P5 CAPITAL HOLDINGS LTD.

ANNUAL REPORT 2018

This Annual Report has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's Sponsor has not independently verified the contents of this Annual Report.

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

The details of the contact person for the Sponsor are:

Name:	Mr. Nathaniel C.V., Registered Professional, RHT Capital Pte. Ltd.
Address:	9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619
Tel:	(65) 6381 6757

CONTENTS


Molteni&C


STELLAR WORKS


Viabizzuno

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Kwang Joo *(Executive Chairman)*
Lim Fong Yee Roland *(Chief Executive Officer)*
Song Wei Ming *(Executive Director)*
Eng Ek Phang *(Lead Independent Director)*
Koh Beng Leong *(Independent Director)*
Phoon Han Meng Linus *(Independent Director)*

AUDIT COMMITTEE

Eng Ek Phang *(Chairman)*
Koh Beng Leong
Phoon Han Meng Linus

NOMINATING COMMITTEE

Eng Ek Phang *(Chairman)*
Koh Beng Leong
Phoon Han Meng Linus

REMUNERATION COMMITTEE

Koh Beng Leong *(Chairman)*
Eng Ek Phang
Phoon Han Meng Linus

COMPANY SECRETARIES

Ong Bee Hoon, CA (Singapore)
Teo Chin Kee, ACIS

REGISTERED OFFICE

213 Henderson Road #03-08
Henderson Industrial Park
Singapore 159553
Tel: (65) 6513 9595
Fax: (65) 6904 9063
Email: capital@p5.com.sg

REGISTRAR AND SHARE TRANSFER OFFICE

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITORS

KPMG LLP
Public Accountants and Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge: Chiang Yong Torng
Date of appointment : Financial Year 2014

CONTINUING SPONSOR

RHT Capital Pte. Ltd.
9 Raffles Place #29-01
Republic Plaza Tower 1
Singapore 048619
(Appointed on 22 March 2012)

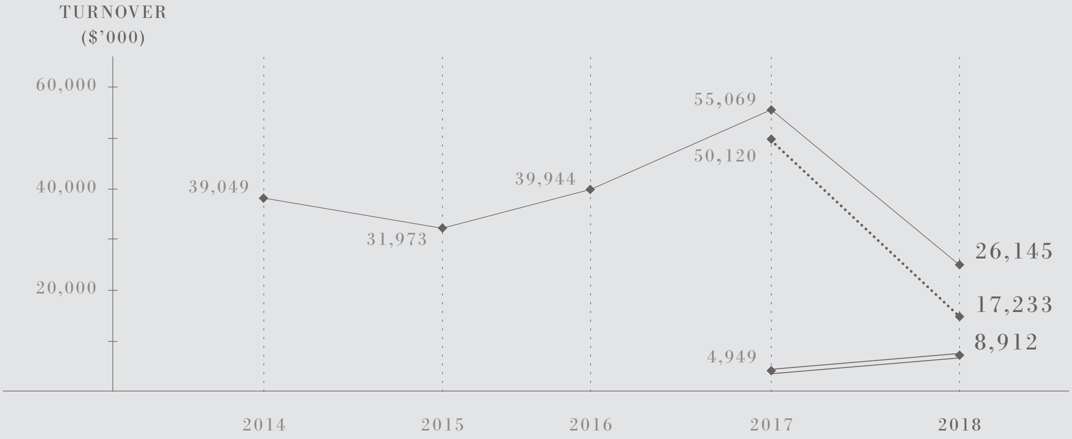
PRINCIPAL BANKERS

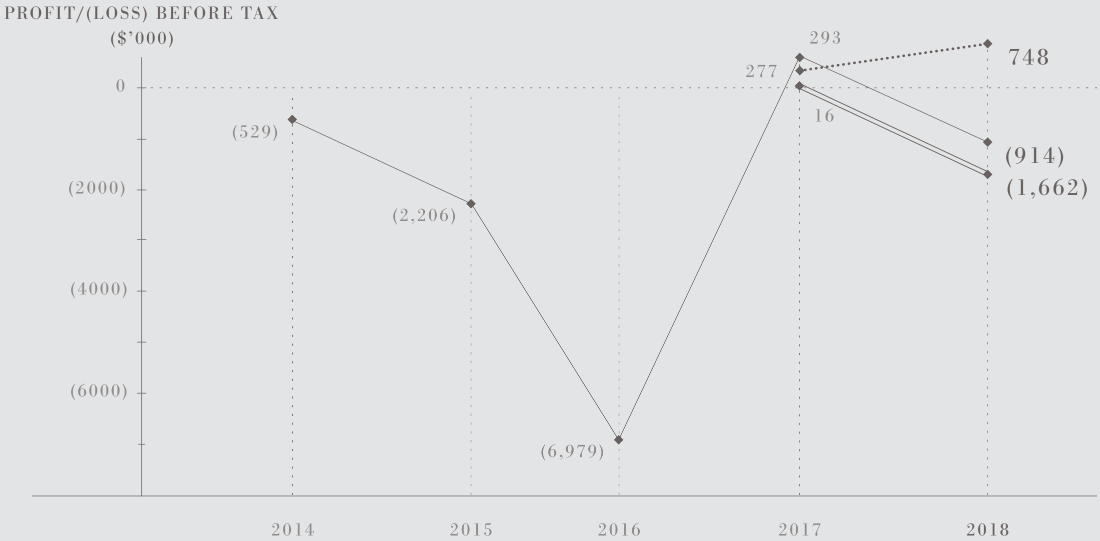
United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

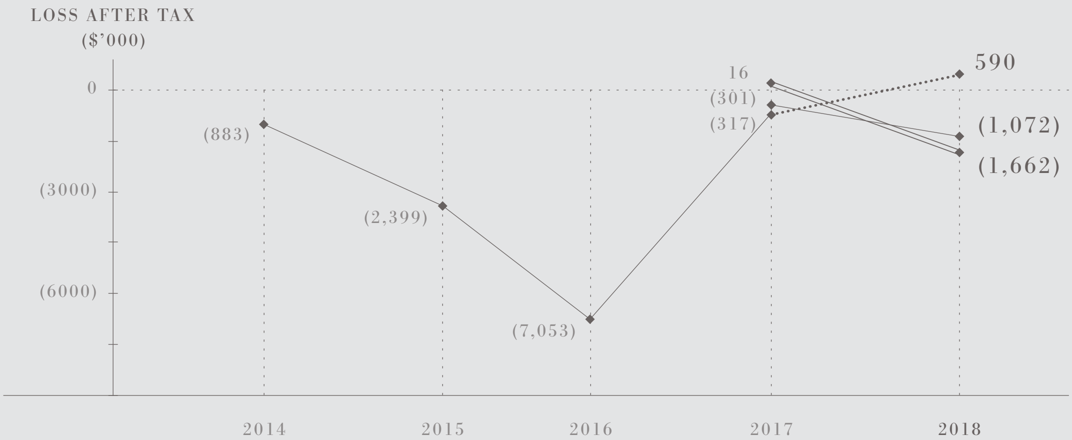
DBS Bank
12 Marina Boulevard #43-04
DBS Asia Central @ MBFC Tower 3
Singapore 018982

FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDING
31 MARCH







Notes:
Discontinuing operation
Continuing operations

ANNUAL REPORT 2018

CHAIRMAN'S STATEMENT

GROUP RESULTS

The financial year ended 31 March 2018 ("**FY 2018**") was a pivotal year. The Group completed the sale of its LV switchgear business on 30 September 2017. The Group's businesses now comprise of sale and distribution of furniture and lighting systems and bespoke carpentry. The Group restructured and transferred its lighting business from Sunlight Electrical Pte Ltd to P5 Luminaire Pte Ltd as part of the disposal of the switchgear business. P5 Studio Pte Ltd was also incorporated to supply contract furniture and bespoke carpentry works with the intent to expand the Group's offering of interior solutions. The turnover of the Group for FY 2018 from its continuing operations was S$8.9 million, higher than the S$4.9 million generated for the financial year ended 31 March 2017 ("**FY 2017**"). This was largely contributed by the full year's operations of P5 Pte Ltd at a larger scale vis-à-vis the operations in FY 2017.

The Group incurred a loss for FY 2018 for its continuing operations of approximately S$1.7 million. The discontinued operation incurred an operating loss after tax of approximately S$3.0 million. The gain on disposal of the discontinued operation was approximately S$3.6 million, hence resulting in a profit of S$0.6 million from the discontinued operation. Overall, the Group's net loss for FY 2018 was S$1.1 million.

BUSINESS OUTLOOK AND FUTURE PLANS

"Following on from the momentum in 2017, there was another S$5.0b worth of en bloc sales so far in 2018 and there is more in the pipeline. Developer appetite for landbanking remains strong and there is still a significant number of sites available for purchase. We believe developer appetite will turn selective especially on the back of a pick-up in the supply pipeline, estimated at 30,000 units to be launched over 2018-2019". (quote from *DBS Group Research – Singapore Property – 19 March 2018*)

In spite of the improved market sentiment, the Group continues to remain cautious on the market opportunities as well as the uncertain geopolitical developments. As part of the on-going efforts to support the demands and evolution of the market conditions, the Group continues to develop collaborative strategy with designers, architects and developers to provide flexible and one-stop solutions tailoring to both commercial as well as high end residential projects. The Group will continue to focus on providing a complete suite of interior solutions as well as seek out new business opportunities.

APPRECIATION

On behalf of the Board, I would like to thank all our shareholders, customers, suppliers, partners and bankers for their many years of support and confidence in us. In addition, I would like to thank my fellow directors, management and staff for their dedication, commitment and hard work.

MR LIM KWANG JOO
Chairman

BOARD OF DIRECTORS

LIM KWANG JOO

As the Executive Chairman of the Group, Mr. Lim Kwang Joo brings with him over 40 years of experience in the electrical industry. He started his career as an electrical apprentice in 1956. In 1963, he was with Fitzpatrick Supermarket as an electrician cum refrigeration mechanic. Subsequently, in 1967, he joined the Public Utilities Board (now known as "SP Services Ltd") and rose to the position of senior installation inspector. He joined the Group in 1976 when he identified opportunities in the electrical industry. Under his leadership, the Group's business expanded and diversified from the provision of electrical installation services to the manufacture of LV switchgear. In 2017, the LV switchgear business was disposed to a foreign company and the Group is now focused on lighting and furniture businesses and exploring other opportunities. Currently, he is responsible for overall strategic planning and corporate business development.

LIM FONG YEE ROLAND

Mr. Lim Fong Yee Roland was appointed as the Chief Executive Officer of the Group on 28 February 2007. He has been part of the management team since 1994 and serves as its Executive Director. He played a key role in restructuring the Group and taking it to a successful IPO. Mr. Lim graduated from the National University of Singapore with a Bachelor of Business Administration. He is currently responsible for the strategic direction and business development of the Group.

SONG WEI MING

Mr. Song Wei Ming joined the Board and was appointed as an Executive Director on 7 December 2017. He is also the Executive Vice Chairman of Swee Lee Holdings Pte Ltd and a director of Architectural Audio Pte Ltd and Titus BPO Pte Ltd. Mr. Song has many experiences in the supply of audio equipment for building contracts. He is currently involved in the business development of the Group.

ENG EK PHANG

Mr. Eng Ek Phang was appointed as Independent Director of the Group on 12 August 2005. He is also the Chairman of the Nominating and Audit Committees and a member of the Remuneration Committee as well as the Lead Independent Director. He is a C.A. (Singapore), FCCA (U.K.), C.A. (Malaysia) and a FCPA (Australia). He is currently the Managing Partner of the audit firm, Bob Eng & Partners Public Accountants and Chartered Accountants Singapore, a director of several consulting companies, the Vice Chairman of Seletar Country Club and the First Vice Chairman of the Lions Home for the Elders and Second Adviser to the LBSA Tampines Senior Activity Centre.

KOH BENG LEONG

Mr. Koh Beng Leong was appointed as an Independent Director of the Group on 12 August 2005. He is currently the Chairman of the Remuneration Committee and a member of the Nominating and Audit Committees. He is a member of Certified Practising Accountant (Australia) and Kampuchea Institute of Certified Public Accountants & Auditors. He holds a Master of Professional Accounting and a Bachelor of Economics. He is currently an executive director of a few companies where he is involved in operation and business development. Prior to his current appointment, he held key management positions in various companies in Singapore and Vietnam overseeing businesses in the Asian region.

PHOON HAN MENG LINUS

Mr. Phoon Han Meng Linus was appointed as an Independent Director of the Group on 30 March 2009. He is also a member of the Nominating, Remuneration and Audit Committees. He graduated from the National University of Singapore in 1995 with a Bachelor of Social Science (Honours 2nd Class Upper in Economics) and a Bachelor of Science (Faculty of Science Dean's List 1994). He is currently the CEO of Canopius Asia Pte Ltd since 2008. Prior to that, he spent 7 years in Converium Ltd where he acted as the Principal Officer and General Manager, in charge of the Singapore branch with responsibility for business in the whole of Asia region, including offices in Kuala Lumpur and Labuan.

KEY MANAGEMENT

ONG BEE HOON

Ms. Ong Bee Hoon is the Group Finance Manager and Company Secretary. She is responsible for financial and management reporting of the Group. She graduated from the National University of Singapore with a Bachelor of Accountancy in 1991. Upon graduation, she joined DBS Bank as a bank officer in the finance and tax department. In 1995, she joined Banque Nationale de Paris (now known as "BNP Paribas") as an accounts officer in the accounts and financial control department. Her duties included head office reporting, management reporting and reporting to the Monetary Authority of Singapore. Ms. Ong joined the Group in 1999 and assisted in the Company's IPO. She is a Chartered Accountant and a member of the Institute of Singapore Chartered Accountants.

ORGANISATION STRUCTURE

P5 CAPITAL HOLDINGS LTD.

P5 PTE. LTD.
100%

P5 LUMINAIRE PTE. LTD.
100%

P5 STUDIO PTE. LTD.
100%

DISCONTINUED OPERATION

Sale of the Group's low voltage switchgear business via the disposal of shares in Sunlight Electrical Pte Ltd.

On 18 May 2017, the Group entered into a conditional sale and purchase agreement ("**SPA**") for the sale of all the issued and paid-up capital of Sunlight Electrical Pte Ltd (the "**Target Company**"), a wholly-owned subsidiary of the Company, to Chint Electrics (Hong Kong) Limited (the "**Purchaser**"), a wholly-owned subsidiary of Zhejiang CHINT Electrics Co., Ltd, a listed company on the Shanghai Stock Exchange, for an estimated cash consideration of S$17.0 million (the "**Disposal**"), contingent on closing adjustments in accordance with the SPA.

The Disposal included the Target Company and its wholly-owned subsidiaries (namely Sunlight Switchgear Sdn Bhd, Sunlight Electrical (Vietnam) Co., Ltd and Sunlight Electrical International Pte Ltd) and excluded the business of lighting design consultancy, project management, project tenders and the provision of lighting automation, architectural and lighting products (the "**Lighting Business**") then held by the Target Company (collectively the "**Target Group**").

The Disposal was completed on 30 September 2017 and the Target Group ceased to be subsidiaries and were deconsolidated from the Group.

In accordance with the closing adjustments in the SPA, the final purchase consideration was S$16.9 million, out of which S$15.0 million was received in FY 2018. On 21 May 2018, the Group received the remaining $1.9 million representing the full and final settlement of the total purchase consideration.

Ex-gratia Payment

In February 2018, the Company made the Ex-Gratia Payment of S$1.0 million to the Target Group and provided the Ex-Gratia Payment Notice to the Target Group and the Purchaser. The beneficiaries of the Ex-Gratia Payment were the employees, senior management and executive directors (where applicable) of the Target Group, which was decided by the Board (as recommended by the remuneration committee of the Company).

