CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

COMPANY REGISTRATION NO. 196200046K

ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH 2018

CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

REPORT AND FINANCIAL STATEMENTS

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Executive Director
Lim Yew Khang Cecil
Lim Yew Tee Collin

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

AUDIT COMMITTEE

Tay Kah Chye, Chairman
Dr Wan Soon Bee
Lee Kia Jong Elaine

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Foo Soon Soo

REGISTRARS

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

REGISTERED OFFICE

3 Jalan Samulun
Singapore 629127
Tel: 62650411
Fax: 62656690
Email: chemical.ind@cil.sg

TOWN OFFICE

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

MANUFACTURING PLANT

91 Sakra Avenue
Singapore 627882
Tel: 68676977
Fax: 68676972

SUBSIDIARY COMPANIES

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

PRINCIPAL BANKERS

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

AUDITORS

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore
Partner-in-charge: Lee Boon Teck
(Appointed with effect from financial year ended
31 March 2018)

CHAIRMAN'S MESSAGE

Dear Shareholders,

Financial year ended 31 March 2018 ("FY2018") is marked by severe increased competition in the region as well as a spike in prices of Sodium Hydroxide. Local demand for Chlorine and its derivative remained depressed.

OUR PERFORMANCE

Nonetheless, the Group managed to achieve a revenue growth of 21.9% to S$70.9 million in FY2018 against this challenging backdrop. The industrial chemicals segment continued to account for the largest part of our revenue at 97.9% of total Group revenue.

The increase in revenue of the industrial chemicals segment was due mainly to the increase in the average selling price of Sodium Hydroxide and increase in the sales volume of our industrial chemicals as a whole.

However, overall gross profit declined due to lower margins on our chlor-alkaline products arising from price competition, higher cost of imports and higher electricity costs associated with the industrial chemicals segment, leading to a decrease of Group gross profit margin by 9.1 percentage point to 19.9% in FY2018.

Other income (net) rose to S$5.7 million in FY2018 compared to S$4 million in FY2017 as the Group recorded a substantial gain of S$6.4 million (FY2017: S$1.6 million) as a result of an increase in fair value adjustments of its investment properties in the property business segment. The gain was partially offset by a net foreign exchange loss of S$611,000 as opposed to a net foreign exchange gain of S$416,000 in FY2017, arising from the depreciation of United State Dollars against Singapore Dollars.

Distribution expenses increased to S$4.9 million in FY2018 from S$2.8 million in FY2017. This is due to the change in customer profile, from pipeline to retail/wholesale, resulting in higher transportation costs.

Administrative expenses, on the other hand, decreased to S$5.1 million in FY2018 as compared to S$7.8 million in FY2017 mainly due to lower performance-related remuneration cost and ongoing cost reduction measures.

With the full repayment of its long-term and short-term bank loans in the 3rd quarter of FY2017, the Group's finance costs were significantly reduced to $3,000 in FY2018 compared to S$239,000 in FY2017. The current finance costs of S$3,000 were attributed to outstanding finance leases on its plant and equipment.

Income tax expense was lower at S$529,000 in FY2018 as compared to S$1.2 million in FY2017 despite the increase in profitability. These was because the improved profitability in FY2018 arose mainly from the gain in fair value adjustments of its investments properties that were not subject to tax.

As a result of the foregoing, Group net profit after tax for FY2018 came in at S$9.2 million as compared to S$8.9 million the previous financial year. Without the fair value adjustments, the Group's net profit before tax would have been much lower at S$2.8 million, reflecting the economic reality of the tight market conditions in which the Group operates.

The Group recorded operating cash outflows of S$1.5 million mainly due to working capital movements. Investing cash outflow was slightly lower in FY2018 at S$1.4 million compared to S$1.9 million in FY2017 due to lower capital expenditure during the year. Net cash outflow for financing activities decreased substantially to S$88,000 in FY2018 compared to S$20.8 million in FY2017 as the latter included the repayment of Group's long-term and short-term borrowings.

With the improved profit, earnings per share increased from 11.67 cents in FY2017 to 12.17 cents in FY2018. Our financial position remained healthy with a consolidated net cash position of S$23.3 million as at 31 March 2018. Net asset value per share of the Group had increased to S$1.43 in FY2018 as compared to S$1.34 in FY2017. Total assets increased by S$3.8 million mainly due to the gain in the fair value of the investment properties.

PROSPECTS

The local business outlook for the chlor-alkali business in FY2019 is anticipated to remain challenging in FY2018. To mitigate this, we are focussing our efforts to expand and grow markets, both local and foreign, for non-chlor-alkali chemicals. In addition, we have explored and are currently actively looking into a few strategic initiatives that will leverage on our long experience in the chlor-alkali business; in particular, exploring various ways to utilise our current under-utilised production resources.

One of the key strategic moves is the signing of a Memorandum of Understanding with May Chemical Sdn. Bhd. for the establishment of a joint venture company to primarily, but not limited to, the establishment of a storage, distribution and trading centre for chemicals in Malaysia. This will further fuel our expansion into the larger and growing customer base in Malaysia. May Chemical is an established company that principally trades in all commercial and industrial chemicals within Malaysia and we have a business relationship that spans more than three decades. It is one of the largest independent traders and distributors in Malaysia (in terms of volume and range of chemicals) with its own logistics assets for the distribution of these chemicals.

The property business is expected to remain steady as office rents are expected to be reasonably stable in FY2019.

DIVIDEND

For FY2018, the Board of Directors has recommended a final dividend (one-tier tax exempt) of 1.5 cents per ordinary share, subject to shareholders' approval at the Annual General Meeting to be held on 29 June 2018. The final dividend of 1.5 Singapore cents represents a 54.6% dividend payout of the Company's FY2018 net profit (FY2017: Final dividend of 3.0 Singapore cents represented 15.1% dividend payout, excluding special dividend).

IN APPRECIATION

On behalf of the Board of Directors, I would like to express our thanks and appreciation to our shareholders, business partners, customers and employees for their unwavering support and contributions.

We look forward to your continued support in the years ahead.

LIM SOO PENG
Chairman and Managing Director

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (the "Board") of Chemical Industries (Far East) Limited (the "Company") and its subsidiaries (the "Group") are committed to achieve high standards of corporate governance. We recognise that good corporate governance enhances accountability and protects the interests of shareholders.

This report sets out the Company's corporate governance practices with reference to the Code of Corporate Governance 2012 (the "Code"). The Company has complied in all material aspects with the principles, guidelines and recommendations of the Code and any deviations are explained in this report.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs
Effective Board to lead and control the Company

The Directors of the Company are:

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

Guideline 1.1
Role of the Board

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

The Board considers sustainability issues in its strategy formulation. In compliance with SGX's requirements, the Company has posted its first Sustainability Report for financial year ended 31 March 2018 on the Company's website at www.cil.sg.

Guideline 1.2
Directors' Duties and Responsibilities

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

Guideline 1.3
Delegation of Authority to Board Committees

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

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

Guideline 1.4
Meetings of Board and Board Committees

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

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

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

	Board	AC	RC	NC
Number of meetings held	4	2	1	1
Name of directors				
Lim Soo Peng	4	2*	1	1*
Lim Yew Khang Cecil	4	2*	-	1*
Lim Yew Tee Collin	4	2*	-	1*
Tay Kah Chye	4	2	1*	1*
Dr Wan Soon Bee	4	2	1	1
Lee Kia Jong Elaine (Mrs Elaine Lim)	4	2	1	1

*attended as invitee

Guideline 1.5
Matters which require Board's approval

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

- The Group's strategic plans
- Results announcements, half-year and full year
- Succession plans for Directors and Senior Management
- Transactions involving a conflict of interest or interested person or related party
- Material acquisitions and disposals
- Corporate or financial restructuring
- Declaration of dividends and other returns to Shareholders
- Appointment and re-appointment of Directors

Guideline 1.6
Orientation, Briefings, and trainings provided for Directors

All new Directors appointed to the Board will be briefed by the Chairman on their duties and obligations, and on the Group's organisation structure, business and governance practices. New Directors will also meet up with senior management to familiarize themselves, thereby facilitating Board interaction and independent access to senior management.

For FY2018, updates on the Group's business and strategic developments were presented by the Executive Directors, updates to changes and developments in accounting standards were presented by the external auditors and regulatory changes to the Listing Rules and Companies (Amendment) Act, The Accounting and Corporate Regulatory Authority (Amendment) Act and Code of Corporate Governance were presented by the Company Secretary.

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

Guideline 1.7
Formal letter setting out Directors' Duties

A new Director will be provided with a formal letter setting out his duties and responsibilities.

BOARD COMPOSITION AND GUIDANCE

Principle 2: Strong and independent element on the Board

Guideline 2.1
One-third Board independence

The Board comprises six Directors, three of whom are Independent Directors. The Independent Directors comprise 50% of the Board, thus providing a strong and independent element on the Board.

Guideline 2.2
One-half Board independence

The Chairman of the Board, Mr Lim Soo Peng, is also the Managing Director of the Company. In compliance with Guideline 2.2 of the Code, the three Independent Directors make up half of the Board.

Guidelines 2.3 & 2.4
Independence of Directors

The Code has defined an "independent" Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the company.

The NC reviews annually, and as and when circumstances require, if a Director is independent based on the guidelines set out in the Code and any other salient factors. Each Independent Director is required to complete a declaration form of independence based on the guidelines provided in the Code. The declaration form also requires the Director to make declaration on any relationships or circumstances, including those identified by the Code, that are relevant in the determination of whether a Director is independent.

