cum office building at PLO 158, Jalan Angkasa Mas 6 Tebrau II Industrial Estate 81100 Johor Bahru Johor, Malaysia	100%	8,094	4,945	46 years

(1) The Group had entered into a sale and purchase agreement with YFM Industrial Sdn Bhd, an unrelated party, on 14 February 2017 to sell the property. The sale was completed on 7 March 2018.

(2) The Group has entered into a sale and purchase agreement with Modern Unit Sdn Bhd, an unrelated party, on 22 November 2017 to sell the property. The sale of the property is expected to be completed in 2018.

SHAREHOLDING STATISTICS
As at 15 March 2017

Number of issued and paid-up shares (excluding treasury shares and subsidiary holdings)	- 49,912,500 ordinary shares
Number/Percentage of treasury shares and subsidiary holdings	- Nil
Class of shares	- Ordinary shares
Voting rights	- 1 vote per ordinary share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	5	0.66	98	0.00
100 - 1,000	157	20.88	84,148	0.17
1,001 - 10,000	445	59.18	1,861,050	3.73
10,001 - 1,000,000	136	18.08	6,339,655	12.70
1,000,001 and above	9	1.20	41,627,549	83.40
Total	752	100.00	49,912,500	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Teo Kee Bock	11,980,250	24.00
2	Ang Kim Ton	8,480,000	16.99
3	Teo Kee Chong	7,884,500	15.80
4	OKG Construction & Trading Pte Ltd	7,531,000	15.09
5	Toh Boon Chuan	1,460,000	2.93
6	Lek San Construction Pte Ltd	1,228,200	2.46
7	CGS-CIMB Securities (Singapore) Pte. Ltd.	1,050,599	2.10
8	Teo Chin Wen (Zhang JingWen)	1,010,000	2.02
9	Teo WeiXian (Zhang WeiXian)	1,003,000	2.01
10	Teo Jue Ren	1,000,000	2.00
11	Chang Hin Chong	449,000	0.90
12	Khua Hock Leong	320,000	0.64
13	Oh Cher Kiat	300,000	0.60
14	Lim Yok Tiong	287,000	0.58
15	Poh Heng	192,000	0.38
16	Goh Kheng Sing	115,000	0.23
17	Koh Beng Han	100,000	0.20
18	Raffles Nominees (Pte) Limited	98,100	0.20
19	Hoo Len Yuh	90,000	0.18
20	DBS Vickers Securities (Singapore) Pte Ltd	85,000	0.17
	Total	44,663,649	89.48

Substantial Shareholders
(as recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Teo Kee Bock	11,980,250	24.00	10,500 (1)	0.02
Ang Kim Ton	8,480,000	16.99	-	-
Teo Kee Chong	7,884,500	15.80	-	-
OKG Construction & Trading Pte Ltd	7,531,000	15.09	-	-

(1) Deemed interest in shares held by spouse and CPF Board Nominee.

Approximately 22.0% 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 Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

FUJI OFFSET PLATES MANUFACTURING LTD
(Company Registration No.: 198204769G)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Fuji Offset Plates Manufacturing Ltd (the "**Company**") will be held at Conference Room, 2 Jalan Rajah, #06-28, Golden Wall Flatted Factory, Singapore 329134 on Friday, 27 April 2018 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

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

2. To declare a first and final one-tier tax-exempt dividend of 0.3 Singapore cents per share for the financial year ended 31 December 2017 (2016: 0.3 Singapore cents per share).
(Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to the Constitution of the Company:-

Mr Low Beng Tin	(retiring under Article 90)	**(Resolution 3)**
Mr Teo Kee Bock	(retiring under Article 106)	**(Resolution 4)**
Mr Lim Kang San	(retiring under Article 106)	**(Resolution 5)**

Mr Low Beng Tin will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees respectively, and will be considered independent.

Mr Lim Kang San will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees respectively, and will be considered independent.

4. To approve the payment of Directors' fees of S$120,000 for the financial year ended 31 December 2017 (2016: S$90,000).
(Resolution 6)

5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.
(Resolution 7)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

7. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

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

[See Explanatory Note (i)]

(Resolution 8)

8. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited:

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in the Appendix to the Annual Report to Shareholders dated 11 April 2018 (the "**Appendix**") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out on normal commercial terms and in accordance with the review procedures of the Company for such Interested Person Transactions as set out in the Appendix (the "**Shareholders' Mandate**");

(b) the Shareholders' Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier; and

(c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit.
[See Explanatory Note (ii)]

(Resolution 9)

By Order of the Board

Kelly Kiar Lee Noi
Secretary
Singapore, 11 April 2018

Explanatory Notes:

(i) The Ordinary Resolution 8 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

(ii) The Ordinary Resolution 9 in item 8 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "**Meeting**"). A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf.

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend 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 (which number and class of shares shall be specified).

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

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

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 2 Jalan Rajah, #06-28 Golden Wall Flatted Factory, Singapore 329134 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("**AGM**") 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) 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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*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Company's Sponsor has not independently verified the contents of this notice including the correctness of any of the figures used, statements or opinions made.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms Foo Quee Yin.
Telephone number: 6221 0271

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IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For CPF/SRS investors who have used their CPF/SRS monies to buy the Company's shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

FUJI OFFSET PLATES MANUFACTURING LTD
Company Registration No.: 198204769G
(Incorporated in the Republic of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, ... (Name)
of .... (Address)
being a member/members of **Fuji Offset Plates Manufacturing Ltd** (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above , the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held on Friday, 27 April 2018 at 10:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	Number of Votes For(1)	Number of Votes Against(1)
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017		
2	Payment of proposed first and final one-tier tax-exempt dividend		
3	Re-election of Mr Low Beng Tin as a Director		
4	Re-election of Mr Teo Kee Bock as a Director		
5	Re-election of Mr Lim Kang San as a Director		
6	Approval of Directors' fees amounting to S$120,000		
7	Re-appointment of Messrs Ernst & Young LLP as Auditors		
8	Authority to issue new shares		
9	Renewal of Shareholders' Mandate for Interested Person Transactions		

(1) *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 April 2018

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

....
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at the Meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the Meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Cap. 19 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Cap. 289 and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Cap. 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or 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.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 2 Jalan Rajah, #06-28, Golden Wall Flatted Factory, Singapore 329134 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member 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 Section 179 of the Companies Act, Cap. 50.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2018.

General:

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. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

……..

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AFFIX
POSTAGE
STAMP

THE COMPANY SECRETARY
Fuji Offset Plates Manufacturing Ltd
2 Jalan Rajah #06-28
Golden Wall Flatted Factory
Singapore 329134

FUJI OFFSET PLATES MANUFACTURING LTD
(CO. REG. NO. 198204769G)
2, JALAN RAJAH # 06-28,
GOLDEN WALL FLATTED FACTORY,
SINGAPORE 329134
TEL: (65) 62659111
FAX: (65) 62682300
WEB: www.fopgroup.com
EMAIL: contact@fopgroup.com