OPERATIONS REVIEW

CONTINUING OPERATIONS

P5 Luminaire Pte Ltd – Incorporation/Increase in issued and paid-up share capital

Prior to the Disposal, the Lighting Business was transferred from the Target Company to the Company. On 27 July 2017, the Company incorporated P5 Luminaire Pte Ltd ("**P5 Luminaire**") to take over the Lighting Business. On 8 December 2017, P5 Luminaire increased its issued and paid-up share capital to S$1.2 million.

P5 Studio Pte Ltd – Incorporation/Increase in issued and paid-up share capital

On 17 January 2018, the Company incorporated a wholly-owned subsidiary, P5 Studio Pte Ltd ("**P5 Studio**"). The principal activities of P5 Studio is in the supply of contract furniture and bespoke carpentry works. On 15 May 2018, P5 Studio increased its issued and paid-up share capital to S$1.0 million.

OTHER INVESTMENT

Subscription of Participating Shares in Quantedge Global Fund (Offshore)

In January 2018, the Group utilised USD3.0 million (approximately S$4.0 million) from the net proceeds raised from the Disposal to invest in Quantedge Global Fund (Offshore) (the "**Fund**") with a view to obtain a higher return in the medium term.

The Fund is managed by Singapore-based Quantedge Capital Pte Ltd, which holds a capital market services licence from the Monetary Authority of Singapore and currently manages a portfolio of approximately US$1.7 billion. This homegrown quantitative global macro hedge fund manager runs a team-managed systematic investment strategy. Since the fund's inception in 2006, it has performed and achieved an average annualised return of approximately 25 per cent.

FINANCIAL PERFORMANCE

Following the completion of the sale of the low voltage switchgear business, the Group's businesses now comprise (i) sales and distribution of designer furniture, kitchen and wardrobe systems under P5 Pte Ltd; (ii) the provision of lighting automation, architectural and lighting products under P5 Luminaire Pte Ltd, and (iii) the supply of contract furniture and bespoke carpentry works under P5 Studio Pte Ltd.

OPERATIONS REVIEW

Continuing Operations

The turnover of the continuing operations of the Group for ("FY 2018") amounted to S$8.9 million, comprising sales of furniture and lighting products. The increase in revenue of the Group is mainly a result of higher turnover contribution from P5 Pte Ltd. P5 Pte Ltd was acquired in July 2016 and only contributed 8 months of revenue in the financial year ended 31 March 2017. Further, it was previously operating on a smaller scale at Purvis Street showroom but has now expanded its operations to the premises at Mohamed Sultan Road. In line with the increase in its scale of operations, it incurred higher distribution and general & administrative expenses.

During FY 2018, P5 Luminaire generated a bigger portion of its sales from commercial projects vis-a-vis residential projects. This led to a reduction in margins as the commercial market is highly competitive. Some of the projects undertaken included the Jurong Lake Park and PWC Singapore at Marina One.

As announced on 17 January 2018, the Group incorporated P5 Studio Pte Ltd to supply contract furniture and bespoke carpentry works. It incurred some start-up costs and currently operates from its showroom cum office at Henderson Industrial Park and a workshop at Ubi.

The Group will focus its efforts on developing the businesses to provide customers with a complete suite of interior solutions, ranging from lighting, furniture and systems to bespoke carpentry works. The Group will continue to collaborate with well-known partners like Molteni & C, Dada and Viabizzuno.

The Group invested approximately S$4.0 million in the Quantedge Global Fund (Offshore) in January 2018. As at 31 March 2018, the Group registered a net loss on fair value and foreign exchange of S$0.26 million on the Fund.

Discontinued Operation

Revenue from discontinued operation, comprising of the Group's low voltage switchgear business, continued to decline and had incurred an operating loss after tax of approximately S$3.0 million. Subsequent to the finalisation of closing adjustments made in accordance with the sales and purchase agreement, the purchase consideration was finalised at S$16.9 million. The gain on disposal was finalised at S$3.6 million. Accordingly, the resulting profit from discontinued operation was S$0.6 million.

Overall, the Group's net loss for the year amounted to S$1.1 million.

SUSTAINABILITY REPORT

BOARD STATEMENT

P5 Capital Holdings Ltd. is committed to sustainability and strives to incorporate environment, social and governance ("**ESG**") factors into its business strategies and operations.

The Board of Directors determines the Group's risk appetite approach, which includes the nature and extent of material risks that the Group is willing to take to achieve its business objectives. The risk appetite incorporates ESG factors such as energy, health and safety, diversity and equal opportunity, as well as compliance with local laws and regulations. The Group's business plans are translated into both quantitative and qualitative performance targets, including sustainable corporate practices, which are adopted throughout the organisation.

The Board has assigned the responsibilities of monitoring and overseeing the company's sustainability efforts to the Sustainability Steering Committee (SSC). The SSC consists of the senior management team and heads of business lines from all business units. The head of business of each division monitors the overall sustainability performance and provides updates to the Board on matters relating to sustainability risk and business malpractices incidents. The Chairman of the SSC also updates the Board on the sustainability performance of the Group and key material issues identified by stakeholders and the planned follow-up measures.

This will be the first sustainability report (FY2017-18) for the Group and has been prepared with reference to the Global Reporting Initiative (GRI) Standards. Based on a materiality assessment exercise undertaken for the Group's business, ESG factors have been identified and subsequently validated and approved by the Board.

The Board is supported by the SSC and has approved this report that covers the material aspects and their performance indicators.

ABOUT THIS REPORT

P5 Capital Holdings Ltd. is pleased to present its inaugural sustainability report. Going forward, the sustainability report will be published on an annual basis along with the Group's Annual Report.

The Board has assigned the responsibilities of monitoring and managing the company's sustainability efforts to the Sustainability Steering Committee (SSC), which consists of the senior management team and heads of businesses across the Group.

SUSTAINABILITY REPORT

This report has been prepared in compliance with the requirements of the SGX-ST Listing Rules 711A and 711B and refers to the Global Reporting Initiative (GRI) Standards 2016 for performance disclosures. The report covers the sustainability performance of the Group's furniture and lighting operations from 01 April 2017 to 31 March 2018.

Please send all comments and feedback to: info@P5.com.sg

MATERIALITY

We carried out a materiality assessment for the first time this year, with the support of an external consultant. We considered a number of aspects when determining the ESG factors of relevance such as:

- Recent ESG issues and trends both in Singapore and globally
- Recent ESG issues and trends pertinent to the furniture and lighting industries
- Concerns, demands and needs of our stakeholders, both internal and external
- ESG issues and concerns that most affect the operations and success of our organisation

The assessment involved a three-step process that included identifying ESG factors of relevance, prioritising these factors through a discussion among representatives of various departments and members of the senior management team and validation by the Board. The material ESG factors prioritised for FY2017-18 are as follows:

MATERIAL FACTORS	
Economic*	• Economic Performance
Environment	• Energy
Social	• Diversity and Equal Opportunity
Governance	• Compliance with Laws and Regulations

* *Refer to the Financial Statements section*

SUSTAINABILITY REPORT

ENVIRONMENT

At P5 Capital Holdings Ltd. we believe environmental protection is a necessity for achieving sustainable development. We are committed to protecting the environment and natural resources for the present and future generations.

ENERGY

P5 Capital Holdings Ltd. strives to use energy efficiently to combat climate change and reduce our overall environmental footprint, which in turn helps us to reduce operational costs as well. We support environment sustainability programmes that aim to reduce the organisation's energy consumption and greenhouse gas (GHG) emissions. The Group has invested in energy efficient technologies by installing light-emitting diode (LED) in its offices and showrooms and motion-sensor lights at the stair wells as part of the initiatives carried out in FY2017-18 to improve energy efficiency. As part of this initiative, we are also promoting a 'green' corporate culture and raising awareness about environmental issues by selling lights and equipment that have a lower energy consumption. We strive to ensure that air-conditioning within our office is maintained at a temperature range of 24 – 25^{o}C. Employees are also encouraged to turn off lights and air-conditioners when not in use.

In FY2017-18, P5 Pte Ltd total energy consumption was 114,654 kilowatt hours ("**kWh**"). The total building energy intensity during the same period was 13.5 kWh/m^2. Our target for the forthcoming year is to maintain energy consumption within 15% range of the consumption in FY2017-18 and adopt energy saving features where feasible.

SOCIAL

P5 Capital Holdings Ltd. believes in equality at the workplace. Equality of opportunity is about treating people fairly and without bias and creating conditions in the workplace and wider society that value diversity and promote dignity.

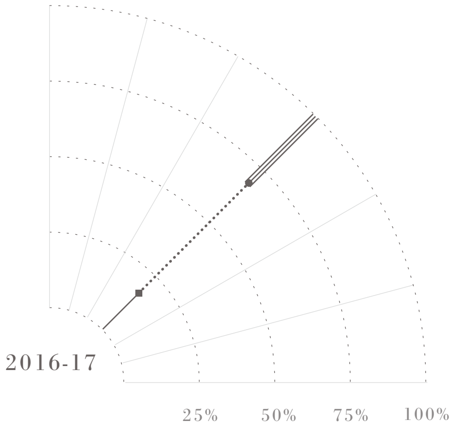
DIVERSITY AND EQUAL OPPORTUNITY

At P5 Capital Holdings Ltd. we believe a diverse workforce is critical to our overall business success. As a responsible corporate citizen, the Group strives to implement hiring practices in a fair and consistent manner and provide career progression opportunities to its employees. The Group's human resource management ("**HRM**") practices are based on the key principles defined by the Tripartite Guidelines on Fair Employment Practices ("**TGFEP**") and the Ministry of Manpower's Fair Consideration Framework. The Group's recruitment process and promotion system are based on meritocracy. We consider candidates irrespective of their nationalities for positions within the Group.

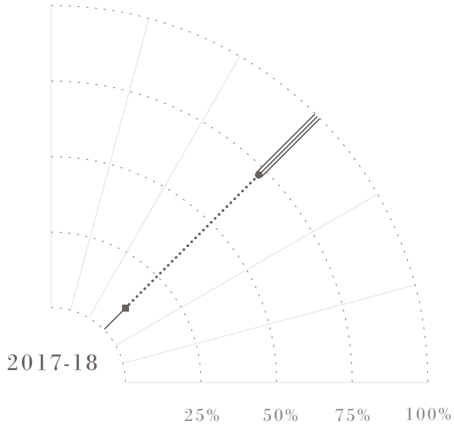
Going forward, our target will be to ensure that all our employees have an equal opportunity to succeed and that all decisions relating to recruitment and promotion are based on merit.

SUSTAINABILITY REPORT

Number of Employees by Age (%)

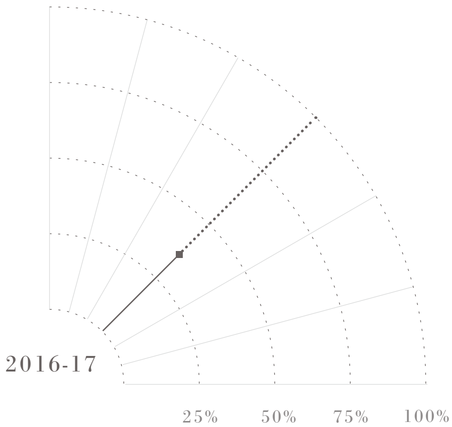


32% > 50 years old
50% 30 - 50 years old
18% < 30 years old

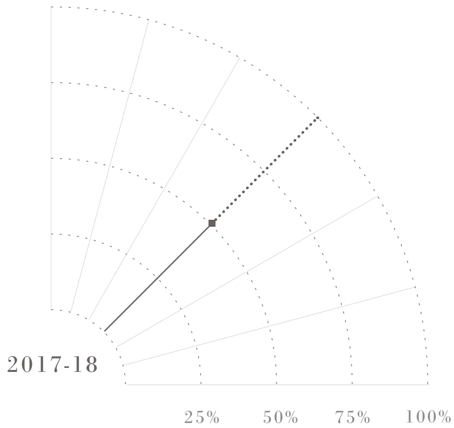


26% > 50 years old
64% 30 - 50 years old
10% < 30 years old

Number of Employees by Gender (%)

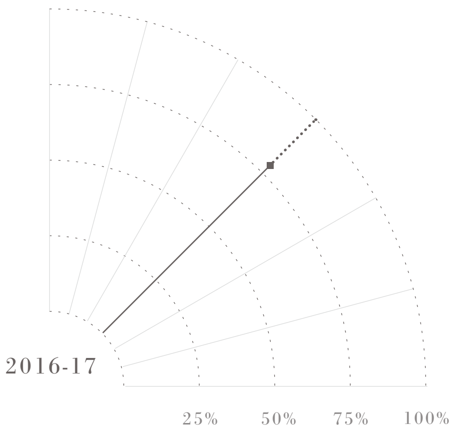


64% Female
36% Male

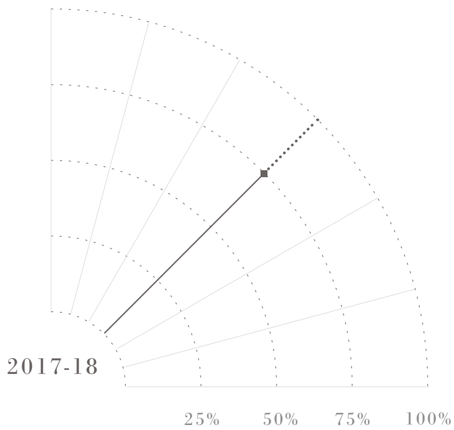


49% Female
51% Male

Number of Employees by Nationality (%)



23% Other
77% Singaporean



26% Other
74% Singaporean

SUSTAINABILITY REPORT

GOVERNANCE

P5 Capital Holdings Ltd.'s Board of Directors recognises that effective management of social and environmental risks can improve business performance. This realisation has led to an increased oversight by the Board over how the company is managing its social and environmental performance.

COMPLIANCE WITH LAWS AND REGULATIONS

At P5 Capital Holdings Ltd. we conduct our business with honesty and integrity and are committed to complying with relevant laws and regulations.

All marketing collaterals and distribution channels are assessed by the Marketing Communications team for accuracy and compliance with the Singapore Code of Advertising Practice and the Personal Data Protection Act ("**PDPA**"). Our communication outreach materials are reviewed regularly and we ensure that consent is obtained from our customers for the usage of personal data. Contractual agreements are reviewed by external legal advisers to ensure that the terms and conditions adhere to the relevant laws and regulations of Singapore.

In FY2017-18, there were no incidents of non-compliance with relevant laws and regulations in the social and economic area, including marketing laws and regulations. Going forward also, we will ensure that the organisation complies with PDPA in the areas of sales and marketing and there are no incidents of non-compliance with social and economic laws and regulations in Singapore which may result in fines or penalties.

CORPORATE GOVERNANCE & FINANCIAL CONTENTS

CORPORATE GOVERNANCE

The Board of Directors ("**Board**") of P5 Capital Holdings Ltd. ("**Company**") is committed and dedicated to maintaining high standards of corporate governance and endorses the recommendations of the Singapore Code of Corporate Governance 2012 ("**Code**"), in order to protect the interests of its shareholders. This report describes the Company's corporate governance processes and practices with specific reference to the principles of the Code. The Company confirms that it has adhered to the principles and guidelines as set out in the Code, where applicable, and has specified and explained the areas of non-compliance.