In its review for FY2018, the three Independent Directors have declared themselves to be independent. Having reviewed the declarations of independence by the Independent Directors, the NC is of the view the Independent Directors, namely Mr Tay Kah Chye, Dr Wan Soon Bee and Ms Lee Kia Jong Elaine have none of the relationships or circumstances as stated in the Code that would otherwise deemed them not to be independent.

The Board has also conducted a rigorous review for the Independent Directors who had served the Board for more than 9 years since the date of their first appointments, namely Mr Tay Kah Chye and Dr Wan Soon Bee. The Board's rigorous review includes critical examination of any conflicts of interest, their review and scrutiny of matters and proposals put before the Board, exercise of independent judgement and the effectiveness of their oversight role as check and balance on the acts of the Executive Directors and management of the company and their role in enhancing and safeguarding the interest of the Company and that of its shareholders. Based on the rigorous review, the Board concluded that Mr Tay Kah Chye and Dr Wan Soon Bee continue to maintain independence in their oversight role.

Mr Tay Kah Chye and Dr Wan Soon Bee did not participate in the rigorous review process and had abstained from the Board's deliberation of their independence.

Guidelines 2.5 & 2.6
Board size and diversity

The current Board has six members, three of whom are Independent Directors. The Board members as a group provide appropriate mix of experience, expertise and attributes that facilitate balanced, objective and effective decision making.

The Board concurred with the findings of review conducted by the NC that there is a strong and independent element on the Board, the size and diversity is appropriate taking into consideration the scope and nature of operations of the Group.

Profiles of the directors are disclosed in page 20 to 21 of this Annual Report.

Guideline 2.7
Role of non-executive directors

During the year, the Non-Executive Directors constructively challenge and help to develop proposals on investment and business strategies. The performance of the management in meeting the agreed investment and business strategies are also monitored and reviewed by the Non-Executive Directors.

Guideline 2.8
Regular meetings of non-executive directors

The Non-Executive Directors are encouraged to meet regularly without the presence of Management to facilitate a more effective check on the management. Such sessions are arranged by the Lead Independent Director as and when necessary.

CHAIRMAN AND MANAGING DIRECTOR

Principle 3: Clear division of responsibilities between the leadership of the Board and the management of the Company

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

Mr Lim Soo Peng, the founder of the Company, is the Chairman of the Board and Managing Director (equivalent to CEO) of the Company. He has been personally involved in the day-to-day operations of the Group since its inception.

As Chairman of the Board, his responsibilities include leading the Board to ensure its effectiveness, setting the Board agenda in consultation with Board members, the control of the quality and timeliness of data and information to the Board and promoting high standards of the Code and adherence to the Listing Rules and other regulatory requirements.

In line with guidelines of the Code, Mr Tay Kah Chye, who has been appointed as the Lead Independent Director since 18 May 2016, is available as a channel of communication between shareholders if they have concerns relating to matters that contact through the Chairman, Managing Director, or the Group Financial Controller have failed to resolve or such contact is inappropriate.

The Board is of the opinion that there is a strong and independent element on the Board and adequate safeguards are in place to prevent considerable concentration of power.

The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of Executive Directors and management where necessary. After such meetings, the Lead Independent Director provides feedback to the Chairman.

BOARD MEMBERSHIP

Principle 4: Formal and transparent process for appointment of Directors

Guidelines 4.1 and 4.2
Nominating Committee

The Nominating Committee ("NC") comprises the following members, of which, the majority are Non-Executive Independent Directors, including the Chairman: -

Lee Kia Jong Elaine (Mrs Elaine Lim) (NC Chairman)
Tay Kah Chye
Dr Wan Soon Bee
Lim Soo Peng

The role of the NC is to make recommendations to the Board on all Board appointments and re-appointments.

The key responsibilities of the NC are to:

- ensure that the Board has the appropriate size and has the relevant mix of expertise and experience;
- review the Board succession plans, in particular the Chairman and the Managing Director;
- develop a process for evaluation of the performance of the Board, its Board Committees and Directors;
- review training and professional development programmes for the Board.

As part of the selection, appointment and re-appointment process, the NC takes into consideration each Director's competencies, commitment, contribution and performance, including, if applicable, as an Independent Director.

Guideline 4.3
Review of Directors' independence

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

In FY2018, the NC conducted its annual review on the independence of the Independent Directors, using the criteria of independence in the Code and respective Independent Directors' self-declaration, and has ascertained that they are independent.

Guideline 4.4
Multiple board representations

The NC does not consider it appropriate to set a limit on the number of directorships that a Director may hold because individual circumstances and capacity of each Director are different. The NC respects each Director as a professional and leaves it to his/her personal assessment on the demands of competing directorships and obligations and whether he/she can still serve effectively.

Guideline 4.5
Alternative Director

There was no alternative Director appointed on the Board, in line with the guidelines in the Code.

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

The NC reviews the composition of the Board on an annual basis, and as and when circumstances require, to ensure that the Board is of the appropriate size and has the relevant mix of expertise and experience.

When the need for a new Director arises, the NC will take into consideration the diversity of skills, knowledge and experience on the Board to ensure that the Board, on the whole, has the requisite skills to achieve the Group's strategic and business plan. Candidates will be sourced through a network of contacts including relevant institutions like Singapore Institute of Directors, nominations by existing Directors and if necessary, external consultants. Taking into account the existing composition of the Board, candidates will be evaluated on their personality, qualifications, competencies, experience, skill sets and knowledge. Thereafter, the NC will make recommendations to the Board for approval and the new Director is appointed by way of a Board resolution.

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

Re-appointment of Directors is subject to NC's review and recommendations. The NC, having considered the competencies, commitment, contribution and performance in effectively discharging their responsibilities, has recommended to the Board the re-election of Dr Wan Soon Bee and Mr Lim Yew Tee Collin pursuant to Article 95(2) of the Constitution of the Company.

Guideline 4.7
Key information of Directors

Key information of Directors is disclosed on pages 20 and 21 of this Annual Report. In addition, Directors' interest in shares and debentures of the Company and related corporations are set out in the Directors' Statement on pages 23 and 24 of this Annual Report.

BOARD PERFORMANCE

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

Guidelines 5.1 & 5.2
Board evaluation and performance criteria

In evaluating the Board's performance, the NC implements an assessment process that requires each Director to submit an assessment form of the performance of the Board as a whole during the financial year under review. This assessment process takes into account, inter alia, performance indicators such as governance, leadership and strategy, meeting and decision making, Board composition, maintenance of independence, competencies, development and training, control and risk management and communication. The Company Secretary compiles the Directors' evaluation into a consolidated report and presented it to the NC and Board. No external facilitator was used in the evaluation process.

For FY2018, NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole is of the view that the performance of the Board and its various committees are effective.

Guideline 5.3
Evaluation of Individual Director's performance

While there is no formal assessment of the individual directors' performance, the NC considers the contribution by each Director towards the effectiveness of the Board and its committees in which he or she is a chairperson or member. The assessment includes, inter alia, attendance and quality of participation at Board and committee meetings, commitment of time, knowledge and abilities, teamwork and overall effectiveness to enable the Board and its committees to make sound and well-considered decisions.

In FY2018, the NC has reviewed each individual Director's performance and is of the view that each individual Director has contributed effectively and demonstrated commitment to their role.

ACCESS TO INFORMATION

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

Guidelines 6.1 & 6.2
Management providing information to Board

Directors are provided with complete, adequate and timely information prior to Board meetings and on an on-going basis. Such information is circulated at least 7 days in advance of each meeting and it includes financial reports, disclosure documents, explanatory information, key developments and other matters requiring the Board's decision. The Board is kept informed of material events and transactions as and when they occur in a timely manner.

Every Board member has separate and independent access to management. They are entitled to request from management additional information.

Guideline 6.3
Board's access to Company Secretary

Directors have separate and independent access to the Company Secretary. The role of the Company Secretary is clearly defined and the Company Secretary is present at Board meetings to respond to queries from any Director and to assist in ensuring that Board procedures as well as applicable rules and regulations are followed.

Guideline 6.4
Appointment and removal of Company Secretary

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

Guideline 6.5
Board's access to independent professional advice

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

REMUNERATION MATTERS

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

Guideline 7.1
Remuneration Committee

The Remuneration Committee ("RC") comprises three members, the majority of whom are independent:

Dr Wan Soon Bee	(RC Chairman)
Tay Kah Chye	
Lee Kia Jong Elaine (Mrs Elaine Lim)	
Lim Soo Peng	

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

The main responsibilities of the RC are to:

- recommend to the Board a general framework for remuneration;
- review specific remuneration packages for each Executive Director and key management personnel;
- review the Directors' Fee framework

Guideline 7.2
Remuneration framework

The Remuneration Committee recommends to the Board a framework for remuneration for the Board and key management personnel and to determine specific remuneration packages for each Executive Director and key management personnel of the Company. The recommendations of the RC will be submitted to the Board for endorsement.

No Director is involved in deciding his or her remuneration.

Guideline 7.3
Access to expert advice on remuneration matters

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

Guideline 7.4
Termination Clauses in Service Contract

Each of the Executive Directors and key management personnel has an employment contract with the Company which can be terminated by either party giving notice of resignation or termination. RC has reviewed and concluded that the termination clauses are fair and reasonable.

LEVEL AND MIX OF REMUNERATION

Principle 8: Level and mix of Remuneration

Guideline 8.1
Remuneration of Executive Directors and key management personnel

A significant and appropriate proportion of Executive Directors' and key management personnel's remuneration is structured such that rewards are linked to corporate and individual performance. Such performance-related remuneration is aligned with the interests of shareholders and promotes the long-term success of the Company.

Guideline 8.2
Long-term incentive scheme

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

Guideline 8.3
Remuneration of Non-Executive Directors

All the Non-Executive Directors who are Independent Directors have no service contract with the Company and are compensated based on a fixed annual fee taking into account factors such as responsibilities, efforts and time spent.

The RC considers that the current fixed fee structure adequately compensates the Non-Executive Directors, and given the size and operations of the Company, without implementation of shares schemes. The RC will consider recommending such schemes if appropriate.

Guideline 8.4
Contractual Provisions

The RC has reviewed the recommendations of the Code on the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel, in exceptional circumstances, and considers it unnecessary in current context.

There are no contractual provisions in the employment contracts of Executive Directors and key management personnel for the Company to reclaim incentive components of remuneration.

DISCLOSURE ON REMUNERATION

Principle 9: Disclosure of Remuneration

Guidelines 9.1 & 9.2
Remuneration of Directors

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

	Salary	Bonus	Provident Fund	Directors' fee[(1)]	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
S$1,250,001 to S$1,500,000					
Lim Soo Peng	684	682	8	100	1,474
S$250,001 to S$500,000					
Lim Yew Khang Cecil	360	55	9	50	474
Lim Yew Tee Collin	180	40	17	50	287
S$250,000 and below					
Tay Kah Chye	-	-	-	55	55
Dr Wan Soon Bee	-	-	-	55	55
Lee Kia Jong Elaine (Mrs Elaine Lim)	-	-	-	55	55
Total	**1,224**	**777**	**34**	**365**	**2,400**

(1)All Directors receive Directors' fee for attending to Board matters. Chairman of the Board receives double the fee paid to other Directors and Board Committees Chairman receives a small additional fee. Directors' fee is subject to shareholders approval at the Annual General Meeting.

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

The remuneration received by top five management personnel (who are not Directors or the CEO) during FY2018 is as follows:

	Salary	Bonus	Provident Fund	Total
S$250,000 and below				
Executive 1	77%	16%	7%	100%
Executive 2	77%	13%	10%	100%
Executive 3	83%	12%	5%	100%
Executive 4	76%	17%	7%	100%
Executive 5	80%	13%	7%	100%

The remuneration of the top 5 key management personnel (who are not Directors or the CEO) is shown on a "no name" basis so as to avoid a situation where the information might be exploited by competitors.

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

The aggregate of the total remuneration paid to the top five key management personnel (who are not Directors or the CEO) is S$656,000.

Guideline 9.4
Remuneration of Immediate Family Member of a Director or the CEO

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

Remuneration Bands and Name of Family Member of a Director or the CEO	Relationship to a Director or the CEO
S$100,001 to S$150,000 **Lin Yinjun Benjamin**	Grandson of Mr Lim Soo Peng and son of Mr Lim Yew Khang Cecil

Guideline 9.5
Employee Share Option Scheme

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

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability of the Board and Management

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

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

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

Guideline 10.2
Compliance with legislative and regulatory requirements

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

Guideline 10.3
Review of management accounts

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

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: Responsibility of the Board for governance of risk

Guidelines 11.1 and 11.2
Risk Management and Internal Controls System

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

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

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

For FY2018, the Board has reviewed with the AC the following significant risk factors relevant to the Group's operations:

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

The above risks and the management of these risks are set out on pages 50 to 53 of this Annual Report.

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

For FY2018, the Board has received letters of assurance from the Managing Director and Group Financial Controller of the Company that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. It has also received assurance from them of the effectiveness of the Group's risk management system and internal control systems.

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

Guideline 11.4
Risk Committee

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

AUDIT COMMITTEE

Principle 12: Audit Committee

Guideline 12.1
AC membership

The Audit Committee ("AC") comprises the following members, all of whom are Non-Executive Independent Directors:

Mr Tay Kah Chye	(AC Chairman)
Dr Wan Soon Bee	
Ms Lee Kia Jong Elaine (Mrs Elaine Lim)	

Guideline 12.2
AC members' qualifications

All AC members have recent and relevant accounting or related financial management expertise or experience to discharge their responsibilities effectively.

The Chairman of the AC, Mr Tay Kah Chye, has many years of financial management experience, having held various positions in banking. AC members, Dr Wan Soon Bee and Mrs Elaine Lim carry with them considerable experience in business and finance.

The qualifications of the AC members are found on profiles of the Directors in page 20 to 21 of this Annual Report.

Guidelines 12.3 and 12.4
Roles, responsibilities and authorities of AC

The AC assists the Board in fulfilling its fiduciary responsibilities. The main responsibilities of the AC include:

- review and report to the Board on the adequacy and effectiveness of the Company's and Group's internal control and risk management systems on an annual basis;
- review the half-year and full-year results, and any other announcements, prior to submission for Board approval;
- review the scope and results of the external audit, including management's response to the auditors' recommendations for improvements to the Group's internal controls, if any;
- review the independence and objectivity of the external auditors;
- make recommendations on the appointment, re-appointment and removal of external auditors;
- review interested persons transactions; if any to ensure compliance with the Listing Manual

The AC has full authority to investigate any matters within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or management to attend its meetings and has been given reasonable resources to enable it to discharge its functions.

Guideline 12.5
Meeting with external auditors without presence of management

In FY2018, the AC met with the external auditors on 2 separate occasions without the presence of management.

The AC had discussed the key audit matters identified by the external auditors for FY2018. The AC having reviewed the approach and methodology used, concurred with the basis and conclusion included in the auditor's report with respect to the key audit matters for FY2018. For more information on the key audit matters please refer to pages 26 to 28 of this Annual Report.

Guideline 12.6
Independence of external auditors

The external auditors, Deloitte & Touche LLP, registered with the Accounting and Corporate Regulatory Authority, were first appointed on 1 August 1962. They are also the external auditors of all the Company's subsidiaries as well as its associate companies. The partner in charge of the audit with effect from the financial year ended 31 March 2018 is Mr Lee Boon Teck. The Company confirmed its compliance with Rule 712 and 715 of the Listing Manual.

The aggregate fees paid to the Group's external auditor, Deloitte & Touche LLP, for FY2018 was S$72,000, of which audit fee amounted to S$57,000 and non-audit fee amounted to S$15,000 or 26% of total audit fees. The AC has reviewed the amount, nature and extent of such non-audit services rendered to the Group by Deloitte & Touche LLP and concluded that it will not prejudice the independence and objectivity of the external auditors. Accordingly, AC has recommended Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

Guideline 12.7
Whistle-blowing policy

The Company has in place a whistle-blowing policy that provides staff of the Group direct access to the Board Chairman and/or AC Chairman to raise concerns about possible improprieties in matters of financial reporting or other matters. All information received will be treated confidentially and identities and interests of whistle-blowers will be protected, so as to enable staff to voice their concerns without any fear of reprisal, retaliation, discrimination or harassment of any kind.

All whistler-blower complaints will be investigated independently by the AC and findings will be reported to the Board.

Guideline 12.8
AC to keep abreast of changes to accounting standards

During FY2018, each of the AC members attended various external training ranging from changes in accounting standards, risk management, corporate governance and regulatory related topics. Besides the external training, the AC has kept abreast of changes in accounting standards and issues which impact the financial statements from briefings from external auditors during the AC meetings.

Guideline 12.9
Restriction on AC membership

None of the AC members were a former partner or director of the Company's existing external auditors, Deloitte & Touche LLP, in the last 12 months, or hold any financial interest in Deloitte & Touche LLP.

INTERNAL AUDIT

Principle 13: Setting up independent internal audit function

The AC, on an annual basis, reviews the requirements of an internal audit function after taking into consideration various factors such as system of internal controls in place, risks, scope and nature of the Group operations.

In its review for FY2018, having considered all relevant factors, the AC is of the opinion that an internal audit function is considered not necessary in the present circumstances and will review this if circumstances change.

SHAREHOLDER RIGHTS AND RESPOONSIBILITIES
SHAREHOLDERS RIGHT

Principle 14: Shareholders to be treated fairly and equitably

Guideline 14.1
Sufficient Information to Shareholders

The Board ensures that shareholders are informed of changes in the Company or its business on a timely manner through:

(a) SGXNET announcements and news release;
(b) Annual Report;
(c) Notices of and explanatory memoranda for annual general meetings and extraordinary general meetings.

Guideline 14.2
Voting procedures at general meetings

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

All resolutions at general meetings are required to be voted by poll under the Listing Rules of the SGX-ST. Shareholders will be briefed by the Company on the poll voting procedures at general meetings.

Guideline 14.3
Proxies for corporations which provide nominee or custodial services

The Company allows the appointment of more than 2 proxies for a member, who is a relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50, to attend and participate in general meetings as proxies. In these respect, shareholders who hold shares through a nominee, custodian bank or CPF/SRS can attend and participate in general meetings as proxies.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Regular, effective and fair communication with shareholders

Guideline 15.1
Investor relations policy

Communication with shareholders is generally through the general meetings, annual report and announcements made on the SGXNET and in the press. Shareholders are invited to the Company's general meetings, at which they are free to raise queries to which responses are given.

Each year the annual general meeting is generally held within 3 months after the financial year end. Shareholders are advised to access the following website in order to be better prepared for the annual general meeting:

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

Guideline 15.2
Disclosure of information

In accordance with the Listing Rules of the SGX-ST, information that affects the Group is disclosed in a timely manner through SGXNET and the Company does not practise selective disclosure.

Guidelines 15.3 & 15.4
Regular dialogue with shareholders

The Company's general meetings are the principal forum for dialogue with shareholders, to gather their views or inputs, and address their concerns, if any. The Company will consider the use of other forums as set out in Guideline 15.4 of the Code as and when applicable.