BOARD MATTERS

PRINCIPLE 1 THE BOARD'S CONDUCT OF AFFAIRS

The Board comprises:

Lim Kwang Joo	*(Executive Chairman)*
Lim Fong Yee Roland	*(Chief Executive Officer & Executive Director)*
Song Wei Ming	*(Executive Director)*
Eng Ek Phang	*(Lead Independent Director)*
Koh Beng Leong	*(Independent Director)*
Phoon Han Meng Linus	*(Independent Director)*

The Board's role is to:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
(c) review management performance;
(d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
(e) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
(f) consider sustainability issues eg, environmental and social factors, as part of its strategic formulation, in accordance with guildeline 1.1 (f) of the Code; and
(g) discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Company has a set of terms of reference setting out the powers and authority of the Board. The matters reserved for the Board's decision are as follows:

(i) corporate restructuring or investment / divestment decisions relating to its principal subsidiaries and associates;
(ii) purchase / disposal of material assets;
(iii) approval for new business investment and budget / divestment or aborting of venture;
(iv) approval of annual budgets;

(v) material financing/borrowing not in the ordinary course of business;
(vi) appointment/termination of directors/CEO/company secretary;
(vii) service agreement of directors/CEO and its terms and conditions;
(viii) determination of annual increment/bonus of directors and CEO and directors' fees;
(ix) approval for full year and half year reporting of the Group's results; and
(x) shareholders' matters (including adopting the audited accounts of the Group, dividend proposal, amendments to the Company's Constitution).

To assist in the execution of its responsibilities, the Board has established a number of committees, including a Nominating Committee ("**NC**"), a Remuneration Committee ("**RC**") and an Audit Committee ("**AC**"). These committees have written mandates and operating procedures, which were approved by the Board.

In line with the change of the Companies Act, Chapter 50 ("**Companies Act**"), all references to the Memorandum and Articles of Association will be superseded with Constitution and Regulation respectively.

In the year under review, the number of Board meetings (including committee meetings) held and attended by each member are as follows:

Name of Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	5	2	2	2
No. of meetings attended				
Lim Kwang Joo	5	2	2	2
Lim Fong Yee Roland	5	2	2	2
Tan Boon Seng[1]	1	1	–	–
Sung Puay Kiang[1]	1	1	–	–
Tan Kok Keng[1]	1	1	–	–
Song Wei Ming[2]	4	1	1	1
Eng Ek Phang	5	2	2	2
Koh Beng Leong	3	2	2	2
Phoon Han Meng Linus	4	1	1	1

Notes:

(1) Resigned on 7 December 2017. The number of AC and Board meetings up to 7 December 2017 was 1 each.
(2) Appointed on 7 December 2017. The number of AC and Board meetings from 7 December 2017 up to the date of this Annual Report was 1 and 4 respectively.

New directors are strongly encouraged to attend external courses on directors' duties and responsibilities and corporate governance. Any updates relating to changes in the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") and corporate governance guidelines are circulated to Directors from time to time. Directors are also updated on developments in corporate, financial, legal and other compliance requirements.

PRINCIPLE 2 BOARD COMPOSITION AND GUIDANCE

The Board comprises six Directors of whom three are executive and three are non-executive and independent. The board composition complies with the Code's requirement that at least half of the Board should be made up of independent directors where the Chairman and the CEO are immediate family members, the Chairman is part of the management and the Chairman is not an independent director.

The Board comprises business leaders and professionals with financial (including audit and accounting), engineering, insurance and management backgrounds. The members of the Board with their combined business, management and professional experience, industry knowledge and expertise, provide an objective perspective for the Board to discharge their duties. Taking into account the scope and nature of the operations of the Group, the Board is satisfied that the current composition and size of the Board provide for effective decision making. With three of the Directors being independent and one of whom is the Lead Independent Director, the Board is able to exercise independent and objective judgment on key issues and discussions.

The Board and NC determine the independence of Directors based on the criteria defined in the criteria of independence in the Code. The NC is satisfied that the Independent Directors comply with Guideline 2.3 of the Code.

Each Independent Director exercises his own judgment independently and none of the Independent Director has any relationship with the Company, its subsidiaries, its related corporations, its 10% shareholders or its officers that could interfere, or 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 Independent Directors also do not receive any remuneration, significant payments or material services payments from the Company and its subsidiaries apart from the Directors' fees which is subject to shareholders' approval at the annual general meeting. In addition, none of the Independent Directors or their immediate family members are or were 10% shareholders of the Company as defined in the Code.

The Independent Directors provide, amongst other things, strategic guidance to the Group based on their professional knowledge, in particular, assisting to constructively challenge and develop proposals on strategies.

The Independent Directors can meet among themselves at any time without the presence of management.

PRINCIPLE 3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is clear separation of roles and responsibilities between Chairman and Chief Executive Officer ("**CEO**"). Mr. Lim Fong Yee Roland, the CEO, is the son of the Executive Chairman, Mr. Lim Kwang Joo. The Code recommends that where the Chairman and CEO are related by close family ties, the Company may appoint an independent non-executive director to be the Lead Independent Director. To enhance the independence of the Board as well as to provide an additional channel of communication to shareholders, the Company has appointed Mr. Eng Ek Phang as the Lead Independent Director.

As the Executive Chairman, Mr Lim Kwang Joo is responsible for ensuring that Board meetings are held when necessary, scheduling and preparing agendas and exercising control over the information flow between the Board and management.

As the CEO, Mr Lim Fong Yee Roland is responsible for the Group's business strategy and direction including all executive decision-makings.

The Lead Independent Director can meet with the other Independent Directors at any time without the presence of other Directors and he can then provide feedback to the Chairman after such meetings.

Throughout the years, the Independent Directors constructively challenge and assist to develop both the Group's short term and long term strategies and the implementation by the management was monitored closely. The Independent Directors also review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

The Independent Directors are constantly encouraged to meet among themselves without the presence of the management so as to facilitate a more effective check on management.

Mr Eng Ek Phang, Mr Koh Beng Leong and Mr Phoon Han Meng Linus had served as independent directors of the Company for more than 9 years. Based on the assessment and particularly rigorous review of the NC, the NC's view is that the directors are able to exercise independent and objective judgment and that there are no relationships or circumstances which will affect their judgment and ability to discharge their duties and responsibilities as independent directors. The NC therefore recommended to the Board that they can remain as independent directors of the Company. The Board also concurred with the NC's review and findings.

PRINCIPLE 4 BOARD MEMBERSHIP
PRINCIPLE 5 BOARD PERFORMANCE

Nominating Committee

The NC comprises the following Directors:

Eng Ek Phang (Chairman)	*(Lead Independent Director)*
Koh Beng Leong	*(Independent Director)*
Phoon Han Meng Linus	*(Independent Director)*

The Company complies with the Code which requires the NC to comprise at least three Directors, the majority of whom, including the Chairman, are independent.

The NC pursuant to its written terms of reference shall:-

(a) regularly review the structure, size and composition of the Board and make recommendations to the Board with regards to any adjustments that are deemed necessary;

(b) annually review whether or not a Director is independent, in accordance to Guidelines 2.3 and 2.4 of the Code and other salient factors;

(c) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;

(d) review and recommend to the Board for re-election of the Directors due for renewal by rotation;

(e) review and decide whether or not a Director is able to and has been adequately carrying out his / her duties as Director of the Company;

(f) decide how the Board's performance may be evaluated and propose objective performance criteria;

(g) decide on the performance evaluation process;

(h) assess the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board; and

(i) make recommendations for succession planning, in particular, of the Executive Chairman and the Chief Executive Officer.

In assessing the suitability of a candidate to be appointed or to be re-elected to the Board, the NC will consider if he is able to make the appropriate contributions to the Board and the Group. The key factors which the NC will take into consideration are:

(i) qualifications, industry knowledge and functional expertise which are relevant and beneficial to the Group; and

(ii) extensive experience and business contacts in the industry in which the Group operates.

When a vacancy arises under any circumstances or where it is considered that the Board would benefit from the services of a new director with some particular skills, the NC would review and nominate the most suitable candidate to the Board. The Board then selects the candidates that possess the appropriate qualifications and experience.

In accordance with the Company's Constitution, at least one-third of the Board, or if the number is not a multiple of two, the number nearest to one third but not greater than one-third is required to retire from office at each annual general meeting ("**AGM**") and by rotation. Mr Lim Fong Yee Roland, who has been in office for three years since his last re-election will be due for retirement by rotation at the Company's AGM pursuant to Regulation 103 of the Company's Constitution. Mr Song Wei Ming, who was appointed on 7 December 2017 will be due for retirement at the Company's AGM pursuant to Regulation 107 of the Company's Constitution. Both the retiring Directors, Mr Lim Fong Yee Roland and Mr Song Wei Ming, have expressed their willingness to be re-elected as Directors and the NC has recommended the re-election of the retiring Directors.

The dates of initial appointment and last re-election of each Director are set out as follows:

Name of Director	Appointment	Date of initial appointment	Date of last re-election
Lim Kwang Joo	Executive Chairman	6 March 2000	28 July 2016
Lim Fong Yee Roland	Chief Executive Officer & Executive Director	6 March 2000	30 July 2015
Song Wei Ming	Executive Director	7 December 2017	–
Eng Ek Phang	Lead Independent Director	12 August 2005	28 July 2016
Koh Beng Leong	Independent Director	12 August 2005	28 July 2016
Phoon Han Meng Linus	Independent Director	30 March 2009	28 July 2016

The Board recognises the merit of having some degree of formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. The evaluation of the Board and each Director are performed annually by having all members complete a questionnaire individually which are submitted to the NC for review.

The Directors declare their board representations as and when there are changes. Annually, each Director declares that he has devoted sufficient time and attention to the affairs of the Company. There are no alternative Directors on the Board. Based on the knowledge of the directorships held by the Directors and their declarations, the NC is satisfied that all Directors are able to carry out their duties as directors of the Company. The Board is of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the directors would depend on many factors such as whether they were in full time employment and their other responsibilities.

The key information of each Director is set out on pages 10 to 11 of the Annual Report.

The NC has worked out the criteria with regards to the assessment of its AC, NC and RC. The assessment of each committee was performed annually by having all members of the NC complete a questionnaire which are submitted to the Board for review.

PRINCIPLE 6 ACCESS TO INFORMATION

The members of the Board have access to timely information necessary for their decision-making. In particular, board papers are prepared and circulated to members of the Board before each Board meeting and committee meeting.

All Directors have separate and independent access to the company secretaries. The company secretaries administer, attend and prepare minutes of Board meetings, and assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and all rules and regulations applicable to the Company, including its Constitution and the Rules of Catalist of the SGX-ST, are complied with.

The directors have access to the professional corporate secretarial services firm and they can seek independent professional advice when required at the Company's expense. The appointment and removal of the company secretaries are subject to the approval of the Board.

REMUNERATION MATTERS

PRINCIPLE 7 PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
PRINCIPLE 8 LEVEL AND MIX OF REMUNERATION

Remuneration Committee

The Company complies with the Code which requires the RC to comprise at least three Directors, all members to be non-executive and a majority of whom, including the Chairman, are Independent Directors.

The RC comprises the following members:

Koh Beng Leong (Chairman) *(Independent Director)*
Eng Ek Phang *(Lead Independent Director)*
Phoon Han Meng Linus *(Independent Director)*

The RC shall:-

- determine and agree with the Board the framework or broad policy for the remuneration of the Company's Board and to determine specific remuneration packages for the Executive Directors and the key management executives;
- in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that the Group provides the appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group;
- determine targets for any performance related pay schemes operated by the Group, taking into account pay and employment conditions within the industry and in comparable companies;
- within the terms of the agreed policy, determine the total individual remuneration package of each Executive Director including, where appropriate, allowances, bonuses, benefits in kind, incentive payments and share options;
- determine the policy for and scope of service agreements including fixing appointment period for the Executive Directors and in the event of early termination the compensation commitments; and
- determine whether Directors and key management should be eligible for benefits under the long-term incentive schemes.

In recommending the Directors' remuneration packages, consideration is given to ensure that the remuneration is competitive in attracting and retaining talent, commensurate with the Directors' scope of work and responsibilities and sufficient to reward them for achieving corporate performance targets.

The payment of Directors' fee is endorsed by the RC and recommended by the Board for shareholders' approval at the AGM of the Company.

No individual Director is involved in deciding his own remuneration or the remuneration of another Director related to him. Non-Executive Directors are paid Directors' fees annually after approval by shareholders at the AGM.

The Company does not have contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. However, the RC may consider such mechanisms if it deems necessary in the future.

The RC is not assisted by any remuneration consultants during FY 2018.

PRINCIPLE 9 DISCLOSURE ON REMUNERATION

The breakdown (in percentage terms) of the remuneration of the Directors of the Company for FY 2018 is set out below:

Remuneration Band	Name of Director	Salary and CPF	Fees
Below $250,000	Lim Kwang Joo	100%	–
	Lim Fong Yee Roland	100%	–
	Tan Kok Keng(1)	100%	–
	Tan Boon Seng(1)	100%	–
	Sung Puay Kiang(1)	100%	–
	Song Wei Ming(2)	100%	–
	Eng Ek Phang	–	100%
	Koh Beng Leong	–	100%
	Phoon Han Meng Linus	–	100%

Note:

(1) Resigned on 7 December 2017.

(2) Appointed on 7 December 2017.

In addition to the base/fixed salary, the Executive Directors are entitled to a profit sharing incentive based on the following formula:

Name of Director	Group's audited consolidated profit before tax and minority interest, excluding exceptional items ("Profit")	Percentage to be applied on the Profit
Lim Kwang Joo, Lim Fong Yee Roland and Song Wei Ming	Less than S$3 million	2% of Profit
	Equal or above S$3 million	3% of Profit

As the Group incurred a net loss in FY 2018, no profit sharing incentive was recommended.

For FY 2018, the top key executive (who is not a director) of the Group is Ms Ong Bee Hoon (Group Finance Manager and Company Secretary). Her remuneration did not exceed $250,000. 100% of her remuneration is earned through base/fixed salary.

The Board is of the opinion that the information disclosed above would be sufficient to the shareholders for their understanding of the Company's compensation policies as remuneration matters are commercially sensitive information and further disclosure is prejudicial to the Group's interests and may hamper its ability to retain the Group's talent pool.

Save for Mr Lim Kwang Joo and Mr Lim Fong Yee Roland who are immediate family members, there is no immediate family member of a Director or the CEO who is an employee of the Group whose remuneration has exceeded $50,000 for the financial year ended 31 March 2018.

The Company does not have any employee share scheme in place.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10 ACCOUNTABILITY

The Board fully recognises that it has a responsibility to provide timely, reliable and fair disclosure of material information to shareholders.

In order to ensure that the Board is able to fulfill its responsibilities, the management provides the Board with management accounts on a monthly basis, which present a balanced and understandable assessment of the Company's performance, position and prospects.

The Company has procured Appendix 7H (Form of Undertaking with regard to Directors or Executive Officers) pursuant to Rule 720(1) of Catalist Rules from all the Directors and Executive Officers of the Company.

PRINCIPLE 11 RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that risk is inherent in business and there are commercial risks to be taken in the course of generating a return on business activities. The Board's policy is that risks should be managed within the Group's overall risk tolerance.

Risk Management and Processes

Management assesses the key risks facing the Group and formulates plans to mitigate such risks. The management of principal subsidiaries also reported on any exceptions on compliance to regulatory authorities for the financial year. These are submitted to the Audit Committee and the Board which determines the risk tolerance acceptable to the Group.

Information relating to financial risk management objective and processes are set out on page 92 of the Annual Report.

In addition, the Group is also subjected to other business risks. The Group's core business is dependent on local construction industry and property market sentiment. Any decline in the local construction industry or property market sentiment will result in a decrease in demand for furniture, lighting and carpentry works and increase price competition which will in turn affect turnover and profitability. The Group continues to maintain good relationships and work closely with its customers. There is also constant monitoring on collection of debts.

The Group's success is dependent on the continued services of our key management personnel. The Group provided ample training to general staff to upgrade their skills and opportunities for identified management staff to take up more responsibilities as part of the succession plan.