Guideline 15.5
Dividend policy

The Company has not formalised a dividend policy, however, it has been paying dividends since FY2006. The Board takes into consideration the Group's operating performance, cash position and planned capital expenditures in its recommendation of dividends.

For FY2018, the Board has recommended a first and final one-tier dividend of 1.5 cents per share subject to shareholders approval at the Annual General Meeting on 29 June 2018.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Conduct of shareholders' meetings

Guideline 16.1
Absentia voting

Voting in absentia are currently not permitted and may only be possible if relevant legislative changes are effected.

Guideline 16.2
Separate resolutions at general meetings

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

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

The Directors, in particular, Chairman of the Board and the respective Board committee Chairmen are present at general meetings to answer shareholders' queries. The external auditors are also present at the annual general meeting to answer shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

Guideline 16.4
Minutes of general meetings

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

Guideline 16.5
Voting by poll

All resolutions at general meetings are put to vote by poll and detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced during the general meetings and subsequent announcement made through SGXNET.

DEALINGS IN SECURITIES

The Company has in place a policy prohibiting dealings in the Company's securities by the Company, its Directors and officers of the Company for the period of one month before the announcement of the Company's half year and full year financial statements and ending on the date of the announcement. The Directors and officers of the Company are also prohibited from dealing in the Company's securities on short-term considerations. In addition, the Company, its Directors and officers are expected to observe the insider trading laws at all times even when dealing in the Company's securities within permitted trading period.

INTERESTED PERSON TRANSACTIONS

There was no interested person transaction in FY2018.

NO MATERIAL CONTRACTS

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

BOARD OF DIRECTORS

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

Chairman and Managing Director

Mr. Lim Soo Peng was appointed to the Board since its inception on 16 March 1962 and was last re-elected on 30 June 2016. He is a founder member of the Company, in response to the invitation by the Singapore Government to effect a transition as owner of a leading commodities trading house to a manufacturer of essential chemicals in the nascent industrialization programme of Singapore in the decades of the sixties.

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

LIM YEW KHANG CECIL

Executive Director

Mr. Lim Yew Khang Cecil was appointed to the Board on 15 September 2016 and was last re-elected on 30 June 2017. He assists the Chairman and Managing Director in strategic planning and daily operations of the Group.

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

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

LIM YEW TEE COLLIN

Executive Director

Mr. Lim Yew Tee Collin was appointed to the Board on 1 September 2015 and was last re-elected on 30 June 2016. He oversees the operations of the chlor-alkali manufacturing plant situated in Jurong Island and technical aspects of the Group.

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

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

He is a Business Continuity Certified Planner with Business Continuity Management Institute and a Certified Professional Risk Manager with Asian Risk Management Institute. Mr. Collin Lim currently serves as a committee member in the review of the Environment & Resource and the Chemical & Processes for Singapore.

TAY KAH CHYE

Non-Executive and Lead Independent Director

Mr. Tay Kah Chye was appointed to the Board on 2 January 2008 and was last re-elected on 30 June 2017. He is the Chairman of the Audit Committee as well as a member of the Nominating Committee and Remuneration Committee. Mr Tay is the Non-Executive Independent Chairman of Asiatic Group (Holdings) Limited and an Independent Director of Wilmar International Limited and Asiatravel.com Holdings Ltd.

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

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

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

DR WAN SOON BEE

Non-Executive Independent Director

Dr Wan Soon Bee was appointed to the Board on 3 July 2000 and was last re-elected on 30 June 2016. He is the Chairman of the Remuneration Committee as well as a member of the Audit Committee and Nominating Committee.

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

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

LEE KIA JONG ELAINE (MRS ELAINE LIM)

Non-Executive Independent Director

Mrs. Elaine Lim was appointed to the Board on 15 September 2016 and was last re-elected on 30 June 2017. She is the Chairman of Nominating Committee and member of the Audit Committee and Remuneration Committee. Mrs. Lim is a Non-Executive Independent Director of M1 Limited and she also serves on the Board of Lien AID Limited and the Diversity Action Committee.

She has the rare distinction of having started two PR/IR consultancies from scratch, both of which rank amongst the top 5 consultancies in Singapore. She also spearheaded the thrust into capital market transactions and investor relations, with more than 270 IPOs under her belt, representing more than 30% of all companies listed on The Singapore Exchange as well as a number of landmark M&A transactions.

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

Mrs. Elaine Lim graduated with a Master of Business Administration from the University of Chicago Graduate School of Business.

SENIOR MANAGEMENT

Chiang Yi Shin

Group Financial Controller

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

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

Ivan Toh

Head of Commercial

Mr. Ivan Toh joined the Group in October 2017 as Head of Commercial and is responsible for developing and expanding the market for our own production products, as well as distribution chemicals.

He has been in the chemical distribution lines for 11 years and was previously from a major American chemical distribution company with responsibilities for developing its regional distribution business.

Mr. Toh graduated with a Diploma in Business Studies from Ngee Ann Polytechnic.

Wong Moon Seng

Technical Adviser to Chairman

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

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

Yeo Keng Liang

Sales & Marketing Manager

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

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

Teo Ek Pheng

Logistics Manager

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

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the group and statement of financial position and statement of changes in equity of the company for the financial year ended 31 March 2018.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company as set out on pages 29 to 69 are drawn up so as to give a true and fair view of the financial position of the group and of the company as at 31 March 2018, and the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

1. DIRECTORS

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

Lim Soo Peng J.P.	(Chairman and Managing Director)
Lim Yew Khang Cecil	
Lim Yew Tee Collin	
Tay Kah Chye	
Dr Wan Soon Bee	
Lee Kia Jong Elaine	

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

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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Shareholdings registered in the names of directors		**Shareholdings in which directors are deemed to have an interest**	
Names of directors and company in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
Chemical Industries (Far East) Limited. (Ordinary Shares)				
Lim Soo Peng J.P.	2,764,250	3,114,250	32,743,500	32,743,500
Lim Yew Khang Cecil	14,000	14,000	-	-
Lim Yew Tee Collin	10,479	10,479	-	-
Tay Kah Chye	16,750	16,750	-	-

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

The directors' interests in the shares of the company at 21 April 2018 were the same as 31 March 2018.

4. SHARE OPTIONS

(a) *Options to take up unissued shares*

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

(b) *Options exercised*

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

(c) *Unissued shares under options*

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

5. AUDIT COMMITTEE

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

a) the audit plan;

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

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

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

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

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

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

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

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

6. AUDITORS

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

ON BEHALF OF THE DIRECTORS

LIM SOO PENG

TAY KAH CHYE

1 June 2018

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Chemical Industries (Far East) Limited. (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 29 to 69.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and 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 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the statement of changes in equity of the company for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Investment Properties

The group has investment properties stated at fair value, determined based on professional external valuers engaged by the group, which amounted to $47.8 million and accounted for 40% of group's total assets as at 31 March 2018.

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

<u>Our audit performed and responses thereon</u>

We considered the objectivity, independence, qualification and competency of the external valuer engaged by the group.

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

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

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

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

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Boon Teck.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

1 June 2018

STATEMENTS OF FINANCIAL POSITION
31 March 2018

	Note	Group		Company	
		2018	**2017**	**2018**	**2017**
		$'000	**$'000**	**$'000**	**$'000**
ASSETS					
Current assets					
Cash and cash equivalents	6	**23,273**	26,267	**20,654**	23,115
Trade and other receivables	7	**10,625**	9,860	**10,518**	9,758
Due from subsidiaries		-	-	**4,699**	6,034
Inventories	8	**9,433**	4,667	**9,595**	4,767
Total current assets		**43,331**	40,794	**45,466**	43,674
Non-current assets					
Property, plant and equipment	9	**27,400**	32,727	**26,645**	32,127
Investment properties	10	**47,800**	41,400	-	-
Subsidiaries	11	-	-	**6,383**	6,383
Associates	12	-	-	-	-
Available-for-sale investments	13	**906**	708	**906**	708
Total non-current assets		**76,106**	74,835	**33,934**	39,218
Total assets		**119,437**	115,629	**79,400**	82,892
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	14	**3,705**	5,326	**3,152**	4,776
Due to subsidiaries		-	-	**186**	351
Finance leases	15	**10**	88	**10**	10
Income tax payable		**3,532**	4,481	**3,309**	4,286
Total current liabilities		**7,247**	9,895	**6,657**	9,423

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION
31 March 2018

		Group		Company	
	Note	2018	2017	2018	2017
		$'000	$'000	$'000	$'000
Non-current liabilities					
Finance leases	15	**20**	30	**20**	30
Deferred tax liabilities	16	**3,549**	4,232	**3,483**	4,193
Total non-current liabilities		**3,569**	4,262	**3,503**	4,223
Capital and reserves					
Share capital	17	**75,945**	75,945	**75,945**	75,945
Reserves	18	**1,169**	983	**718**	532
Accumulated profits (losses)		**31,507**	24,544	**(7,423)**	(7,231)
Total equity		**108,621**	101,472	**69,240**	69,246
Total liabilities and equity		**119,437**	115,629	**79,400**	82,892

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year Ended 31 March 2018

		Group	
	Note	2018	2017
		$'000	$'000
Revenue	19	**70,855**	58,128
Cost of sales		**(56,745)**	(41,269)
Gross profit		**14,110**	16,859
Other (expense) income			
Gain from fair value adjustments on investment properties		**6,400**	1,600
Others (net)	20	**(745)**	2,442
Distribution expenses		**(4,928)**	(2,814)
Administrative expenses		**(5,064)**	(7,808)
Finance costs	21	**(3)**	(239)
Profit before tax		**9,770**	10,040
Income tax expense	22	**(529)**	(1,175)
Profit for the year attributable to owners of the company	23	**9,241**	8,865
Basic and diluted earnings per share (cents)	25	**12.17**	11.67

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 March 2018

	Group	
	2018	**2017**
	$'000	**$'000**
Profit for the year	**9,241**	8,865
Other comprehensive income (net of tax)		
Items that may be reclassified subsequently to profit or loss		
Available-for-sale investments	**186**	97
Total comprehensive income for the year attributable to owners of the company	**9,427**	8,962

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY
Year ended 31 March 2018

	Note	Share capital	Reserves	Investment revaluation reserve	Total reserves	Accumulated profits	Attributable to equity holders of the company
			← Reserves		→		
		$'000	$'000	$'000	$'000	$'000	$'000
Group							
Balance at 1 April 2016		75,945	451	435	886	30,868	107,699
Total comprehensive income for the year							
Profit for the year		-	-	-	-	8,865	8,865
Other comprehensive loss		-	-	97	97	-	97
Total		-	-	97	97	8,865	8,962
Dividends paid, representing transactions with owners, recognised directly in equity	24	-	-	-	-	(15,189)	(15,189)
Balance at 31 March 2017		75,945	451	532	983	24,544	101,472
Total comprehensive income for the year							
Profit for the year		-	-	-	-	9,241	9,241
Other comprehensive income		-	-	186	186	-	186
Total		-	-	186	186	9,241	9,427
Dividends paid, representing transactions with owners, recognised directly in equity	24	-	-	-	-	(2,278)	(2,278)
Balance as at 31 March 2018		75,945	451	718	1,169	31,507	108,621

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 March 2018

	Note	Share capital	Investment revaluation reserve	Accumulated losses	Total
		$'000	$'000	$'000	$'000
Company					
Balance as at 1 April 2016		75,945	435	(7,092)	69,288
Total comprehensive income for the year					
Profit for the year		-	-	15,050	15,050
Other comprehensive income		-	97	-	97
Total		-	97	15,050	15,147
Dividends paid, representing transactions with owners, recognised directly in equity	24	-	-	(15,189)	(15,189)
Balance as at 31 March 2017		75,945	532	(7,231)	69,246
Total comprehensive income for the year					
Profit for the year		-	-	2,086	2,086
Other comprehensive gain		-	186	-	186
Total		-	186	2,086	2,272
Dividends paid, representing transactions with owners, recognised directly in equity	24	-	-	(2,278)	(2,278)
Balance as at 31 March 2018		75,945	718	(7,423)	69,240

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2018

	Group	
	2018	**2017**
	$'000	**$'000**
Operating activities		
Profit before tax	**9,770**	10,040
Adjustments for:		
Write-down of inventories to net realisable value	**249**	-
Provision for doubtful trade receivables	**603**	-
Depreciation of property, plant and equipment	**6,531**	6,333
Gain from fair value adjustments on investment properties	**(6,400)**	(1,600)
Amortisation of front end fee	**-**	48
Foreign exchange differences	**201**	55
Dividend income	**(22)**	(23)
Gain on disposal of property, plant and equipment	**(9)**	-
Interest expense	**3**	239
Interest income	**(52)**	(18)
Operating cash flows before movements in working capital	**10,874**	15,074
Trade and other receivables	**(1,575)**	(1)
Inventories	**(4,820)**	1,444
Trade and other payables	**(1,615)**	1,892
Cash generated from operations	**2,864**	18,409
Dividends paid	**(2,278)**	(15,189)
Income tax paid	**(2,161)**	(2,087)
Interest paid	**(3)**	(239)
Interest received	**52**	18
Dividends received	**22**	23
Net cash (used in) from operating activities	**(1,504)**	935

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2018

	Group	
	2018	**2017**
	$'000	**$'000**
Investing activities		
Proceeds on disposal of property, plant and equipment	**11**	-
Purchase of property, plant and equipment	**(1,401)**	(1,872)
Additions to available-for-sale investments	**(12)**	(9)
Net cash used in investing activities	**(1,402)**	(1,881)
Financing activities		
Repayment of short-term bank loans (net)	**-**	(10,693)
Repayment of long-term bank loans	**-**	(10,000)
Repayment of obligations under finance leases	**(88)**	(111)
Net cash used in financing activities	**(88)**	(20,804)
Net decrease in cash and cash equivalents	**(2,994)**	(21,750)
Cash and cash equivalents at beginning of year	**26,267**	48,017
Cash and cash equivalents at end of year	**23,273**	26,267

See accompanying notes to financial statements.

1. GENERAL

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

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

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

The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company for the year ended 31 March 2018 were authorised for issue by the Board of Directors on 1 June 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

ADOPTION OF NEW AND REVISED STANDARDS – On 1 April 2017, the group and the company have adopted all the new and revised FRSs and Interpretations of FRS ("INT FRSs") that are effective from that date and relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years.

ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK IN 2018 – In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after 1 January 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The group and the company will be adopting the new framework for the first time for financial year ending 31 March 2019 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* will be applied in the first set of SFRS(I) financial statements.

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

As a first-time adopter, the group and the company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 March 2019), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending 31 March 2019, an additional opening statement of financial position as at date of transition (1 April 2017) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (1 April 2017) and as at end of last financial period under FRS (31 March 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended 31 March 2018). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has performed an analysis of the transition options and other requirements of SFRS(I) and does not expect any change to the group's and the company's current accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time.

As SFRS(I) requires a first-time adopter to apply accounting policies based on each SFRS(I) effective at end of the first SFRS(I) reporting period (31 March 2019), it is not possible to know all possible effects as at date of authorisation of current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at 31 March 2019, they may impact the disclosures of estimated effects described below.

The following SFRS(I) pronouncements are expected to have an impact to the group and the company in the periods of their initial application under the new SFRS(I) framework:

- SFRS(I) 9 *Financial Instruments*[1]

- SFRS(I) 15 *Revenue from Contracts with Customers*[1]

- SFRS(I) 16 *Leases*[2]

[1] Applies to annual periods beginning on or after 1 January 2018.
[2] Applies to annual periods beginning on or after 1 January 2019.

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

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities; and (ii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management anticipates that the initial application of SFRS(I) 9 will result in the following effects on the existing profile of financial instruments:

- Available-for-sale investments will qualify for fair value through profit or loss ("FVTPL") upon adoption of SFRS(I) 9 and;

- The expected credit loss model will result in a change in timing and basis of estimating doubtful debts. Historically, the group has low incidence of doubtful debts and future change to the expected credit risk model is not expected to have a significant effect on operating results.

SFRS(I) 15 ***Revenue from Contracts with Customers***

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Management anticipates that the initial application of the new SFRS(I) 15 will not have significant impact to the accounting policies relating to revenue recognition. Additional disclosures will also be made with respect of revenue, including information about contracts with customers, contract balances and performance obligation.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

SFRS(I) 16 *Leases*

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

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

Management anticipates that the initial application of the new SFRS(I) 16 will result in changes to the accounting policies relating to operating leases, where the group is a lessee. A leased asset will be recognised on statement of financial position, representing the group's right to use the leased asset over the lease term and, recognise a corresponding liability to make lease payments. Additional disclosures will also be made if the group's exposure to asset risk and credit risk, where the group is the lessor. Note 27 provides an indication of the nature and extent of lease payment obligations which fall within SFRS(I) 16.

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

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

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

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

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

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

- Rights arising from other contractual arrangements; and

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

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

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

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

Changes in the group's ownership interests in existing subsidiaries

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

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

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

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

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

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

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

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

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

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

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

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

<u>Effective interest method</u>

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

Financial assets

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

<u>Available-for-sale financial assets</u>

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

Trade and other receivables and amounts due from subsidiaries

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

Impairment of financial assets

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

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

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

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

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

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

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

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

Derecognition of financial liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The group as lessor

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

The group as lessee

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

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

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

Sale of goods

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

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

Rental income

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

Interest income

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

Dividend income

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the group's accounting policies

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Impairment in property, plant and equipment

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

For the year ended 31 March 2018 and 2017, no impairment loss on property, plant and equipment was recognised in profit or loss.

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

b) Useful lives of property, plant and equipment

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

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

c) Fair value of investment properties

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

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

d) Allowances for doubtful debts

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

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	**33,435**	35,667	**35,475**	38,529
Available-for-sale investments	**906**	708	**906**	708
	34,341	36,375	**36,381**	39,237
Financial liabilities				
Amortised cost	**3,735**	5,444	**3,368**	5,167

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

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

(c) *Financial risk management policies and objectives*

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

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

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

(i) Foreign exchange risk management

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

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

	<---------Non-Derivative--------->					
	Liabilities		Assets		Net Exposure	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Group and Company						
United States dollars	**156**	1,509	**6,904**	19,486	**6,748**	17,977

Foreign currency sensitivity

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

If United States dollar strengthens by 10% against the functional currency of each group entity, profit before tax will increase by approximately:

	2018	2017
	$'000	**$'000**
Group and Company		
Profit before tax	**675**	1,798

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

(ii) Interest rate risk management

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

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

Interest rate sensitivity

The group does not have any exposure to interest rate risk.

(iii) Equity price risk management

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

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

Equity price sensitivity

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

In respect of available-for-sale equity investments, if the quoted market prices had been 10% higher/lower while all other variables were held constant, the group's and the company's investment revaluation reserves would increase/decrease by approximately $91,000 (2017 : $71,000).

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

(iv) Credit risk management

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

There exists concentration of credit risk with respect to trade receivables. Trade receivables are generated primarily from 5 (2017 : 4) customers from the industrial chemicals segment. The amounts receivable from these customers represented approximately 39% (2017 : 35%) of the total trade receivables of the group. Management believes that the financial standing of these customers which are major multinational corporations substantially mitigates the group's exposure to credit risk.