The Company maintains a system of internal controls for all companies within the Group. The internal controls are designed to provide reasonable assurance that proper accounting records are maintained, assets are adequately safeguarded, operational controls are in place and business risks are suitably addressed. The Board reviews the adequacy and effectiveness of the Company's risk management annually.

The Board has received assurance from the CEO and Group Finance Manager:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
(b) regarding the effectiveness of the Company's risk management and internal control systems.

The Board, with the concurrence of the Audit Committee, is of the opinion that the risk management and internal controls of the Group are adequate and effective to address operational, financial, compliance and information technology controls of the Group. In arriving at the opinion, the Audit Committee and the Board reviewed the work performed by the internal and external auditors as well as discussions with management on the risks identified by internal audit as well as significant issues arising from internal and external audits.

PRINCIPLE 12 AUDIT COMMITTEE

The AC comprises:

Eng Ek Phang (Chairman)	*(Lead Independent Director)*
Koh Beng Leong	*(Independent Director)*
Phoon Han Meng Linus	*(Independent Director)*

The Company complies with the Code which requires the AC to comprise at least three directors, all members to be non-executive, the majority of whom, including the Chairman, are independent.

In considering appointing an independent director to the AC, the Board will consider the qualification of the person and that at least two members should have accounting or related financial management experience.

The AC performs the following functions: -

(a) review with the external auditors the audit plan, the external auditors' evaluation of the internal accounting controls, the assistance given by the Company's officers to the external auditors and the audit report;

(b) review of the half-year and full year consolidated financial statements of the Group and the announcements prior to submission to the Board for approval;

(c) review the adequacy of the Company's internal controls, as set out in Principle 11;

(d) review and recommend to the Board the appointment or re-appointment of external auditors, taking into consideration the non-audit services rendered by the external auditors and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors; and

(e) review interested person transactions.

The AC meets the external and internal auditors at least once a year and may meet them at any time, without the presence of the Company's management.

In reviewing the re-appointment of external auditors for the FY 2018, the AC considered the adequacy of the resources, experience and competence of the external auditors. Consideration was also given to the working relationship and familiarity of the Group's business of the engagement partner and the key audit team.

The AC has reviewed the volume of non-audit services (FY2018: $28,006) provided to the Group by the external auditors and was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Please refer to page 86 for the audit fees paid or payable to external auditors by the Group.

KPMG LLP has also confirmed that they are registered with the Accounting and Corporate Regulatory Authority and hence, the Company is in compliance with Rule 712 and Rule 715 (read with Rule 716) of the Catalist Rules in relation to the appointment of its auditors.

Accordingly, the AC has recommended to the Board that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming AGM of the Company.

The AC has the authority to investigate any matters within its terms of reference, full access to and co-operation by management and is authorised to seek independent professional advice to enable it to discharge its functions properly.

The Company has put in place a whistle-blowing framework, which provides staff with accessible channels within the Group for reporting possible improprieties in matters of financial reporting or other matters in confidence so that appropriate follow-up action will be taken. The contact numbers and email addresses of the whistle-blowing committee members are provided for reports to be made by staff and external parties.

The external auditors regularly update the AC on the changes to accounting standards and issues which will have a direct impact on financial statements.

The AC also considered the report from the external auditors, including their findings on the key areas of audit focus. Significant matters that were discussed with management and external auditors have been included as key audit matters ("**KAM**") in the independent auditors' report for the financial year ended 31 March 2018 on pages 39 to 42 of this Annual Report. In assessing the KAM, the AC considered the approach and methodology applied in the valuation of assets, including the estimates and key assumptions used. The AC concluded that management's accounting treatment and estimates adopted on the KAM were appropriate. No former partner or director of the Company's existing auditing firm acts as a member of the Company's AC.

PRINCIPLE 13 INTERNAL AUDIT

The Company has outsourced the internal audit review to an internal audit service provider, One e-Risk Services Pte Ltd. The internal auditor carried out its function according to the standards set by internationally-recognised professional bodies, such as the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC is responsible for reviewing the adequacy of the internal audit function, its resources and its standing within the Group to perform its functions properly. The internal auditors report primarily to the Chairman of the AC and propose the annual internal audit plan in consultation with the AC. An internal audit review was performed in April 2018 on a principal subsidiary. The AC oversees and monitors if the improvements suggested on internal controls are implemented.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14 SHAREHOLDER RIGHTS
PRINCIPLE 15 COMMUNICATION WITH SHAREHOLDERS
PRINCIPLE 16 CONDUCT OF SHAREHOLDER MEETINGS

In line with continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, the Company endeavours to maintain constant and effective communications with shareholders through timely and comprehensive announcements. Material information that could have a material impact on the share price of the Company is released on a timely basis.

The Company disseminates latest corporate news, strategies, announcements, notices of meetings, annual reports, circulars and press releases promptly through SGXNET. The Group's corporate governance practices are disclosed in annual reports of the Company to enable the shareholders to have a better understanding of the Group's stewardship role.

Shareholders are informed of general meetings through the announcements released on the SGXNET and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance.

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "Relevant Intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors. With this amended legislation, the Company allows relevant intermediaries to appoint more than two proxies to attend the Company's general meetings.

At the AGM and any other general meetings of the Company, shareholders are given the opportunities to express their views and ask the Board questions regarding the operations of the Company. The minutes of general meetings are available to shareholders upon request. The resolutions put to vote are by poll. The Company does not allow absentia voting as it is not practical to do so as the identity of the shareholder is difficult to verify. There are separate resolutions at general meetings on each substantially separate issue.

The Chairman of the AC, NC and RC will be present and available to address questions at the AGM. The external auditors will also be present to address any shareholders queries about the auditor's report.

In addition to the half yearly and full year financial results announcements and announcements on material information, annual reports that provide information on the prospects of the Company, Board of Directors, management, report on Code and audited financial statements for the past financial year were circulated to shareholders prior to the AGM. Shareholders were encouraged to share their views on the Company's past year performance during the AGM. The annual report was uploaded to the Company's website for shareholders' viewing in addition to circulation and SGXNET announcement.

There is no formal dividend policy adopted by the Company. The Board, having considered the financial performance of the Group for the financial year ended 31 March 2018, did not recommend any dividend payment.

The Company currently does not have investor relations policy but considers advice from corporate lawyers and its Sponsor on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider appointing professional investor relations officer to manage the function should the need arises.

Dealings in Securities

Under the Code of Best Practices on Securities Transactions adopted by the Company, an officer should not deal in his company's securities on short-term considerations. The Company and its officers should not deal in the Company's securities during the period commencing one month before the announcement of the Company's half-year and full year financial statements. In addition, the officers are also reminded that the law on insider dealing is applicable at all times, notwithstanding the window periods.

Interested Person Transaction

There were no interested person transactions entered into under shareholders' mandate or otherwise during the year under review that were $100,000 or more.

Non-sponsor Fees

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is RHT Capital Pte. Ltd. In compliance to Rule 1204 (21) of the rules of Catalist, there were no non-sponsor fees paid to RHT Capital Pte. Ltd. by the Company for the year ended 31 March 2018.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the interest of the CEO, each Director or Controlling Shareholder which were either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Treasury Shares

There are no treasury shares held at the end of the financial year ended 31 March 2018.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2018.

In our opinion:

(a) the financial statements set out on pages 43 to 107 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

Lim Kwang Joo
Lim Fong Yee Roland
Song Wei Ming
Eng Ek Phang
Koh Beng Leong
Phoon Han Meng Linus

CHANGE OF NAME

The Company changed its name from Sunlight Group Hldg Ltd to P5 Capital Holdings Ltd. with effect from 11 October 2017.

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Lim Kwang Joo		
P5 Capital Holdings Ltd. (f.k.a. Sunlight Group Hldg Ltd)		
– ordinary shares	78,833,333	78,833,333

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Lim Fong Yee Roland		
P5 Capital Holdings Ltd. (f.k.a. Sunlight Group Hldg Ltd)		
– ordinary shares	35,000,000	35,000,000
Song Wei Ming		
P5 Capital Holdings Ltd. (f.k.a. Sunlight Group Hldg Ltd)		
– ordinary shares	41,496,633	41,496,633
Phoon Han Meng Linus		
P5 Capital Holdings Ltd. (f.k.a. Sunlight Group Hldg Ltd)		
– ordinary shares	4,278,000	4,778,100

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

Except as disclosed above, there were no other changes in the interests in the Company between the end of the financial year and 21 April 2018.

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

SHARE OPTIONS

During the financial year, there were:

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

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

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

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this report are:

Eng Ek Phang (Chairman)	Independent director
Koh Beng Leong	Independent director
Phoon Han Meng Linus	Independent director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held two meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

(i) assistance provided by the Company's officers to the external auditors;

(ii) half yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;

(iii) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual); and

(iv) significant matters impacting the financial statements and the accounting principles and judgement of items as adopted by management for these significant matters.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditor of the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Lim Kwang Joo
Director

Lim Fong Yee Roland
Director

2 July 2018

INDEPENDENT AUDITOR'S REPORT

Members of the Company
P5 Capital Holdings Ltd.
(formerly known as Sunlight Group Hldg Ltd)

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of P5 Capital Holdings Ltd. (formerly known as Sunlight Group Hldg Ltd) (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 March 2018, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 43 to 107.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore 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 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 *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key Audit Matter	How was the matter addressed in our audit
Net realisable value of inventories *Refer to Note 2.4 – Key sources of estimation uncertainty: Assessment of the allowance for inventory obsolescence or slow-moving inventories or for any shortfall in net realisable value of inventories ("NRV") and Note 11 – Inventories of S$2,244,084* Inventories are carried in the financial statements at the lower of cost and net realisable value, judgement is applied to determine the inventory to be written down and the amount of write down. In particular, the Group held significant amounts of inventories related to luxury furniture and lighting products which are sold primarily to a niche market. Due to a competitive market environment, there is a risk that the carrying value of inventories exceed the estimated net realisable value, resulting in losses.	<u>Our procedures included, amongst others:</u> • We analysed the inventory aging report to identify any slow moving inventories. • We compared the carrying values of the inventories to recent sale transactions and industry trends. • Where available, we also compared the carrying values of inventories with the publicly available selling prices of the similar products carried by the Company to identify products that are sold at lower than its carrying values.
Findings: We found that the Group's assessment of net realisable value of inventories and their estimated write-down of inventory values to be reasonable	

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon. We have obtained all other information prior to the date of this auditors' report.

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 identified above 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 on the other information that we obtained prior to the date of this auditors' report, 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.

Auditors' 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 auditors' 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:

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

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

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

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Chiang Yong Torng.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
2 July 2018

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2018

		Group		Company	
	Note	2018	2017	2018	2017
		$	$	$	$
Assets					
Property, plant and equipment	4	532,497	4,337,029	–	–
Lease prepayment	5	–	148,736	–	–
Intangible assets	6	77,367	155,083	–	–
Subsidiaries	7	–	–	1,863,051	10,140,025
Associate	8	–	–	–	–
Deferred tax assets	9	–	43,498	–	–
Other investments	10	3,778,671	–	3,778,671	–
Trade and other receivables	12	108,820	764,014	–	–
Non-current assets		4,497,355	5,448,360	5,641,722	10,140,025
Inventories	11	2,244,084	9,987,769	–	–
Trade and other receivables	12	4,490,607	24,235,638	4,728,994	1,229,735
Cash and cash held with financial institutions	13	7,135,168	3,019,397	6,554,323	22,055
Other investments	10	–	414	–	–
Current assets		13,869,859	37,243,218	11,283,317	1,251,790
Total assets		18,367,214	42,691,578	16,925,039	11,391,815
Equity					
Share capital	14	19,263,691	19,263,691	19,263,691	19,263,691
Reserves	15	(3,816,132)	(4,898,250)	(2,583,499)	(8,013,914)
Total equity		15,447,559	14,365,441	16,680,192	11,249,777
Liabilities					
Deferred tax liabilities	9	–	50,248	–	–
Finance lease liabilities	16	62,206	–	–	–
Loans and borrowings	17	–	558,634	–	–
Non-current liabilities		62,206	608,882	–	–
Trade and other payables	18	2,846,301	21,636,828	244,847	142,038
Finance lease liabilities	16	11,148	4,402	–	–
Loans and borrowings	17	–	5,682,459	–	–
Current tax payable		–	393,566	–	–
Current liabilities		2,857,449	27,717,255	244,847	142,038
Total liabilities		2,919,655	28,326,137	244,847	142,038
Total equity and liabilities		18,367,214	42,691,578	16,925,039	11,391,815

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2018

	Note	2018 $	2017 $ Restated*
Continuing operations			
Revenue	19	8,911,666	4,949,649
Cost of sales		(6,035,255)	(2,958,547)
Gross profit		2,876,411	1,991,102
Other operating income	20	90,711	78,880
Distribution expenses		(1,395,187)	(534,616)
Administrative expenses		(2,789,030)	(1,411,803)
Other operating expenses		(439,097)	(88,654)
Results from operating activities		(1,656,192)	34,909
Finance expense	21	(5,743)	(19,361)
(Loss)/profit before tax		(1,661,935)	15,548
Tax expense	23	–	–
(Loss)/profit for the year from continuing operations		(1,661,935)	15,548
Discontinued operation			
Profit/(loss) from discontinued operation (net of income tax)	24	590,135	(316,995)
Loss for the year	22	(1,071,800)	(301,447)
Loss per share – continuing operations			
Basic loss and diluted loss per share (cents)	25	(0.30)	–
Loss per share – discontinued operations			
Basic profit/(loss) and diluted loss per share (cents)	25	0.11	(0.06)

* see Note 24

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2018

	Note	2018 $	2017 $
Loss for the year		(1,071,800)	(301,447)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		(203,583)	75,702
Exchange differences realised from discontinued operations	24	2,357,501	–
Other comprehensive income for the year, net of tax		2,153,918	75,702
Total comprehensive income for the year		1,082,118	(225,745)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2018

	Share capital $	Translation reserve $	Accumulated losses $	Total equity $
At 1 April 2016	18,708,641	(2,229,620)	(2,442,885)	14,036,136
Total comprehensive income for the year				
Loss for the year	–	–	(301,447)	(301,447)
Other comprehensive income				
Foreign currency translation differences – foreign operations	–	75,702	–	75,702
Total comprehensive income for the year	–	75,702	(301,447)	(225,745)
Transactions with owners, recognised directly in equity				
Issue of ordinary shares	555,050	–	–	555,050
Total contribution by owners	555,050	–	–	555,050
At 31 March 2017	19,263,691	(2,153,918)	(2,744,332)	14,365,441
At 1 April 2017	19,263,691	(2,153,918)	(2,744,332)	14,365,441
Total comprehensive income for the year				
Loss for the year	–	–	(1,071,800)	(1,071,800)
Other comprehensive income				
Foreign currency translation differences – foreign operations	–	(203,583)	–	(203,583)
Exchange differences realised from discontinued operations (see Note 24)	–	2,357,501	–	2,357,501
Total comprehensive income for the year	–	2,153,918	(1,071,800)	1,082,118
At 31 March 2018	19,263,691	–	(3,816,132)	15,447,559

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Loss for the year		(1,071,800)	(301,447)
Adjustments for:			
Allowance of inventories obsolescence		176,474	169,134
Allowance for impairment loss on non-trade receivables		–	15,449
Allowance for impairment loss on trade receivables		25,176	60,440
Amortisation for lease prepayment		2,581	5,201
Amortisation of intangible assets		35,690	112,130
Depreciation of property, plant and equipment		337,486	568,094
Interest expense		126,369	206,812
Inventories written down		47,526	24,460
Net change in fair value of other investments		155,715	1,479
Unrealised foreign exchange loss on unquoted investment fund		103,500	–
Write off of property, plant and equipment		8,067	55,896
Gain on disposal of discontinued operation		(3,568,562)	–
Tax expense		158,073	594,799
		(3,463,705)	1,512,447
Change in inventories		1,269,280	(3,252,850)
Change in trade and other receivables		7,235,280	(12,452,939)
Change in trade and other payables		(6,487,490)	13,354,336
Cash used in operations		(1,446,635)	(839,006)
Tax paid		(181,884)	(374,622)
Net cash used in operating activities		(1,628,519)	(1,213,628)
Cash flows from investing activities			
Investment in unquoted investment fund		(4,039,500)	–
Acquisition of property, plant and equipment		(670,425)	(447,695)
Acquisition of controlling interests in subsidiary, net of cash acquired	28	–	123,635
Disposal of discontinued operation	24	13,215,203	–
Deposits pledged		894,835	189,120
Net cash generated/(used in) investing activities		9,400,113	(134,940)
Cash flows from financing activities			
Payment of finance lease liabilities		(10,754)	(10,674)
Proceeds from loans and borrowings		3,124,261	3,095,000
Proceeds from loan from a director/shareholder		350,000	200,000
Repayment of loan to a director/shareholder		(550,000)	–
Repayment of bank borrowings		(3,237,471)	(2,332,850)
Interest paid		(126,369)	(206,812)
Net cash (used in)/generated from financing activities		(450,333)	744,664
Net increase/(decrease) in cash and cash equivalents		7,321,261	(603,904)
Cash and cash equivalents at beginning of the year		(184,421)	363,919
Effect of exchange rate fluctuations on cash held		(1,672)	55,564
Cash and cash equivalents at end of the year	13	7,135,168	(184,421)

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 2 July 2018.