(v) Liquidity risk management

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

Liquidity risk analysis

Non-derivative financial liabilities

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

		<---- Contractual cash flows ----> (including interest payments)		
	Carrying amount	**Total**	**On demand or within 1 year**	**Within 2 to 5 years**
	$'000	**$'000**	**$'000**	**$'000**
Group				
2018				
Non-interest bearing	3,705	3,705	3,705	-
Finance lease liability (fixed rate)	30	32	11	21
	3,735	3,737	3,716	21
2017				
Non-interest bearing	5,326	5,326	5,326	-
Finance lease liability (fixed rate)	118	122	92	30
	5,444	5,448	5,418	30
Company				
2018				
Non-interest bearing	3,338	3,338	3,338	-
Finance lease liability (fixed rate)	30	32	11	21
	3,368	3,370	3,349	21
2017				
Non-interest bearing	5,127	5,127	5,127	-
Finance lease liability (fixed rate)	40	43	11	32
	5,167	5,170	5,138	32

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

(vi) Fair value of financial assets and financial liabilities

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

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

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

Financial assets/ financial liabilities	Fair value as at ($'000)		Fair value hierarchy	Valuation technique(s) and key input(s)
	2018	2017		
	Assets (Liabilities)	Assets (Liabilities)		
Available-for-sale investment	906	708	Level 1	Quoted bid prices in an active market

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

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

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

(d) *Capital management policies and objectives*

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

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

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

The group's overall strategy remains unchanged from 2017.

5 RELATED PARTY TRANSACTIONS

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

Compensation of directors and key management personnel

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

	Group	
	2018	**2017**
	$'000	**$'000**
Short-term benefits	**3,034**	3,924
Post employment benefits	**90**	86
	3,124	4,010

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

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Cash	**11,170**	24,202	**10,623**	23,104
Fixed deposits	**12,092**	2,054	**10,020**	-
Cash on hand	**11**	11	**11**	11
	23,273	26,267	**20,654**	23,115

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

Fixed deposits bear average interest rate of 0.93% to 1.15% (2017 : 0.75%) per annum and have varying maturity dates of 30 to 92 days (2017 : 30 days).

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivable due from:				
Sale of goods	**10,678**	9,336	**10,678**	9,336
Rental income	**35**	3	**-**	-
	10,713	9,339	**10,678**	9,336
Less: Provision for doubtful trade receivables	**(603)**	-	**(603)**	-
	10,110	9,339	**10,075**	9,336
Other receivables:				
Sundry debtors	**23**	20	**22**	20
Rental deposits	**4**	30	**-**	13
Prepayments	**463**	460	**396**	378
Other deposits	**25**	11	**25**	11
	10,625	9,860	**10,518**	9,758

The average credit period on sales of goods is 30 days (2017 : 30 days). No interest is charged on the trade receivables.

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

The group and company have not provided for receivables amounting to $2,788,000 (2017 : $3,440,000) which are past due at the end of the reporting period as there has not been a significant change in credit quality. These receivables are on average past due for 30 days (2017 : 30 days). The group and company have also assessed receivables that are current and not impaired and determined that no allowances are required. The group does not hold any collateral over these balances.

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

Movement in the provision for doubtful receivables:

	Group	
	2018	**2017**
	$'000	**$'000**
Balance at beginning of the year	**-**	-
Charge to profit or loss	**603**	-
Balance at end of the year	**603**	-

8 INVENTORIES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Finished goods	**8,353**	3,037	**8,515**	3,137
Raw materials	**535**	910	**535**	910
Packing and other materials	**545**	720	**545**	720
	9,433	4,667	**9,595**	4,767

Cost of sales includes write-downs of inventories to net realisable value of $249,000 (2017: $Nil).

9 PROPERTY, PLANT AND EQUIPMENT

	Construction-in-progress	Leasehold buildings	Plant and machinery	Steel cylinders	Laboratory equipment	Office equipment, furniture and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost:								
At 1 April 2016	424	31,742	108,755	4,479	494	1,198	2,672	149,764
Additions	1,184	-	58	317	2	166	145	1,872
Disposals	-	-	-	-	-	(33)	-	(33)
Transfers	(1,294)	-	1,150	144	-	-	-	-
At 31 March 2017	314	31,742	109,963	4,940	496	1,331	2,817	151,603
Additions	7	23	748	161	104	122	236	1,401
Disposals	-	-	(9)	(259)	-	(137)	(72)	(477)
Transfers (Note)	(314)	63	56	-	-	-	-	(195)
At 31 March 2018	7	31,828	110,758	4,842	600	1,316	2,981	152,332
Accumulated depreciation:								
At 1 April 2016	-	20,707	73,173	3,985	433	1,080	2,198	101,576
Depreciation	-	1,283	4,581	142	10	62	255	6,333
Eliminated on disposals	-	-	-	-	-	(33)	-	(33)
At 31 March 2017	-	21,990	77,754	4,127	443	1,109	2,453	107,876
Depreciation	-	1,296	4,807	103	17	115	193	6,531
Eliminated on disposals	-	-	(9)	(259)	-	(137)	(70)	(475)
At 31 March 2018	-	23,286	82,552	3,971	460	1,087	2,576	113,932
Impairment:								
Impairment loss balance at 31 March 2017 and 2018	-	-	11,000	-	-	-	-	11,000
Carrying amount:								
At 31 March 2018	7	8,542	17,206	871	140	229	405	27,400
At 31 March 2017	314	9,752	21,209	813	53	222	364	32,727

Note: Relates to transfer from property, plant and equipment to inventories.

	Construction-in-progress	Leasehold buildings	Plant and machinery	Steel cylinders	Laboratory equipment	Office equipment, furniture and fittings	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost:								
At 1 April 2016	424	31,742	107,745	4,479	494	789	534	146,207
Additions	1,184	-	22	317	2	142	-	1,667
Disposals	-	-	-	-	-	(33)	-	(33)
Transfers	(1,294)	-	1,150	144	-	-	-	-
At 31 March 2017	314	31,742	108,917	4,940	496	898	534	147,841
Additions	7	23	573	161	104	68	65	1,001
Disposals	-	-	-	(259)	-	(137)	-	(396)
Transfers (Note)	(314)	63	56	-	-	-	-	(195)
At 31 March 2018	7	31,828	109,546	4,842	600	829	599	148,251
Accumulated depreciation:								
At 1 April 2016	-	20,707	72,459	3,985	433	724	385	98,693
Depreciation	-	1,283	4,536	142	10	39	44	6,054
Eliminated on disposals	-	-	-	-	-	(33)	-	(33)
At 31 March 2017	-	21,990	76,995	4,127	443	730	429	104,714
Depreciation	-	1,296	4,757	103	17	64	51	6,288
Eliminated on disposals	-	-	-	(259)	-	(137)	-	(396)
At 31 March 2018	-	23,286	81,752	3,971	460	657	480	110,606
Impairment:								
Impairment loss balance at 31 March 2017 and 2018	-	-	11,000	-	-	-	-	11,000
Carrying amount:								
At 31 March 2018	7	8,542	16,794	870	140	171	119	26,645
At 31 March 2017	314	9,752	20,922	813	53	168	105	32,127

Note: Relates to transfer from property, plant and equipment to inventories.

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

The carrying amounts of motor vehicles under finance lease agreements (Note 15) are as follows:

	Motor vehicles
	$'000
Group and Company	
At 31 March 2018	48
At 31 March 2017	67

10 INVESTMENT PROPERTIES

	Total
	$'000
Group	
At fair value	
Balance at 1 April 2016	39,800
Gain from fair value adjustments included in profit or loss	1,600
Balance at 31 March 2017	41,400
Gain from fair value adjustments included in profit or loss	6,400
Balance at 31 March 2018	47,800

The fair values of the group's investment properties at 31 March 2018 and 2017 were determined on the basis of valuations carried out at the respective year end dates by an independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the group. The fair value was determined based on the market comparison approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of these properties is their current use. There has been no change to the valuation technique during the year.

Freehold and leasehold land and buildings as at 31 March 2018 and 2017 comprise:

Locations	Description	Tenure
a) 19 Carpenter Street Singapore 059902 Lots 99677C, 99675X, and 99674N of Town Subdivision 7	5 storey commercial building with lettable area of 18,101 square feet	Lot 99677C 99 years lease commencing from 1 January 1951 Lots 99675X and 99674N Freehold
b) 17 Upper Circular Road Singapore 058415 Lots 99776K, 99771W, and 99766C of Town Subdivision 7	5 storey commercial building with lettable area of 17,307 square feet	99 years lease commencing from 1 January 1951

The property rental income from the group's investment properties which are leased out under operating leases, amounted to $1,472,000 (2017 : $1,432,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment properties amounted to $203,000 (2017 : $320,000).