1 DOMICILE AND ACTIVITIES

P5 Capital Holdings Ltd. (formerly known as Sunlight Group Hldg Ltd) (the "Company") is incorporated in the Republic of Singapore and has its registered office and principal place of business at 213 Henderson Road #03-08 Henderson Industrial Park Singapore 159553.

The consolidated financial statements of the Group as at and for the year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except as otherwise stated below.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 USE OF ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2 BASIS OF PREPARATION (CONT'D)

2.4 USE OF ESTIMATES AND JUDGMENTS (CONT'D)

In particular, the information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amount recognised in the financial statements and that have a significant risk or resulting in a material adjustment within the next financial year are described in the following notes:

Note 4 – assumptions of recoverable amounts relating to property, plant and equipment;

Note 11 – assessment of the allowance for inventory obsolescence or slow-moving inventories or for any shortfall in net realisable value of inventories;

Note 12 – assessment of the recoverability of trade and other receivables; and

Note 23 – estimation of provisions for current and deferred taxation.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in Note 27 – Financial risk management.

2 BASIS OF PREPARATION (CONT'D)

2.5 CHANGES IN ACCOUNTING POLICIES

Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 April 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure Initiative (Amendment to FRS 7)

From 1 April 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financial activities for the year ended 31 March 2018 (see Note 17). Comparative information has not been presented.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities.

The comparative statement of profit or loss and statement of comprehensive income has been re-presented as if an operation discontinued during the current year had been discontinued from the start of the comparative year (see Note 24).

3.1 BASIS OF CONSOLIDATION

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 BASIS OF CONSOLIDATION (CONT'D)

Business combinations (cont'd)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 BASIS OF CONSOLIDATION (CONT'D)

Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 FOREIGN CURRENCY (CONT'D)

Foreign currency transactions (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ("translation reserve") in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 FINANCIAL INSTRUMENTS

Non-derivative financial assets

The Group initially recognises financial assets on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group non-derivative financial assets are categorised as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets classified as held for trading comprise quoted equity securities and unquoted fund investment.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised costs using effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, long-term trade receivables, and trade and other receivables, excluding prepayments.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities as finance lease liabilities, loans and borrowings, trade and other payables, excluding advances from customers.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

Non-derivative financial liabilities (cont'd)

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

3.4 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Disposals

Gain or loss arising on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other operating income/other operating expenses in profit or loss on the date of disposal.

Depreciation

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives are as follows:

Leasehold building	15 to 47 years
Freehold building	30 years
Plant and machinery	5 to 10 years
Renovation, furniture and fittings	4 to 8 years
Office equipment	1 to 10 years
Motor vehicles	5 to 6 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 LEASE PREPAYMENT

Lease prepayment for land use rights is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the profit or loss on a straight-line basis over the period of 47 years commencing from the date of land use rights approval.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 INTANGIBLE ASSETS

(i) Goodwill

Goodwill that arises upon the acquisition of a subsidiary is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1.

Subsequent expenditure

Goodwill is measured at cost less accumulated impairment losses.

(ii) Technical know-how

Technical know-how that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Technical know-how is amortised in profit or loss on a straight-line basis over the estimated useful life of 5 years from the date they are available for use.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.7 INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

Cost (comprising direct labour, material costs, direct expenses and an appropriate allocation of production overheads) is calculated on a first-in, first-out basis or by weighted average cost depending on the nature and use of the inventories. Cost may also include transfers from equity on qualifying cash flow hedges of foreign currency purchases of inventories. Allowance is made for damaged, obsolete and slow-moving inventories.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 IMPAIRMENT

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 IMPAIRMENT (CONT'D)

Non-financial assets (cont'd)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 LEASES

Leased assets

Leases, in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 LEASES (CONT'D)

Lease payments (cont'd)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.10 EMPLOYEE BENEFITS

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 REVENUE

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Transfers of risks and rewards usually occur when the goods are delivered and installed at the customer's premises and the costs of the transaction can be measured reliably.

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Rental income

Rental income from subleased property is recognised in profit or loss as other operating income on a straight-line basis over the term of the lease.

3.13 GOVERNMENT GRANTS

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other operating income' on a systematic basis in the same periods in which the expenses are recognised.

3.14 FINANCE EXPENSE

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 TAX

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow 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. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 DISCONTINUED OPERATION

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business of geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

3.17 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS

Applicable to 2019 financial statements

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") at 31 March 2018 that are applicable for annual period beginning on 1 April 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 April 2018.

The Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 Revenue from Contracts with Customers which includes clarifications to IFRS 15 Revenue from Contracts with Customers issued by the IASB in April 2016;
- SFRS(I) 9 Financial Instruments which includes amendments arising from IFRS 4 Insurance Contracts issued by the IASB in September 2016;
- requirements in SFRS(I) 2 Share-based Payment arising from the amendments to IFRS 2 – Classification and measurement of share-based payment transactions issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 Investment Property arising from the amendments to IAS 40 – Transfers of investment property issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – Deletion of short-term exemptions for first-time adopters issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 Investments in Associates and Joint Ventures arising from the amendments to IAS 28 – Measuring an associate or joint venture at fair value issued by the IASB in December 2016; and
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS (CONT'D)

SFRS(I) 1

When the Group adopts SFRS(I) in 2019, the Group will apply SFRS(I) 1 with 1 April 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2019, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet, and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The Group does not expect the application of mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 March 2019, using the retrospective approach.

The Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

The Group does not expect any significant adjustments to arise from the application of SFRS(I) 15.

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively, except as described below.

The Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2019 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings as at 1 April 2018.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS (CONT'D)

SFRS(I) 9 (cont'd)

- The following assessments have to be made on the basis of facts and circumstances that existed at 1 April 2018:
  - The determination of the business model within which a financial assets is held.
  - The determination of whether contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - The designation of an investment in equity instruments that is not held for trading as at fair value through other comprehensive income ("FVOCI").
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL").

The expected impact on adoption of SFRS(I) 9 are described below. The information below reflects the Group's expectation of the implications arising from the changes in the accounting treatment, however, the actual tax effect may change when the transition adjustments are finalised.

Classification and measurement: financial assets

For financial assets currently measured at fair value, the Group expects to continue measuring these assets at fair value under SFRS(I) 9.

Impairment

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss ("ECL") model. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

The Group plans to apply the simplified approach and record lifetime ECL on its trade receivables and any contract assets arising from the application of SFRS(I) 15. The Group estimates an increase in impairment loss for trade and other receivables of $27,500 based on the ECL model approach as at 1 April 2018.

Applicable to financial statements for the year 2020 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 April 2018:

Applicable to 2020 financial statements
- SFRS(I) 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 FULL CONVERGENCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ADOPTION OF NEW STANDARDS (CONT'D)

Applicable to 2022 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and IAS 28).

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2020 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to Note 29).

Until 2019, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

i. The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The operating lease commitments on an undiscounted basis amount to approximately 10% of the consolidated total assets and 60% of consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

4 PROPERTY, PLANT AND EQUIPMENT

	Note	Leasehold building	Freehold land	Freehold building	Plant and machinery	Renovation, furniture and fittings	Office equipment	Motor vehicles	Total
		$	$	$	$	$	$	$	$
Group									
Cost									
At 1 April 2016		4,375,298	444,692	960,456	2,222,605	547,578	1,267,112	382,278	10,200,019
Additions		–	–	–	358,795	2,680	86,220	–	447,695
Addition - acquisition of subsidiary	28	–	–	–	–	7,983	11,455	–	19,438
Disposals/Write off		–	–	–	(9,200)	(83,842)	(1,593)	–	(94,635)
Effect of movements in exchange rates		9,244	–	–	11,008	–	1,045	372	21,669
At 31 March 2017		4,384,542	444,692	960,456	2,583,208	474,399	1,364,239	382,650	10,594,186
Additions		–	–	–	99,855	386,706	105,419	78,445	670,425
Discontinued operation	24	(4,365,583)	(444,692)	(960,456)	(2,519,653)	(441,166)	(1,268,946)	(324,804)	(10,325,300)
Disposals/Write off		–	–	–	(133,337)	(18,676)	(47,422)	(57,090)	(256,525)
Effect of movements in exchange rates		(18,959)	–	–	(25,573)	–	(2,461)	(756)	(47,749)
At 31 March 2018		–	–	–	4,500	401,263	150,829	78,445	635,037

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Note	Leasehold building	Freehold land	Freehold building	Plant and machinery	Renovation, furniture and fittings	Office equipment	Motor vehicles	Total
		$	$	$	$	$	$	$	$
Group									
Accumulated depreciation and impairment losses									
At 1 April 2016		1,735,395	–	317,490	1,698,080	398,537	1,191,852	370,372	5,711,726
Depreciation for the year		249,040	–	32,015	163,830	49,734	66,343	11,910	572,872
Disposals/Write off		–	–	–	(9,199)	(27,947)	(1,593)	–	(38,739)
Effect of movements in exchange rates		3,852	–	–	6,157	–	921	368	11,298
At 31 March 2017		1,988,287	–	349,505	1,858,868	420,324	1,257,523	382,650	6,257,157
Depreciation for the year		124,462	–	16,008	99,201	40,972	50,306	6,537	337,486
Discontinued operation	24	(2,104,494)	–	(365,513)	(1,810,805)	(421,338)	(1,191,916)	(324,804)	(6,218,870)
Disposals/Write off		–	–	–	(133,335)	(12,670)	(45,363)	(57,090)	(248,458)
Effect of movements in exchange rates		(8,255)	–	–	(13,779)	–	(1,985)	(756)	(24,775)
At 31 March 2018		–	–	–	150	27,288	68,565	6,537	102,540
Carrying amounts									
At 1 April 2016		2,639,903	444,692	642,966	524,525	149,041	75,260	11,906	4,488,293
At 31 March 2017		2,396,255	444,692	610,951	724,340	54,075	106,716	–	4,337,029
At 31 March 2018		–	–	–	4,350	373,975	82,264	71,908	532,497

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The depreciation charge for the year as shown in profit or loss is arrived at as follows:

	Group	
	2018	**2017**
	$	**$**
Charge for the year	337,486	572,872
Included in work-in-progress and finished goods	–	(4,778)
Depreciation charge recognised in profit or loss (Note 22)	337,486	568,094

At 31 March 2018, the carrying amount of property, plant and equipment of the Group held under finance lease arrangements amounted to $71,908 (2017: $19,927).

In the prior year, the carrying amount of certain property, plant and equipment of the Group pledged as security to secure bank loans as disclosed in Note 17 are as follows:

	2017
	$
Freehold land	444,692
Freehold and leasehold buildings	2,623,000
	3,067,692

Included in the above are pledges on the Group's freehold land and building of $444,692 and $610,951 respectively, whose bank loans are fully repaid in the prior year.

These property, plant and equipment were disposed together with the bank loans when the Group sold its Switchgear business during the year. Refer to Note 24 for further details.

Source of estimation uncertainty

The Group assessed the carrying amount of its property, plant and equipment against their recoverable amounts at each reporting date to determine whether there is an indication of impairment. The estimated recoverable amounts are based on market data, being the estimated amount for which property, plant and equipment could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the market value.

5 LEASE PREPAYMENT

	Note	Land use rights $
Group		
Cost		
At 1 April 2016		242,783
Effect of movements in exchange rates		3,380
At 31 March 2017		246,163
Discontinued operation	24	(239,230)
Effect of movements in exchange rates		(6,933)
At 31 March 2018		–
Accumulated amortisation		
At 1 April 2016		90,924
Amortisation for the year		5,201
Effect of movements in exchange rates		1,302
At 31 March 2017		97,427
Amortisation for the year		2,581
Discontinued operation	24	(97,228)
Effect of movements in exchange rates		(2,780)
At 31 March 2018		–
Carrying amounts		
At 1 April 2016		151,859
At 31 March 2017		148,736
At 31 March 2018		–

Amortisation charge is recognised in the following accounts:

	Group	
	2018 $	2017 $
Cost of sales	860	1,734
Administrative expenses	1,721	3,467
	2,581	5,201

6 INTANGIBLE ASSETS

	Note	Technical know-how $	Goodwill $	Total $
Group				
Cost				
At 1 April 2016		972,560	–	972,560
Addition - acquisition of subsidiary	28	–	77,367	77,367
At 31 March 2017		972,560	77,367	1,049,927
Discontinued operation	24	(972,560)	–	(972,560)
At 31 March 2018		–	77,367	77,367
Accumulated amortisation				
At 1 April 2016		782,714	–	782,714
Amortisation for the year		112,130	–	112,130
At 31 March 2017		894,844	–	894,844
Amortisation for the year		35,690	–	35,690
Discontinued operation	24	(930,534)	–	(930,534)
At 31 March 2018		–	–	–
Carrying amounts				
At 1 April 2016		189,846	–	189,846
At 31 March 2017		77,716	77,367	155,083
At 31 March 2018		–	77,367	77,367

Amortisation charge is recognised in cost of sales.

Impairment testing for cash-generating units containing goodwill

For the purpose of goodwill testing, goodwill is allocated to the Group’s cash-generating unit (CGU) identified as P5 Pte Ltd, a subsidiary.

The recoverable amount of the CGU was based on its value-in-use, which was determined by discounting the future cash flows generated from continuing use of the CGU based on the following key assumptions:

– Cash flows were projected based on actual operating results and the CGU’s five-year business plans. The terminal growth rate of 3.7% (2017: 3.7%) was determined based on the nominal gross domestic product (GDP) rates of the country in which the subsidiary is based.

– A discount rate of 12% (2017: 12%) was applied in determining the recoverable amount. The discount rate was estimated based on the weighted cost of capital of the subsidiary.

6 INTANGIBLE ASSETS (CONT'D)

Impairment testing for cash-generating units containing goodwill (cont'd)

No sensitivity analysis was disclosed as the Group believes that any reasonable change in the key assumptions is not likely to materially cause the recoverable amount to be lower than its carrying amount.