Details of the group's investment properties and information about the fair value hierarchy as at 31 March 2018 and 2017 are as follows:

	Level 1	Level 2	Level 3	Fair value
	$'000	$'000	$'000	$'000
Investment properties				
As at 31 March 2018	-	-	47,800	47,800
As at 31 March 2017	-	-	41,400	41,400

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

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

Type	Significant unobservable input	Range	Relationship of unobservable input to fair value
Shophouses			
31 March 2018	Price per square feet of floor area	$1,016 to $2,943	The higher the price per square feet, the higher the valuation assuming all other variables are held constant
31 March 2017	Price per square feet of floor area	$1,705 to $2,721	The higher the price per square feet, the higher the valuation assuming all other variables are held constant

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

11 SUBSIDIARIES

	Company	
	2018	**2017**
	$'000	**$'000**
Unquoted equity shares - at cost	**6,383**	6,383

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

Name of subsidiaries	Principal activity	Proportion of ownership interest and voting power held	
		2018	2017
		%	%
Chem Transport Pte Ltd *	General carriers	**100**	100
Kimia Trading Pte. Ltd. *	General merchant, importer and exporter of chemicals	**100**	100
Juta Properties Private Limited *	Proprietor of commercial buildings	**100**	100
JPI Investments Pte Ltd ** (Shares held by Juta Properties Private Limited)	Dormant	**100**	100

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

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

12 ASSOCIATES

	Group	
	2018	**2017**
	$'000	**$'000**
Unquoted equity shares - at cost	**1**	1
Share of post-acquisition reserves	**(1)**	(1)
	-	-

In 2002, management decided to cease all financial support to the associates. Accordingly, the group's share of post-acquisition reserves was limited to the group's cost of investment of $1,000 (2017 : $1,000).

Details of the group's associates are as follows:

Name of associates	Principal activity and country of operation	Proportion of ownership interest and voting power held	
		2018	2017
		%	%
Industrial Diamonds Enterprise B.V.I. Ltd.	Dormant (Singapore)	**45**	45
Apex Superabrasive Co., Ltd. * (Shares held by Industrial Diamonds Enterprise B.V.I. Ltd.)	Dormant (Hong Kong)	**-**	-

* De-registered during 2017.

13 AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Quoted equity shares, at fair value	**906**	708

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

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Outside parties	**1,400**	3,331	**897**	2,827
Accrued expenses:				
Staff-related costs	**475**	295	**438**	269
Directors' fees	**365**	371	**365**	371
Utilities charges	**1,075**	1,018	**1,075**	1,018
Other accruals	**313**	217	**300**	202
Sundry creditors	**77**	94	**77**	89
	3,705	5,326	**3,152**	4,776

The average credit period on purchases of goods is 30 days (2017 : 30 days). No interest is charged on the trade payables.

Trade payables comprise amounts outstanding for trade purchases.

15 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Group				
Amounts payable under finance leases:				
Within one year	**11**	92	**10**	88
In the second to fifth year inclusive	**21**	30	**20**	30
	32	122	**30**	118
Less: Future finance charges	**(2)**	(4)	**-**	-
Present value of finance lease obligations	**30**	118	**30**	118
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(10)**	(88)
Amount due for settlement after 12 months			**20**	30

The table below details changes in the group's liability arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the group's consolidated statement of cash flows from financing activities.

	1 April 2017	Financing cash flows	31 March 2018
	$'000	$'000	$'000
Finance lease liabilities (Note 15)	118	(88)	30

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Company				
Amounts payable under finance leases:				
Within one year	**11**	11	**10**	10
In the second to fifth year inclusive	**21**	32	**20**	30
	32	43	**30**	40
Less: Future finance charges	**(2)**	(3)	**-**	-
Present value of finance lease obligations	**30**	40	**30**	40
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(10)**	(10)
Amount due for settlement after 12 months			**20**	30

It is the group's policy to lease certain of its motor vehicles under finance leases. The average lease term is 5 years (2017 : 5 years). The effective borrowing rate ranges from 2.75% to 4.48% (2017 : 2.75% to 4.48%) per annum. The finance lease obligations are secured by the property, plant and equipment under these finance lease arrangements (Note 9). Interest rates are fixed at the contract date, and thus expose the group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

16 DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation
	$'000
Group	
At 1 April 2016	4,925
Credit to profit or loss (Note 22)	(693)
At 31 March 2017	4,232
Credit to profit or loss (Note 22)	(683)
At 31 March 2018	3,549

	Accelerated tax depreciation
	$'000
Company	
At 1 April 2016	4,886
Credit to profit or loss (Note 22)	(693)
At 31 March 2017	4,193
Credit to profit or loss (Note 22)	(710)
At 31 March 2018	3,483

17 SHARE CAPITAL

	Group and Company			
	2018	**2017**	**2018**	**2017**
	Number of ordinary shares		**$'000**	**$'000**
	'000	**'000**		
Issued and paid up: At the beginning and end of the year	**75,945**	75,945	**75,945**	75,945

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

18 RESERVES

Translation reserve

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

Investment revaluation reserve

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

19 REVENUE

	Group	
	2018	**2017**
	$'000	**$'000**
Sale of goods	**69,383**	56,696
Rental income	**1,472**	1,432
	70,855	58,128

20 OTHER (EXPENSE) INCOME (NET)

	Group	
	2018	**2017**
	$'000	**$'000**
Dividend income	**22**	23
Interest income	**52**	18
Insurance claims	**-**	1,517
Net foreign exchange (loss) gain	**(611)**	416
Gain on disposal of property, plant and equipment	**9**	-
Provision for doubtful trade receivables	**(603)**	-
Others	**386**	468
	(745)	2,442

21 FINANCE COSTS

	Group	
	2018	**2017**
	$'000	**$'000**
Interest expense:		
Bank loans	**-**	233
Finance leases	**3**	6
	3	239

22 INCOME TAX EXPENSE

	Group	
	2018	**2017**
	$'000	**$'000**
Income tax expense:		
Current	**1,248**	1,685
(Over) Under provision in prior years	**(36)**	183
	1,212	1,868
Deferred tax credit (Note 16):		
Current	**(683)**	(693)
Total income tax expense	**529**	1,175

Domestic income tax is calculated at 17% (2017 : 17%) of the estimated assessable income for the year.

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

	Group	
	2018	**2017**
	$'000	**$'000**
Profit before income tax	**9,770**	10,040
Income tax expense calculated at 17%	**1,661**	1,707
Effects of items that are not taxable in determining taxable profit	**(1,041)**	(491)
Effect of tax concession	**-**	(67)
Effect of revenue that is exempted from taxation	**(78)**	(84)
(Over) Under provision in prior years	**(36)**	183
Tax rebate	**(30)**	(28)
Others	**53**	(45)
Income tax expense recognised in profit or loss	**529**	1,175

23 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Group	
	2018	**2017**
	$'000	**$'000**
Depreciation of property, plant and equipment	**6,531**	6,333
Directors' remuneration	**2,035**	2,870
Directors' fees	**365**	371
Employee benefits expense (including directors' remuneration)	**8,512**	9,313
Costs of defined contribution plans included in employee benefits expense	**493**	486
Audit fees paid to auditors of the company	**57**	57
Non-audit fees paid to auditors of the company	**15**	17
Cost of inventories recognised as an expense	**28,358**	21,798
Net foreign exchange loss	**611**	416

24 DIVIDENDS PAID

During the financial year ended 31 March 2018, the company paid a final one-tier tax exempt dividend of 3 cent per share on the ordinary shares of the company totalling $2,278,000 in respect of the financial year ended 31 March 2017.

Subsequent to the financial year ended 31 March 2018, the company recommended a final one-tier tax exempt dividend at 1.5 cent per share on the ordinary shares of the company totalling $1,139,000 in respect of the financial year ended 31 March 2018. The proposed dividend is subject to shareholders' approval and has not been included as a liability.

During the financial year ended 31 March 2017, the company paid an interim one-tier tax exempt dividend of 12 cent per share on the ordinary shares of the company totalling $9,113,000 in respect of the financial year ended 31 March 2017, and a final one-tier tax exempt dividend at 3 cent per share and a special dividend of 5 cent per share on the ordinary shares of the company totalling $6,076,000 in respect of the financial year ended 31 March 2016.

25 EARNINGS PER SHARE

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

	Group	
	2018	**2017**
	$'000	**$'000**
Profit attributable to equity holders of the company ($'000)	**9,241**	8,865
Weighted average number of ordinary shares used to compute basic and fully diluted earnings per share ('000)	**75,945**	75,945
Earnings per share (cents)	**12.17**	11.67

26 SEGMENT INFORMATION

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

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

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

Segment revenue and results	**Revenue**		**Profit**	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Industrial Chemicals	**69,383**	56,696	**2,331**	7,782
Properties	**1,472**	1,432	**7,368**	2,456
Total	**70,855**	58,128	**9,699**	10,238
Interest income			**52**	18
Dividend income			**22**	23
Finance costs			**(3)**	(239)
Profit before income tax			**9,770**	10,040
Income tax expense			**(529)**	(1,175)
Consolidated revenue and profit for the year	**70,855**	58,128	**9,241**	8,865

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in 2018 and 2017.

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

Segment assets

	2018	**2017**
	$'000	**$'000**
Industrial Chemicals	**68,080**	70,433
Properties	**50,451**	44,488
Total segment assets	**118,531**	114,921
Unallocated assets	**906**	708
Consolidated assets	**119,437**	115,629

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

Other segment information

	Capital expenditure		Depreciation	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Industrial Chemicals	**1,345**	1,847	**6,468**	**6,294**
Properties	**56**	25	**63**	**39**
	1,401	1,872	**6,531**	**6,333**

Information about major customers

50% (2017 : 44%) of the group's industrial chemicals revenue is generated from top 4 (2017 : 4) customers.

86% (2017 : 83%) of the group's properties revenue is generated from top 6 (2017 : 6) customers.

Geographical information

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

27 OPERATING LEASE ARRANGEMENTS

The group as a lessee

	Group and Company	
	2018	2017
	$'000	$'000
Minimum lease payments under operating leases recognised as an expense in the year	**1,028**	1,054

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

	Group and Company	
	2018	2017
	$'000	$'000
Within one year	**1,007**	1,059
In the second to fifth year inclusive	**4,029**	4,234
After the fifth year	**3,550**	4,846
	8,586	10,139

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

The group as lessor

The group rents out its investment properties under operating leases. Property rental income earned during the year was $1,472,000 (2017 : $1,432,000).