Sources of estimation uncertainty

The Group assesses annually for impairment of goodwill. An impairment exists when the carrying value of the cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. Where value-in-use calculations are undertaken, management must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

7 SUBSIDIARIES

	Company	
	2018	**2017**
	$	**$**
Investments in subsidiaries, at cost	2,049,051	21,444,791
Impairment losses	(186,000)	(11,304,766)
	1,863,051	10,140,025

In the prior year, the Company capitalised interest-free quasi-equity loans to a subsidiary of $10,695,743, of which $5,454,756 pertains to loans which were provided for in prior years.

In the prior year, the Company acquired an additional 81.6% interests in P5 Pte Ltd, increasing its equity interest held to 100% for a consideration of $555,050. The carrying amount of investment in P5 Pte Ltd as at reporting date is $663,050, net of impairment loss on investment of $186,000.

Movements in impairment losses on investments in subsidiaries during the year are as follows:

	2018	**2017**
	$	**$**
At beginning of the year	11,304,766	5,664,010
Reclassification from other investment	–	186,000
Capitalisation of interest-free quasi-equity loans to a subsidiary	–	5,454,756
Disposal of subsidiaries	(11,118,766)	–
At end of the year	186,000	11,304,766

7 SUBSIDIARIES (CONT'D)

Movements in impairment losses on quasi-equity loans to a subsidiary during the year are as follows:

	2018 $	2017 $
At beginning of the year	–	5,454,756
Capitalisation of interest-free quasi-equity loans to a subsidiary	–	(5,454,756)
At end of the year	–	–

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity held by the Group 2018	Effective equity held by the Group 2017
P5 Pte Ltd[1]	Sale and distribution of furniture, kitchen and wardrobe systems and decorative lighting	Singapore	100	100
P5 Luminaire Pte. Ltd.[1]	Sale and distribution of lighting and lighting interior design services	Singapore	100	–
P5 Studio Pte. Ltd.	Supply of contract furniture and bespoke carpentry works	Singapore	100	–
Sunlight Electrical Pte Ltd[1#]	Fabrication and manufacturing of low voltage switchgear and provision of automation and lighting products	Singapore	–	100
Sunlight Electrical International Pte Ltd[1#]	Investment holding	Singapore	–	100
Sunlight Electrical (Vietnam) Co., Ltd.[2#]	Manufacturing and assembly of low voltage switchgear and provision of related services	Vietnam	–	100
Sunlight Switchgear Sdn. Bhd.[2#]	Manufacturing of low voltage switchgear	Malaysia	–	100

1 Audited by KPMG LLP Singapore.

2 Audited by member firm of KPMG International.

Disposed during the year as part of the sale of the Group's Switchgear business (see Note 24).

8 ASSOCIATE

	Group	
	2018	2017
	$	$
Investment in associate	–	40
Impairment losses	–	(40)
	–	–

During the year, the associate was disposed as part of the sale of the Group's Switchgear business (see Note 24).

Details of the associate is as follows:

Name of associate	Principal activities	Country of incorporation	Ownership 2018 %	Ownership 2017 %
Sunlight Energy International Pte. Ltd. and its subsidiaries ("SLE Group")	Manufacture and assemble medium and low-voltage electric circuit breakers and related devices	Singapore	–	40

The associate is audited by other certified public accountants. The associate is not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual. For this purpose, an associate company is considered significant if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

The following tables summarise the financial information of the associate, as adjusted for any differences in accounting policies and fair value adjustments. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in the associate, which is accounted for using the equity method.

	2018	2017
	$	$
Percentage of interest	–	40%
Assets and liabilities		
Non-current assets	–	180,169
Cash and cash equivalents	–	783
Current assets, excluding cash and cash equivalents	–	95,502
Current trade and other payables	–	(1,364,027)
Net liabilities	–	(1,087,573)
Group's share of net liabilities	–	(435,029)
Impairment losses	–	(40)
Associates losses in excess of equity interest	–	435,069
Carrying amounts in the statement of financial position	–	–

8 ASSOCIATE (CONT'D)

	2018 $	2017 $
Results		
Revenue	–	–
Loss before tax	(16,529)	(6,334)
Tax expense	–	–
Loss after tax	(16,529)	(6,334)
Other comprehensive income	–	(2,728)
Total comprehensive income	(16,529)	(9,062)
Total comprehensive income attributable to owners	(16,529)	(9,062)
Group's share of total comprehensive expense	(6,612)	(3,625)
Associate losses in excess of equity interest	6,612	3,625
Group's share of results of associate (net of tax)	–	–

There were no significant capital commitments and contingent liabilities as at the reporting date.

9 DEFERRED TAX ASSETS/(LIABILITIES)

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2018 $	2017 $	2018 $	2017 $
Property, plant and equipment	–	–	–	(64,613)
Inventories	–	25,058	–	–
Others	–	32,805	–	–
Deferred tax assets/(liabilities)	–	57,863	–	(64,613)
Set off of tax	–	(14,365)	–	14,365
Net deferred tax assets/(liabilities)	–	43,498	–	(50,248)

9 DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

(a) Recognised deferred tax assets and liabilities (cont'd)

Movement in deferred tax balances

	At 1 April 2016	Charged to profit or loss for discontinued operation	Exchange difference	At 31 March 2017	Charged to profit or loss for discontinued operation	Discontinued operation (note 24)	Exchange difference	At 31 March 2018
	$	$	$	$	$	$	$	$
Property, plant and equipment	(22,860)	(43,661)	1,908	(64,613)	12,555	51,153	905	–
Inventories	36,025	(11,127)	160	25,058	(6,221)	(18,569)	(268)	–
Others	30,721	1,942	142	32,805	(8,145)	(24,310)	(350)	–
	43,886	(52,846)	2,210	(6,750)	(1,811)	8,274	287	–

(b) Unrecognised deferred tax assets

The movement in unutilised tax losses during the year is as follows:

	Group	
	2018	2017
	$	$
At 1 April	8,085,242	6,191,609
Discontinued operation	(7,491,541)	–
Movement during the year	703,765	1,893,633
At 31 March	1,297,466	8,085,242

Deferred tax assets for the Group have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits. The capital allowances and tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the Group operates. The capital allowances and tax losses do not expire under current tax legislation.

10 OTHER INVESTMENTS

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Non-current investments				
Unquoted investment fund	3,778,671	–	3,778,671	–
Current investments				
Quoted equity securities	–	414	–	–
	3,778,671	414	3,778,671	–

The Group's exposure to foreign currency and equity price risk related to other investments is disclosed in Note 27.

11 INVENTORIES

	Group	
	2018	2017
	$	$
Raw materials	–	5,335,235
Work-in-progress	86,470	1,533,740
Finished goods	2,157,614	2,809,279
Goods-in-transit	–	309,515
	2,244,084	9,987,769

The cost of inventories included in the Group's cost of sales amounted to $18,092,956 (2017: $36,245,154). In 2018, the write-down of inventories to net realisable value which are included in cost of sales amounted to $47,526 (2017: $24,460).

The movement in allowance for inventory obsolescence during the year is as follows:

		Group	
	Note	2018	2017
		$	$
At 1 April		906,165	725,482
Acquisition of subsidiary		–	37,675
Allowance for inventory obsolescence (net)	22	176,474	169,134
Allowance utilised		(9,457)	(26,599)
Discontinued operation		(537,059)	–
Effect of movements in exchange rate		(911)	473
At 31 March		535,212	906,165

Allowance for stock obsolescence of $176,474 and $169,134 were made in 2018 and 2017, respectively based on management's assessment of future demand of certain aged products.

11 INVENTORIES (CONT'D)

Source of estimation uncertainty

The Group has assessed the net realisable value of its inventories on an annual basis. Inventories have been written down to net realisable value to be consistent with the view that assets should not be carried in excess of amounts expected to be realised from their sale or use. Estimates of net realisable value are based on the most reliable evidence available at the balance sheet date. These estimates take into consideration market demand, competition, selling price and cost directly relating to events occurring after the end of the financial year, to the extent that such events confirm conditions existing at the end of the financial year.

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Trade receivables	1,537,860	20,754,095	–	–
Impairment losses	(89,909)	(610,237)	–	–
	1,447,951	20,143,858	–	–
Unbilled receivables	168,850	3,619,630	–	–
	1,616,801	23,763,488	–	–
Interest-free loans to subsidiaries	–	–	2,852,800	1,220,265
Due from an associate				
– Trade	–	27,945	–	–
– Non-trade	–	173,977	–	–
– Impairment losses	–	(201,922)	–	–
	–	–	2,852,800	1,220,265
Other receivables	1,861,741	76,322	1,861,620	–
Deposits	299,072	229,046	–	–
Loans and receivables	3,777,614	24,068,856	4,714,420	1,220,265
Prepayments	821,813	930,796	14,574	9,470
	4,599,427	24,999,652	4,728,994	1,229,735
Non-current	108,820	764,014	–	–
Current	4,490,607	24,235,638	4,728,994	1,229,735
	4,599,427	24,999,652	4,728,994	1,229,735

Non-current trade receivables relate to retention sums withheld by customers and are only payable upon completion of the construction contract, which normally takes longer than a year to complete. The implicit discount on the long-term trade receivables is not material.

Included in other receivables is the purchase consideration receivable amounting to $1,861,620, which was received subsequent to year end.

12 TRADE AND OTHER RECEIVABLES (CONT'D)

The loans to subsidiaries are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to credit and foreign currency risks and the sensitivity analysis for trade and other receivables is disclosed in Note 27.

Source of estimation uncertainty

The Group monitors its trade and other receivables periodically for collectability. The Group evaluates whether there is any objective evidence that the trade and other receivables are impaired and determines the amount of impairment loss as a result of the inability of the customers to make required payments. Based on past repayment trends and the nature of the receivables, the Group believes that no additional impairment losses beyond amounts provided is necessary in respect of trade and other receivables neither past due nor impaired because there is no significant change in credit quality and the amounts are still considered recoverable.

13 CASH AND CASH HELD WITH FINANCIAL INSTITUTIONS

		Group		Company	
	Note	**2018**	**2017**	**2018**	**2017**
		$	**$**	**$**	**$**
Cash at bank and in hand		2,126,948	2,124,562	1,546,103	22,055
Fixed deposits with banks		5,008,220	894,835	5,008,220	–
		7,135,168	3,019,397	6,554,323	22,055
Bank overdrafts	17	–	(2,308,983)	–	–
		7,135,168	710,414	6,554,323	22,055
Fixed deposits with banks pledged as security		–	(894,835)		
Cash and cash equivalents in the statement of cash flows		7,135,168	(184,421)		

In the prior year, fixed deposits of $894,835 were pledged by a former subsidiary to banks for banking facilities granted to the subsidiary.

The weighted average effective interest rate per annum relating to fixed deposits with banks at the reporting date for the Group and the Company are 1.20% (2017: 0.13%) and 1.20% (2017: 0.13%), respectively. Interest rates reprice at intervals of one to twelve months.

The Group and the Company's exposure to foreign currency risk for cash and cash held with financial institutions are disclosed in Note 27.

14 SHARE CAPITAL

	2018 No. of shares	2017 No. of shares
Company		
At 1 April	557,524,443	521,246,666
Issued during the year	–	36,277,777
At 31 March	557,524,443	557,524,443

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All issued shares are fully paid, with no par value. All ordinary shares rank equally with regard to the Company's residual assets.

Capital management

The Group defines capital as share capital, translation reserve and accumulated losses.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes on the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

15 RESERVES

	Group		Company	
	2018 $	2017 $	2018 $	2017 $
Translation reserve	–	(2,153,918)	–	–
Accumulated losses	(3,816,132)	(2,744,332)	(2,583,499)	(8,013,914)
	(3,816,132)	(4,898,250)	(2,583,499)	(8,013,914)

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

Accumulated losses

Movements in the Group's accumulated losses are set out in the consolidated statement of changes in equity.

16 FINANCE LEASE LIABILITIES

	2018			2017		
	Payments	Interest	Principal	Payments	Interest	Principal
	$	$	$	$	$	$
Group						
Within 1 year	13,332	2,184	11,148	5,199	797	4,402
After 1 year but within 5 years	74,400	12,194	62,206	–	–	–
	87,732	14,378	73,354	5,199	797	4,402

The finance lease liabilities relate to hire purchase liabilities secured on certain motor vehicles of the Group (see Note 4). Under the terms of the finance lease agreements, no contingent rents are payable. Interest is charged at the rate of 2.8% (2017: 2.99%) per annum.

The Group and the Company's exposure to liquidity risk, interest rate risk and foreign currency risk for finance lease liabilities are disclosed in Note 27.

17 LOANS AND BORROWINGS

		2018			2017		
	Note	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
		$	$	$	$	$	$
Group							
Secured bank loans	(i)	–	–	–	278,477	558,634	837,111
Unsecured bank loans	(ii)	–	–	–	3,094,999	–	3,094,999
Bank overdrafts (unsecured)	(iii)	–	–	–	2,308,983	–	2,308,983
		–	–	–	5,682,459	558,634	6,241,093

In the prior year, the amounts due to financial institutions comprise:

(i) Bank loans of $837,111 secured on a former subsidiary's leasehold building with a carrying amount of $2,012,049 and guaranteed up to $1,593,000 by the Company. The long-term loan was repayable in monthly instalments over a period of 10 years commencing December 2009 and bore interest of 2.18% to 6.50% per annum. Interest rates were repriced annually.

(ii) Unsecured short-term borrowings of $3,094,999 were guaranteed by the Company. The weighted average effective interest rate of the unsecured short-term borrowings was 5.00% per annum.

17 LOANS AND BORROWINGS (CONT'D)

(iii) The unsecured bank overdrafts of $2,308,983 were guaranteed by the Company. The weighted average effective interest rate of the bank overdrafts was 5.11% per annum. Interest rates were repriced at intervals of one month.

These amounts due to financial institutions were disposed as part of the Group's sale of the Switchgear business. Refer to Note 24 for details.

Term and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

				2018		2017	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
				$	$	$	$
Group							
Secured bank loans	SGD	BCFR* + 0.75%	2019	–	–	837,111	837,111
Unsecured bank loans	SGD	prime/prime + 0.75%	2016 – 2017	–	–	3,094,999	3,094,999
Bank overdrafts	SGD	prime/prime + 1.25%	2016 – 2017	–	–	2,308,983	2,308,983
				–	–	6,241,093	6,241,093

* BCFR: Bank's Commercial Financing Rate

The Group and the Company's exposure to liquidity risk, interest rate risk and foreign currency risk for loans and borrowings are disclosed in Note 27.

17 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities					
	Secured bank loans	Unsecured bank loans	Bank overdrafts	Finance lease liabilities	Loan from a director/ shareholder	Total
	$	$	$	$	$	$
Balance at 1 April 2017	837,111	3,094,999	2,308,983	4,402	200,000	6,445,495
Changes from financing cash flows						
Proceeds from borrowings	–	2,949,278	–	174,983	350,000	3,474,261
Repayment of borrowings	(142,472)	(3,094,999)	–	–	(550,000)	(3,787,471)
Payment of finance lease liabilities	–	–	–	(10,754)	–	(10,754)
Interest paid	(21,629)	(69,525)	(28,522)	(1,860)	(4,833)	(126,369)
Total changes from financing cash flows	(164,101)	(215,246)	(28,522)	162,369	(204,833)	(450,333)
Changes arising from discontinued operation	(694,639)	(2,949,278)	(1,777,293)	(95,277)	–	(5,516,487)
Other changes						
Liability-related						
Change in bank overdraft	–	–	(531,690)	–	–	(531,690)
Interest expense	21,629	69,525	28,522	1,860	4,833	126,369
Total liability-related other changes	21,629	69,525	(503,168)	1,860	4,833	(405,321)
Balance at 31 March 2018	–	–	–	73,354	–	73,354

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Trade payables and accruals	1,007,875	18,666,043	244,847	142,038
Other payables	–	564,950	–	–
Accruals for employee benefits	46,907	123,271	–	–
Loan from a director	–	200,000	–	–
	1,054,782	19,554,264	244,847	142,038
Advances from customers	1,791,519	2,082,564	–	–
	2,846,301	21,636,828	244,847	142,038

The loan from a director was unsecured, interest free and fully repaid during the year.