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

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Within one year	**1,113**	1,269
In the second to fifth year	**775**	1,243
	1,888	2,512

28 EVENTS AFTER REPORTING PERIOD

Subsequent to the year ended 31 March 2018, the group has entered into a Memorandum of Understanding with May Chemical Sdn. Bhd. for the establishment of a joint venture company to primarily, but not limited to, the establishment of a storage, distribution and trading centre for chemicals in Malaysia.

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FINANCIAL SUMMARY
Unit: $'000

	2018	2017	2016	2015	2014
Revenue	70,855	58,128	78,390	86,739	100,162
Profit before tax	9,770	10,040	14,220	9,299	10,999
Tax expense	(529)	(1,175)	(1,511)	(1,194)	(654)
Profit for the year	9,241	8,865	12,709	8,105	10,345
Attributable to:					
Equity holders of the company	9,241	8,865	12,709	8,105	10,345
ASSETS					
Property, plant and equipment	27,400	32,727	37,188	57,053	67,811
Available-for-sale investments	906	708	602	715	626
Investment properties	47,800	41,400	39,800	40,700	38,400
Current Assets	43,331	40,794	64,160	45,469	40,666
Total assets	119,437	115,629	141,750	143,937	147,503
LIABILITIES					
Deferred tax liabilities	3,549	4,232	4,925	8,352	8,592
Non-current liabilities	20	30	118	10,132	15,696
Current liabilities	7,247	9,895	29,008	29,201	32,578
Total liabilities	10,816	14,157	34,051	47,685	56,866
CAPITAL AND RESERVES					
Share Capital	75,945	75,945	75,945	75,945	75,945
Reserves	1,169	983	886	1,009	2,360
Accumulated profits	31,507	24,544	30,868	19,298	12,332
Total equity	108,621	101,472	107,699	96,252	90,637
Per Share:	cts	cts	cts	cts	cts
Earnings before tax	12.86	13.22	18.72	12.24	14.48
Earnings after tax	12.17	11.67	16.73	10.67	13.62
Dividend (net)	1.5	15.0	8.0	1.5	1.5
Net tangible asset	143	134	142	127	119

SHAREHOLDING STATISTICS

AS AT 22 MAY 2018

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

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	63	5.44	2,101	0.00
100 - 1,000	247	21.35	152,208	0.20
1,001 - 10,000	567	49.01	2,497,327	3.29
10,001 - 1,000,000	274	23.68	16,128,453	21.24
1,000,001 and above	6	0.52	57,165,310	75.27
TOTAL	1,157	100.00	75,945,399	100.00

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
S. P. LIM & COMPANY PTE LTD	30,293,500	39.89
UNITED OVERSEAS BANK NOMINEES PTE LTD	13,797,775	18.17
UOB KAY HIAN PTE LTD	5,087,690	6.70
DBS NOMINEES PTE LTD	3,858,427	5.08
LIM SOO PENG	3,114,250	4.10
LAU GEOK CHENG	1,013,668	1.33
DBS VICKERS SECURITIES (S) PTE LTD	948,700	1.25
CHEW SENG HOCK	849,950	1.12
CHIA KEE KOON	673,000	0.89
EASTERN RUBBER COMPANY (MALAYA) PTE LIMITED	550,000	0.72
MICHAEL LIN DAOJI	450,000	0.59
NG KEE SENG	368,000	0.48
PHILIPS SECURITIES PTE LTD	302,650	0.40
YEE LAT SHING	300,000	0.40
CGS-CIMB SECURITIES (S) PTE LTD	272,865	0.36
THIO DJOE ENG	268,687	0.35
LEE SOON HIAN	258,900	0.34
YEO TECK KIM	250,050	0.33
LIAW PAK CHAN	231,000	0.30
TEO SIOK GHEE	210,122	0.28
TOTAL	**63,099,234**	**83.08**

PERCENTAGE OF SHARES HELD BY THE PUBLIC

Based on information available to the Company as at 22 May 2018, approximately 27.44% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

SUBSTANTIAL SHAREHOLDERS AS AT 22 MAY 2018
(As recorded in the Register of Substantial Shareholders)

NAME OF SUBSTANTIAL SHAREHOLDERS	Direct Interest	%	Deemed Interest	%
Lim Soo Peng	3,114,250	4.10	32,743,500[1]	43.11
S.P. Lim & Company Pte Ltd	30,293,500	39.89		
The Great Eastern Life Assurance Co Ltd	13,479,304	17.75		
Lion Capital Management Ltd			13,479,304[2]	17.75
Oversea-Chinese Banking Corporation Ltd			13,479,304[2]	17.75
Great Eastern Holdings Ltd			13,479,304[2]	17.75
Batu Kawan Berhad	4,976,000	6.55		
Tan Sri Dato' Seri Lee Oi Hian			4,976,000[3]	6.55
Dato' Lee Hau Hian			4,976,000[3]	6.55
Arusha Enterprise Sdn Bhd			4,976,000[3]	6.55
Di-Yi Sdn Bhd			4,976,000[3]	6.55
High Quest Holdings Sdn Bhd			4,976,000[3]	6.55
Wan Hin Investments Sdn Berhad			4,976,000[3]	6.55

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

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

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

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CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

(the "Company")

(Incorporated in the Republic of Singapore)

Registration No. 196200046K

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT THE REGISTERED OFFICE OF THE COMPANY AT 3 JALAN SAMULUN, SINGAPORE 629127, ON FRIDAY, 29 JUNE 2018 AT 10.30 A.M. FOR THE FOLLOWING PURPOSES: -

A G E N D A

As Ordinary Business

1. To receive and adopt the Audited Financial Statements and Directors' Statement of the Company for the financial year ended 31 March 2018 together with the Auditors' Report thereon.
(Resolution 1)

2. To approve Directors' fee of $365,000 (2017: $371,000) for the financial year ended 31 March 2018.
(Resolution 2)

3. To declare a final dividend (one-tier tax exempt) of 1.5 cents per ordinary share for the financial year ended 31 March 2018 (2017: final dividend (one-tier tax exempt) of 3 cents per ordinary share).
(Resolution 3)

4. To re-elect the following Directors, who will retire pursuant to Article 95(2) of the Constitution of the Company:

   (i) Dr Wan Soon Bee **(Resolution 4)**
   (ii) Mr Lim Yew Tee Collin **(Resolution 5)**

   *Dr Wan Soon Bee will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited **("SGX-ST")**. He will remain as the Chairman of Remuneration Committees and a member of the Nominating Committees.*

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

AS SPECIAL BUSINESS

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

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

   (a) That pursuant to Section 161 of the Companies Act, Cap. 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

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

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

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

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

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

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

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

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

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

(Resolution 7)
(See Explanatory Note 1)

7. To transact any other business.

By Order of the Board

Foo Soon Soo
Company Secretary

Singapore, 14 June 2018

EXPLANATORY NOTES:-

1. Resolution 7, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company of which the total number of convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company for this purpose shall be the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed (after adjusting for new shares arising from the conversion or exercise of convertible securities or share options which are outstanding or subsisting at the time this Resolution is passed and any subsequent bonus issues, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

NOTES:

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

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

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

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

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

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

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

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

NOTICE OF BOOKS CLOSURE DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Chemical Industries (Far East) Limited (the "Company") will closed on 10 July 2018 after 5.00 p.m. for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited of 8 Robinson Road, #03-00 ASO Building, Singapore 048544 up to 5.00 p.m. on 10 July 2018 will be registered to determine shareholders' entitlements to the proposed final dividend. Members whose securities accounts with The Central Depository (Pte) Limited credited with shares in the Company at 5.00 p.m. on 10 July 2018 will be entitled to such proposed final dividends.

Payment of the proposed final dividends, if approved by shareholders at the Annual General Meeting to be held on 29 June 2018 will be paid on 18 July 2018.

By Order of the Board

Foo Soon Soo
Company Secretary

Singapore, 23 May 2018

CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

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

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

PROXY FORM
ANNUAL GENERAL MEETING

(You are advised to read the notes on the next page before completing this form)

I/We, ____

of ____

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

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

and/or

as my/our proxy/proxies, to vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at **3 Jalan Samulun, Singapore 629127 on Friday, 29 June 2018 at 10.30 a.m.** and at any adjournment thereof. The proxy/proxies is/are to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

		No. of Votes or to indicate with a tick	
No.	**Ordinary Resolutions**	**For**	**Against**
Ordinary Business			
1.	To receive and adopt the Audited Financial Statements and Directors' Statement of the Company for the financial year ended 31 March 2018 together with the Auditors' Report thereon.		
2.	To approve Directors' fee of $365,000 (2017: $371,000) for the financial year ended 31 March 2018.		
3.	To declare a final dividend (one-tier tax exempt) of 1.5 cents per ordinary share for the financial year ended 31 March 2018 (2017: final dividend (one-tier tax exempt) of 3 cents per ordinary share).		
4.	To re-elect Dr Wan Soon Bee as a Director.		
5.	To re-elect Mr Lim Yew Tee Collin as a Director.		
6.	To re-appoint Deloitte & Touche LLP as Auditors of the Company.		
Special Business			
7.	To authorize Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

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

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

Dated this ______________________ day of ______________________ 2018.

Total Number of Shares Held

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

NOTES:

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

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

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

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

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

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

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

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

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

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

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

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

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

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Affix
Postage
Stamp

The Company Secretary

CHEMICAL INDUSTRIES (FAR EAST) LIMITED.

3 Jalan Samulun

Singapore 629127