The Group and the Company's exposure to liquidity risk and foreign currency risk for trade and other payables are disclosed in Note 27.

19 REVENUE

Revenue represents the net invoiced value of sales and services rendered.

	Continuing operations		Discontinued operation (Note 24)		Consolidated	
	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$
Sales of low voltage switchgear and generator control panels	–	–	17,233,143	50,119,729	17,233,143	50,119,729
Sales of automation and lighting products	4,229,211	4,123,581	–	–	4,229,211	4,123,581
Sales of furniture	4,682,455	826,068	–	–	4,682,455	826,068
	8,911,666	4,949,649	17,133,143	50,119,729	26,144,809	55,069,378

20 OTHER OPERATING INCOME

	Group	
	2018	2017
	$	$
		Restated*
Government grants	14,439	10,770
Interest income	8,222	62
Miscellaneous income	68,050	68,048
	90,711	78,880

* see Note 24

21 FINANCE EXPENSE

	Group	
	2018	2017
	$	$
		Restated*
Interest paid and payable to		
– financial institutions	–	19,361
– finance lease creditors	910	–
– others	4,833	–
	5,743	19,361

* see Note 24

22 (LOSS)/PROFIT BEFORE TAX

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

		Group	
	Note	2018 $	2017 $ Restated*
Staff costs		1,725,349	670,309
Contributions to defined contribution plans		165,977	95,274
Allowance for inventory obsolescence	11	170,618	60,711
Depreciation of property, plant and equipment	4	59,416	25,233
Net fair value loss on other investments		157,329	–
Net exchange loss		158,316	13,997
Impairment loss on receivables		24,317	6,418
Audit fees paid and payable to:			
– auditors of the Company		95,000	92,000
Non-audit fees paid and payable to:			
– auditors of the Company		28,006	8,986
– other auditors		–	1,500
Operating lease expenses		894,755	493,088

* see Note 24

23 TAX EXPENSE

	Group	
	2018 $	2017 $ Restated*
Current tax expense		
Current year	–	–
	–	–
Deferred tax expense		
Movements in temporary differences	–	–
Total tax expense	–	–

23 TAX EXPENSE (CONT'D)

	Group	
	2018	2017
	$	$
		Restated*
Reconciliation of effective tax		
(Loss)/Profit before tax	(1,661,935)	15,548
Tax calculated using Singapore tax rate of 17% (2017: 17%)	(282,529)	2,643
Expenses not deductible for tax purposes	162,889	57,152
Current year losses for which no deferred tax asset was recognised	119,640	–
Effect of previously unrecognised tax losses	–	(59,795)
	–	–

* see Note 24

Source of estimation uncertainty

Significant judgment is required in determining the capital allowances, the types and rates of tax payable, deductibility of certain expenses, and taxability of certain income during the estimation of the provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the provision for tax and deferred tax provisions in the period in which such determination is made.

24 DISCONTINUED OPERATION

On 30 September 2017, the Group sold its entire Switchgear business (see Note 26). The business was not previously presented as a discontinued operation as at 31 March 2017 and thus the comparative statement of profit or loss has been re-presented to show the discontinued operation separately from continuing operations.

	Group	
	2018	2017
	$	$
Results of discontinued operation		
Revenue	17,233,143	50,119,729
Expenses	(20,053,497)	(49,841,925)
Results from operating activities	(2,820,354)	277,804
Income tax expenses	(158,073)	(594,799)
Results from operating activities, net of tax	(2,978,427)	(316,995)
Gain on disposal of discontinued operation	3,568,562	–
Profit/(loss) for the year	590,135	(316,995)
Basic and diluted earnings/(loss) per share (cents)	0.11	(0.06)

24 DISCONTINUED OPERATION (CONT'D)

	Group	
	2018	2017
	$	$
Cash flows from discontinued operation		
Net cash from operating activities	1,878,789	328,081
Net cash used in investing activities	(1,328,977)	(234,480)
Net cash from financing activities	682,854	544,662
Net cash flows for the year	1,232,666	638,263

Effect of disposal on of discontinued operation:

	2018
	$
Property, plant and equipment	4,106,430
Lease prepayment	142,002
Intangible assets	42,026
Deferred tax assets	42,879
Inventories	6,110,395
Trade and other receivables	14,916,792
Other financial assets	2,028
Cash and cash equivalents	3,562,090
Loans and borrowings	(5,516,908)
Deferred tax liabilities	(51,153)
Trade and other payables	(13,056,090)
Income tax payables	(364,934)
Net assets disposed	9,935,557
Provision for ex-gratia payment	1,000,000
Foreign currency translation reserve	2,357,501
Gain on disposal of discontinued operation	3,568,562
Purchase consideration	16,861,620
Less: remaining purchase consideration receivable	(1,861,620)
Cash and cash equivalents disposed of	(1,784,797)
Net cash inflow	13,215,203

25 LOSS PER SHARE

Basic loss per share

The calculation of basic earnings per share at 31 March 2018 was based a weighted average number of ordinary shares outstanding of 557,524,443 (2017: 546,392,632), calculated as follows:

	2018			2017		
	Continuing operations $	Discontinued operation $	Total $	Continuing operations $	Discontinued operation $	Total $
Basic (loss)/earnings per share is based on:						
(Loss)/Profit attributable to ordinary shareholders	(1,661,935)	590,135	(1,071,800)	15,548	(316,995)	(301,447)
Weighted average number of ordinary shares during the year	557,524,443	557,524,443	557,524,443	546,392,632	546,392,632	546,392,632
Basic (loss)/earnings per share	(0.30)	0.11	(0.19)	–	(0.06)	(0.06)

Diluted loss per share

There were no instruments that would have an effect of diluting the earnings of the Group that existed during or as at the end of the financial year.

26 OPERATING SEGMENTS

The Group has three reportable segments (excluding the low voltage switchgear business that was sold during the year), as described below, which are the Group's strategic business units. The strategic business units offer different products, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Low voltage switchgear (discontinued operation)	:	The manufacture and sale of electrical switchboards and generator control panels
Furniture	:	Sale and distribution of furniture, kitchen and wardrobe systems and decorative lighting
Lighting	:	Sale and distribution of lighting and lighting interior design services
Contract	:	Supply of contract furniture and bespoke carpentry works

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

26 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Furniture		Lighting		Contract		Low voltage switchgear (discontinued)		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$	$	$	$	$
Group										
External revenue	4,452,105	826,068	4,229,211	4,123,582	230,350	–	17,233,143	50,119,728	26,144,809	55,069,378
Depreciation and amortisation	(34,141)	(11,209)	(15,099)	(14,424)	(10,176)	–	(313,760)	(659,369)	(373,176)	(685,002)
Reportable segment profit/(loss) before tax	(216,793)	(476,042)	(53,271)	827,782	(441,922)	–	748,208	277,804	36,222	629,544
Other material non-cash items:										
Allowance for inventory obsolescence	28,897	–	68,814	60,711	–	–	78,763	108,423	176,474	169,134
Impairment loss on receivables	–	–	24,317	6,418	–	–	859	69,471	25,176	75,889
Capital expenditure	142,981	24,094	181,454	4,328	233,381	–	112,608	419,273	670,424	447,695
Reportable segment assets	3,121,674	1,777,147	2,298,221	761,085	742,361	–	–	40,121,821	6,162,256	42,660,053
Reportable segment liabilities	1,398,748	1,395,889	857,453	132,727	477,349	–	–	26,655,898	2,733,550	28,184,514

26 OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2018 $	2017 $ Restated*
Revenue		
Total revenue for reportable segments	26,144,809	55,069,378
Elimination of discontinued operation	(17,233,143)	(50,119,729)
Consolidated revenue	8,911,666	4,949,649
(Loss)/profit before tax		
Total profit for reportable segments	36,222	629,544
Unallocated amounts:		
- Other corporate expenses	(689,120)	(336,193)
- Net loss on fair value and foreign exchange on unquoted investment	(260,829)	–
Elimination of discontinued operation	(748,208)	(277,804)
Consolidated (loss)/profit before tax	(1,661,935)	15,547
Assets		
Total assets for reportable segments	6,162,256	42,660,053
Investment in unquoted investment fund	3,778,671	–
Other unallocated amounts	8,426,287	31,525
Consolidated total assets	18,367,214	42,691,578
Liabilities		
Total liabilities for reportable segments	2,733,550	28,184,514
Other unallocated amounts	186,105	141,623
Consolidated total liabilities	2,919,655	28,326,137

* see Note 24

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of business operations. Segment assets are based on the geographical location of the assets.

	2018		2017	
	External revenues $	Non-current assets $	External revenues $	Non-current assets $
Continuing operations				
Singapore	8,911,666	4,497,355	4,949,649	109,689
Discontinued operation				
Singapore	12,140,068	–	38,633,289	3,222,819
Vietnam	5,093,075	–	11,486,440	990,858
Malaysia	–	–	–	1,124,994
Total	17,233,143	–	50,119,729	5,338,671

27 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment in unquoted fund investment.

Loans and receivables

Concentration of credit risk relating to loans and receivables is limited due to the Group's many varied customers. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's loans and receivables.

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Loans and receivables (cont'd)

The maximum exposure to credit risk for the Group's loan and receivables (excluding cash and cash held with financial institutions) net of impairment losses by type of counter parties at the reporting date was:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Subsidiaries	–	–	2,852,800	1,220,265
Constructions customers	–	22,372,971	–	–
Lighting customers	1,310,662	1,659,730	–	–
Furniture customers	402,366	36,155	–	–
Contract customers	202,737	–	–	–
Others	1,861,849	–	1,861,620	–
Loan and receivables	3,777,614	24,068,856	4,714,420	1,220,265

Impairment losses

The ageing of loans and receivables at the reporting date was:

	2018		2017	
	Gross	**Impairment losses**	**Gross**	**Impairment losses**
	$	**$**	**$**	**$**
Group				
Not past due	2,890,770	–	12,487,736	–
Past due 1 to 30 days	143,497	–	5,278,786	(5,935)
Past due 31 to 90 days	121,120	–	3,655,279	(310)
More than 90 days	712,136	(89,909)	3,459,214	(805,914)
	3,867,523	(89,909)	24,881,015	(812,159)
Company				
Not past due	4,714,420	–	1,220,265	–

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Impairment losses (cont'd)

The movement in the allowance for impairment in respect of loans and receivables during the year is as follows:

	Note	Group 2018 $	Group 2017 $
At 1 April		812,159	824,183
Acquisition of subsidiary		–	1,636
Impairment loss recognised, net of write back		25,176	75,889
Allowance utilised		–	(90,211)
Discontinued operation	24	(747,251)	–
Effect of movements in exchange rates		(175)	662
At 31 March		89,909	812,159

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit facilities. The Group does not require collateral in respect of financial assets.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of its loans and receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The allowance account in respect of loans and receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the amounts are considered irrecoverable and are written off against the financial asset directly. At 31 March 2018 and 2017, the Group and the Company does not have any collective impairment on its loans and receivables.

At the reporting date, the Group's credit risk is mainly from trade receivables due from nine (2017: four) customers amounting to 32% (2017: 45%) of trade receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Based on historical default rates, the Group and Company believe that, apart from the above, no impairment allowance is necessary in respect of loans and receivables not past due or past due. These receivables are mainly from customers that have a good payment record with the Group and Company.

Cash and fixed deposits are placed with banks and approved financial institutions. The Group limits its credit risk exposure in respect of investments by only investing in liquid securities.

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Investment in unquoted fund investment

The Group adopts the policy of dealing only with high credit quality counterparties. The Group's investment in unquoted fund investment is made in Quantedge global fund which invests across multiple asset classes including equities, bonds, commodities, currencies and reinsurance. The Group's management team monitors the exposure to credit risk on an ongoing basis.

Liquidity risk

Liquidity risk is the risk that the Group or the Company encounters difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Short-term funding is obtained from bank borrowings. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows (Cash outflows)	Within one year (Cash outflows)	Within one to five years (Cash outflows)
	$	$	$	$
Group				
2018				
Non-derivative financial liabilities				
Trade and other payables *	1,054,782	(1,054,782)	(1,054,782)	–
Finance lease liabilities	73,354	(87,732)	(13,332)	(74,400)
	1,128,136	(1,142,514)	(1,068,114)	(74,400)
2017				
Non-derivative financial liabilities				
Secured bank loans	837,111	(915,157)	(320,946)	(594,211)
Unsecured bank loans	3,094,999	(3,137,580)	(3,137,580)	–
Bank overdrafts	2,308,983	(2,426,876)	(2,426,876)	–
Trade and other payables *	19,554,264	(19,554,264)	(19,554,264)	–
Finance lease liabilities	4,402	(5,199)	(5,199)	–
	25,799,759	(26,039,076)	(25,444,865)	(594,211)
Company				
2018				
Non-derivative financial liabilities				
Trade and other payables	244,847	(244,847)	(244,847)	–
	244,847	(244,847)	(244,847)	–
2017				
Non-derivative financial liabilities				
Trade and other payables	142,038	(142,038)	(142,038)	–
Intra-group guarantee	–	(6,241,093)	(6,241,093)	–
	142,038	(6,383,131)	(6,383,131)	–

* Excludes advances from customers

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group does not use any derivative financial instruments to hedge its interest rate risk.

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, was as follows:

	Group	
	Carrying amount	
	2018	2017
	$	$
Variable rate instruments		
Loans and borrowings	–	6,241,093

Sensitivity analysis

For variable rate financial liabilities, a change of 100 basis points ("bp") in interest rates at the reporting date would have increased/(decreased) the Group's profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

	Group			
	Profit before tax			
	2018		2017	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	$	$	$	$
Group				
Variable rate instruments	–	–	(62,411)	62,411

Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings, including inter-company sales, purchases and inter-company balances that are denominated in currencies other than the respective functional currencies of the Group's entities. The currencies giving rise to this risk are primarily Singapore dollar, US dollar, Euro and Malaysia ringgit.

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Currency risk (cont'd)

There is no formal hedging policy with respect to foreign currency exposure. Exposure to currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposures at an acceptable level.

The Group's exposure to foreign currency risk was as follows:

	Singapore dollar $	US dollar $	Euro $	Malaysia ringgit $
Group				
2018				
Trade and other receivables	–	18,449	683,362	7,590
Other investments	–	3,778,671	–	–
Cash and cash held with financial institutions	–	722	820	–
Trade and other payables	–	(5,733)	(63,122)	–
Net financial assets	–	3,792,109	621,060	7,590
Group				
2017				
Trade and other receivables	4,190,452	124,090	808,176	–
Cash and cash held with financial institutions	9,295	196,871	105,227	9,251
Trade and other payables	(756,162)	(1,612,917)	(1,646,530)	(814,612)
Net financial assets/(liabilities)	3,443,585	(1,291,956)	(733,127)	(805,361)

Sensitivity analysis

A 5% strengthening of the Singapore dollar against the following currencies of the Group entities at the reporting date would increase/(decrease) the Group's profit before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017, that the reasonably possible foreign exchange rate variances were different, as indicated below:

	Group Increase/(Decrease) 2018 $	 2017 $
Singapore dollar	–	(172,179)
US dollar	189,605	64,598
Euro	31,053	36,656
Malaysia ringgit	380	40,268

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Sensitivity analysis (cont'd)

A 5% weakening of Singapore dollar against the above functional currencies of the Group entities at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables, in particular interest rates, remain constant.

As all the Company's transactions are denominated in Singapore dollar, the Company is not exposed to currency risk.

Price risk - sensitivity analysis

For unquoted investment fund classified as FVTPL, a 10% increase in the underlying net asset value per share at the reporting date would have increased profit or loss before tax by $377,867 (2017: $Nil). A 10% decrease would have had the equal but opposite effect to the amount shown above, on the basis that all other variables remain constant.

Determination of fair values

A number of the Group's accounting and disclosures require the determination of fair value, for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Other investments

The fair value of quoted equity securities is determined by reference to their closing bid price at the reporting date.

The fair value of unquoted investment fund is determined by reference to their closing net asset value per share provided by professional fund managers at the reporting date.

Long-term trade receivables

The fair value of long-term trade receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Finance lease liabilities

The fair value of finance lease liabilities is estimated as the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date for homogeneous lease agreements.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash held with financial institutions, and trade and other payables) are assumed to approximate their fair values. Other financial assets and liabilities are discounted to determine their fair values.

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

		Carrying amount				Fair value			
	Note	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$	$	$	$	$	$	$	$
Group									
31 March 2018									
Financial assets measured at fair value									
Other investments	10	3,778,671	–	–	3,778,671	–	–	3,778,671	3,778,671
Financial assets not measured at fair value									
Trade and other receivables #	12	–	3,777,614	–	3,777,614	–	103,420	–	103,420
Cash and cash held with financial institutions	13	–	7,135,168	–	7,135,168				
		–	10,912,782	–	10,912,782				
Financial liabilities not measured at fair value									
Trade and other payables *	18	–	–	(1,054,782)	(1,054,782)				
Finance lease liabilities	16	–	–	(73,354)	(73,354)				
		–	–	(1,128,136)	(1,128,136)				

\# Excludes prepayments

* Excludes advances from customers

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

		Carrying amount				Fair value			
	Note	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$	$	$	$	$	$	$	$
Group									
31 March 2017									
Financial assets measured at fair value									
Other investments	10	414	–	–	414	414	–	–	414
Financial assets not measured at fair value									
Trade and other receivables #	12	–	24,068,856	–	24,068,856	–	725,813	–	725,813
Cash and cash held with financial institutions	13	–	3,019,397	–	3,019,397				
		–	27,088,253	–	27,088,253				
Financial liabilities not measured at fair value									
Trade and other payables *	18	–	–	(19,554,264)	(19,554,264)				
Loans and borrowings	17	–	–	(6,241,093)	(6,241,093)				
Finance lease liabilities	16	–	–	(4,402)	(4,402)				
		–	–	(25,799,759)	(25,799,759)				

Excludes prepayments

* * Excludes advances from customers

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

		Carrying amount				Fair value			
	Note	**Fair value through profit or loss**	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
		$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Company									
31 March 2018									
Financial assets measured at fair value									
Other investments	10	3,778,671	–	–	–	–	–	3,778,671	3,778,671
Financial assets not measured at fair value									
Trade and other receivables #	12	–	4,714,420	–	4,714,420				
Cash and cash held with financial institutions	13	–	6,554,323	–	6,554,323				
		–	11,268,743	–	11,268,743				
Financial liabilities not measured at fair value									
Trade and other payables	18	–	–	(244,847)	(244,847)				
31 March 2017									
Financial assets not measured at fair value									
Trade and other receivables #	12	–	1,220,265	–	1,220,265				
Cash and cash held with financial institutions	13	–	22,055	–	22,055				
		–	1,242,320	–	1,242,320				
Financial liabilities not measured at fair value									
Trade and other payables	18	–	–	(142,038)	(142,038)				

Excludes prepayments

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment in unquoted fund investment	The fair values of unquoted financial assets are based on bid prices provided by brokers or valuation provided by professional fund managers. These financial assets are in diversified portfolios of various asset classes managed by professional fund managers.	Net asset value ("NAV") per share of US$1,203.52	The estimated fair value increases with higher NAV per share

Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for level 3 fair values:

	Group $
At 1 April 2017	–
Purchase	4,039,500
Fair value changes recognised in profit or loss	(157,329)
Net loss on foreign exchange	(103,500)
At 31 March 2018	3,778,671

27 FINANCIAL RISK MANAGEMENT (CONT'D)

Discount rates used in determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the market interest rates provided by financial institutions at the reporting date and were as follows:

	2018	2017
	%	%
Trade and other receivables	5.00	5.00

28 ACQUISITION OF CONTROLLING INTERESTS IN SUBSIDIARY

In the prior year, the Group acquired the following company:

P5 Pte Ltd ("P5")

On 22 July 2016, the Company acquired an additional 81.6% interests in P5 for a consideration of $550,050. As a result, the Group's equity interest in P5 increased from 18.4% to 100%, obtaining control of P5.

Taking control of P5 will enable the Group to have synergistic progression from architectural lighting to decorative lighting and other interior related products, thereby enhancing the Group's existing lighting retail business.

P5 contributed revenue of $826,068 and loss of $476,042 to the Group's results in the current year. Had the acquisition occurred on 1 April 2016, management estimates that revenue and loss for the year contributed by P5 would have been $922,709 and $591,645 respectively.

Consideration transferred

In exchange for 81.6% equity interest in P5, the Group issued 36,277,777 new ordinary shares (see Note 14) in capital of the Company to the previous shareholders of P5 at an issue price of $0.0153 arrived at on a willing-buyer and willing-seller basis.

Acquisition-related costs

The Group incurred acquisition-related costs of $26,678 on legal fees and due diligence costs. These costs have been included in 'administrative expenses'.

28 ACQUISITION OF CONTROLLING INTERESTS IN SUBSIDIARY (CONT'D)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	Recognised on acquisition $	Carrying amount before acquisition $
Property, plant and equipment	4	19,438	19,438
Inventories		480,385	480,385
Trade receivables		17,110	17,110
Advances, deposits and other receivables		112,728	112,728
Prepayments		2,768	2,768
Cash and cash equivalents		123,635	123,635
Trade payables and accruals		(81,849)	(81,849)
Other payables		(6,623)	(6,623)
Advances from customers		(81,909)	(81,909)
Total identifiable net assets		585,683	585,683

	Recognised on acquisition $
Cash inflow on acquisition:	
Cash consideration paid	–
Less: cash acquired	123,635
Net cash inflow on acquisition	123,635

The trade receivables are stated at net of allowance for doubtful debts of $1,636 which was assessed to be uncollectible at the date of acquisition.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets required	Valuation technique
Inventories	The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

28 ACQUISITION OF CONTROLLING INTERESTS IN SUBSIDIARY (CONT'D)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$
Total consideration transferred	555,050
Fair value of pre-existing interest in the acquiree	108,000
Fair value of identifiable net assets	(585,683)
Goodwill	77,367

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the acquiree into the Group's existing lighting business. None of the goodwill recognised is expected to be deductible for tax purposes.

29 OPERATING LEASES

At 31 March, the Group has the following commitments for future minimum lease payments under non-cancellable operating leases:

	2018	2017
	$	$
Within one year	1,021,335	994,038
After one year but within five years	741,367	2,104,536
After five years	–	909,224
	1,762,702	4,007,798

The Group leases office equipment and premises for production, warehouse and office premises under operating leases.

30 CONTINGENT LIABILITIES

As at reporting date:

(i) the Company has given unsecured guarantees of $Nil (2017: $5,403,982) to banks in respect of banking facilities extended to wholly-owned subsidiaries; and

(ii) the Group has outstanding unsecured bankers' guarantees of approximately $1,148,279 (2017: $1,510,135), issued in favour of third parties in the ordinary course of business and for the security deposit required under a lease agreement.

31 RELATED PARTIES

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The directors and senior management team are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group	
	2018	**2017**
	$	**$**
Short-term employee benefits	970,281	1,678,387

The Company's directors receiving remuneration and fees from the Group as at the reporting date:

	Number of directors	
	2018	**2017**
$250,000 to $499,999	–	2
Below $250,000	6	6
	6	8

32 SUBSEQUENT EVENT

On 21 May 2018, the Group received the remaining purchase consideration of $1,861,620 representing the full and final settlement of the total purchase consideration amounting to $16,861,620 in relation to the sale of the Group's Switchgear business (see Note 24).

SHAREHOLDINGS STATISTICS

As at 18 June 2018

No of Issued Shares	: 557,524,443
Class of shares	: Ordinary shares
No of Subsidiary Holdings Held	: Nil
Voting rights	: 1 vote for each ordinary share (excluding treasury shares)

There are no treasury shares held by the Company as at 18 June 2018.

Shareholdings Held in Hands of Public

Based on information available to the Company as at 18 June 2018, 62.7% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	19	1.73	951	0.00
100 – 1,000	93	8.49	61,152	0.01
1,001 - 10,000	178	16.24	938,900	0.17
10,001 - 1,000,000	750	68.43	111,740,920	20.04
1,000,001 and above	56	5.11	444,782,520	79.78
Total	1,096	100.00	557,524,443	100.00

TOP 20 SHAREHOLDERS

S/No.	Name of Shareholder	No. of Shares	%
1	Lim Kwang Joo	78,833,333	14.14
2	Citibank Nominees Singapore Pte Ltd	53,222,466	9.55
3	Song Poo Hok	48,000,000	8.61
4	Lim Fong Yee Roland	35,000,000	6.28
5	Yao Hsiao Tung	25,866,666	4.64
6	Ngo Wei-Tze Calvin or Hon Su Sian	16,750,000	3.00
7	Tan Boon Seng	14,666,666	2.63
8	Tan Beng Hui	11,621,800	2.08
9	Ang Leng Hong	8,533,333	1.53
10	Poo Chooi Yee	8,333,333	1.49
11	DBS Nominees Pte Ltd	7,724,600	1.39
12	Lim Shao-Lin	7,684,149	1.38
13	Song Yu Li (Song Youli)	7,250,000	1.30
14	Stott James Ian	6,727,000	1.21
15	Han Hwee Too @ Han Wee Choo	6,233,000	1.12
16	Lim Yoke Eng	6,002,700	1.08
17	Ang Jui Khoon	5,881,733	1.05
18	Tan Yow Tong	5,500,000	0.99
19	Tjioe Tjiong Bin	5,200,000	0.93
20	Phoon Han Meng Linus	4,778,100	0.86
		363,808,879	65.26

SHAREHOLDINGS STATISTICS

As at 18 June 2018

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Number of shares registered in the name of the substantial shareholder	Number of shares in which the substantial shareholder is deemed to have an interest	Total	Percentage (%)
Lim Kwang Joo	78,833,333	–	78,833,333	14.14
Song Poo Hok	48,000,000	–	48,000,000	8.61
Song Wei Ming[1]	–	41,496,633	41,496,633	7.44
Lim Fong Yee Roland	35,000,000	–	35,000,000	6.28

Note:

(1) Mr Song Wei Ming's deemed interest arises from the 41,496,633 shares held by Citibank Nominees Singapore Pte Ltd.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

P5 CAPITAL HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
Company Registration No. 199806046G

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at 213 Henderson Road #02-08 Henderson Industrial Park Singapore 159553 on 30 July 2018, Monday, at 9.00 a.m. to transact the following business: -

Ordinary Business

1 To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2018 and together with the Independent Auditors' Report thereon. **[Resolution 1]**

2(a) To re-elect Mr Lim Fong Yee Roland who is retiring in accordance with Regulation 103 of the Company's Constitution, as Director of the Company. **[Resolution 2(a)]**
[See Explanatory Note (i)]

2(b) To re-elect Mr Song Wei Ming who is retiring in accordance with Regulation 107 of the Company's Constitution, as Director of the Company. **[Resolution 2(b)]**
[See Explanatory Note (ii)]

3 To approve the payment of Directors' fee of S$76,000 for the financial year ended 31 March 2018. (2017: S$67,000) **[Resolution 3]**

4 To re-appoint Messrs KPMG LLP as Auditors and to authorise the Directors to fix their remuneration. **[Resolution 4]**

Special Business

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

5 **Authority to allot and issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited**

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

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

(II) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

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

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (i) and (ii) above, the percentage of the total number of issued shares excluding treasury shares and subsidiary holdings shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the date this Resolution is passed, after adjusting for:-

(a) new shares arising from the conversion or exercise of any convertible securities outstanding and/or subsisting at the time this authority is given;

(b) new shares arising from the exercise of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution provided the share options or share awards, were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

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

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

(4) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (iii)] **[Resolution 5]**

6 To transact any other business that may be properly transacted at an AGM.

By Order of the Board

Ong Bee Hoon
Company Secretary

Singapore

13 July 2018

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Lim Fong Yee Roland, if re-elected, will remain the chief executive officer and an executive director of the Company and will not be considered as an independent director.

(ii) Mr Song Wei Ming, if re-elected, will remain an executive director of the Company and will not be considered as an independent director.

(iii) The Resolution 5, if passed, will authorise and empower the Directors of the Company from the date of the above AGM until the next AGM to allot and issue shares and/or convertible securities. The aggregate number of shares and/or convertible securities which the Directors may allot and issue under this Resolution shall not exceed in aggregate one hundred percent (100%) of the total issued shares (excluding treasury shares and subsidiary holdings), of which the total number of shares and/or convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed fifty percent (50%) of the total issued shares (excluding treasury shares and subsidiary holdings) at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instruments issued under this authority.

Proxies:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. Where a member (other than a Relevant Intermediary*) appoints two proxies, he/she shall specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy in the instrument appointing the proxies.

3. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

4. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or the hand of its duly authorised officer or attorney in writing.

5. The instrument appointing a proxy must be deposited at the registered office of the Company at 213 Henderson Road #03-08 Henderson Industrial Park Singapore 159553, not less than 48 hours before the time appointed for holding of the AGM.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board (the "Board") established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Board, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

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

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P5 CAPITAL HOLDINGS LTD.

(Incorporated in the Republic of Singapore under the Companies Act, Cap 50)

Company Registration No. 199806046G

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his 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.

2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM – ANNUAL GENERAL MEETING

I/We ____ NRIC/Passport/Co. Reg. No. __________________________

of ____

being a member/members of **P5 CAPITAL HOLDINGS LTD.** hereby appoint

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

and/or *(delete as appropriate)*

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

as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf at the Annual General Meeting of P5 CAPITAL HOLDINGS LTD. to be held at 213 Henderson Road #02-08 Henderson Industrial Park Singapore 159553 on Monday, 30 July 2018 at 9.00 a.m. and at any adjournment thereof.

(Please indicate with a " √ " in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Ordinary Resolutions	***No. of Votes For**	***No. of Votes Against**
	Ordinary Business:		
1.	Adoption of Reports and Accounts		
2.	Re-election of Directors:		
	(a) Mr Lim Fong Yee Roland		
	(b) Mr Song Wei Ming		
3.	Approval of Directors' fees		
4.	Re-appointment of Auditors		
	Special Business:		
5.	Authority for Directors to allot and issue shares and convertible securities pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited		

* If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.

Dated this _________ day of ________________________________ 2018.

____

Signature(s) of Shareholder(s) or Common Seal of Corporate Member

Total Number of Shares in:	**No. of Shares**
(a) CCDP Register	
(b) Register of Members	

IMPORTANT :
PLEASE READ NOTES OVERLEAF

P5 CAPITAL HOLDINGS LTD.
PROXY FORM

Continuation Sheet 1

Notes:

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

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

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

4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 213 Henderson Road #03-08 Henderson Industrial Park Singapore 159553 not less than forty-eight (48) hours before the time appointed for the Meeting.

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

8. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a certificate under the seal of the corporation be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who holds shares under the Central Provident Fund Investment Scheme (“CPF Investor”) and/or the Supplementary Retirement Scheme (“SRS Investors”) (as may be applicable) may attend and cast his 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.

   * A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

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

Designed and Produced by **Rockstar Atelier**

P5 CAPITAL HOLDINGS LTD.
(Incorporated In Singapore)
Reg. No.: 199806046G

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