CAMSING HEALTHCARE

Camsing Healthcare Ltd (Formerly known as Jacks international Ltd)
Incorporated in the Republic of Singapore
Reg. No. : 197903888Z

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

CORPORATE PROFILE

Camsing Healthcare Limited ("Camsing Healthcare" or the "Company", and together with its subsidiaries, the "Group") was incorporated in Singapore on 19 December 1979. Camsing Healthcare conducts investment activities in healthcare related businesses and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (stock code: BAC). The current principal activities of the Group are the distribution and retailing of health supplements and foods in Singapore and China.

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Nature's Farm Pte Ltd

Since its incorporation in 1982, Nature's Farm has established itself as a trusted and recognised name in quality imported health supplements, honey and health foods. Nature's Farm today operates 18 retail stores across major shopping malls in Singapore and is also accessible to consumers 24/7 via its e-store and presence in major e-commerce platforms such as Redmart, Qoo10 and Lazada. Nature's Farm also successfully opened new doors into China, to bring Nature's Farm brand of supplements and health foods to Chinese consumers through www.Tmall.com and www.JD.com, two of China's largest e-commerce sites.

In 2016, Nature's Farm unveiled a new flagship lifestyle store concept at Parkway Parade to present a fresh new look that is centered on natural wood accents with a touch of the Brand's signature green. The new store features a Sampling Bar to allow consumers to sample and try selected supplements and health foods before purchase, as well as a Nutritionist Advisory Corner to provide personalised nutrition advice by Nature's Farm team of certified nutritionists. This new flagship lifestyle store concept was replicated at two more outlets, Junction 8 and West Mall, in 2017.

In keeping with the Brand's commitment of curating the best quality health supplements from international leading health supplements and health foods manufacturers, Nature's Farm continues to maintain a strong focus in the area of new products development, working with only GMP certified manufacturers, such as Wakunaga Kyolic®, Dr. Ohhira's®, Twinlab®, Norwegian Fish Oil®, NOW®, Bluebonnet® in ensuring only supplements and health foods manufactured to the highest quality are presented in our retail platforms.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lo Ching
(Chairman/Non-Independent Executive Director)

Liu Hui
(Non-Independent Executive Director)

Lau Chin Hock Kenneth Raphael
(Lead Independent Non-Executive Director)

Maurice Tan Huck Liang
(Independent Non-Executive Director)

Ong Wei Jin
(Independent Non-Executive Director)

COMPANY SECRETARY

Teo Li Mei

REGISTERED OFFICE

SGX Centre 2, #17-01
4 Shenton Way, Singapore 068807
Tel : (65) 6535 0550
Fax : (65) 6438 0550

REGISTRAR

M&C Services Private Limited
112 Robinson Road, #05-01
Singapore 068902
Tel : (65) 6227 6660
Fax : (65) 6225 1452

AUDITORS

Deloitte & Touche LLP
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809

Mr. Tsia Chee Wah (Partner in charge)
(Since financial year ended 31 January 2014)

GROUP PRINCIPAL BANKERS

(in alphabetical order)

DBS Bank Ltd
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

STOCK EXCHANGE LISTING

Singapore Exchange Securities Trading Limited

Lo Ching
(Chairman/Non-Independent Executive Director)

Ms. Lo Ching was appointed as a Director and Chairman on 19 November 2015. She is a self-made entrepreneur and the founder and Chairman of a China-based Camsing Global. She has more than 20 years' experience in branding, marketing & promotion, IP & licensing, sports & entertainment, distribution and healthcare. She is the founding member of Beijing Mulan Foundation and council member of Guangdong Women and Children's Foundation. She is also Vice President of Guangdong Association of Women Entrepreneurs. Ms. Lo holds an EMBA degree from Hong Kong University of Science and Technology and an EMBA degree from HEC Business School.

Liu Hui
(Non-Independent Executive Director)

Ms. Liu Hui was appointed as a Director on 19 November 2015. She is an accountant by training. She has years of experiences in financial auditing and asset management. She is Vice President of Camsing Global. Ms. Liu holds an EMBA degree from HEC Business School.

Lau Chin Hock Kenneth Raphael
(Lead Independent Non-Executive Director)

Mr. Lau was appointed as a Director on 19 November 2015 and as a Lead Independent Director on 20 April 2018. He is currently an Executive Director of a privately-held asset management company. Mr. Lau worked in infrastructure finance prior to this, and holds an MBA from INSEAD.

Maurice Tan Huck Liang
(Independent Non-Executive Director)

Mr. Maurice Tan was appointed as a Director on 19 November 2015. He was most recently at a Technology MNC leading its M&A integration practice in Asia. Previously, Mr. Maurice Tan held senior positions in general management and in sales & marketing roles across Greater China and Asia Pacific Region. He obtained a Bachelor of Business Administration from National University of Singapore, an EMBA at China Europe International Business School and is also a member of the Adjunct Senior faculty for MBA and post-graduate courses at NUS Business School.

Ong Wei Jin
(Independent Non-Executive Director)

Mr. Ong Wei Jin was appointed as a Director on 19 November 2015 and re-designated as an Independent Director on 20 April 2018. He is presently practising as a lawyer in Singapore. His main areas of practice are corporate finance and general corporate law. He obtained a Bachelor of Law (Honours) from National University of Singapore, an MBA (Investment and Banking) from University of Hull and a Masters of Law from National University of Singapore. Mr. Ong is currently an Independent Director of CFM Holdings Ltd, China XLX Fertiliser Ltd and Luzhou Bio-Chem Technology Ltd.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements for the financial year ended 31 January 2018 ("FY 2017/18").

Notwithstanding the challenging market environment, the Group remained profitable for the financial year ended 31 January 2018 and achieved progress in several strategic initiatives it has started since the last financial year.

Financial Review

The Group reported lower revenue of S$14.9 million in FY2017/18, down 18% from S$18.2 million the year before. The decrease was mainly due to the decrease in sales contributed by the wholesale trade sector.

Other income decreased 60% from S$1.2 million to S$0.5 million in FY2017/18, mainly due to the decrease in license fee from the distributors in China.

Marketing and distribution costs decreased 14% from S$7.8 million to S$6.6 million in FY2017/18. The decreases were attributable to the closure of unprofitable outlets.

Administration and other operating expenses decreased 5% from S$2.4 million to S$2.3 million in FY2017/18.

Finance costs decreased 59% from S$131,000 to S$54,000 in FY2017/18, due to lower interest rates and loan balance.

The Group reported profit before tax of S$122,000 for the year ended 31 January 2018, down 26% from S$164,000 a year ago.

As at 31 January 2018, Shareholder's Fund at Group level stood at S$11.0 million, compared to S$10.9 million in FY2016/17.

Business Review

In FY2017/18, the Group organised several marketing and promotional activities to boost sales in Nature's Farm's retail outlets. Apart from seasonal promotions during festive holidays, it had also scheduled special promotional activities that coincided with the health awareness themes and events carried out by Health Promotion Board. In order to capitalise on the increased number of Chinese tourists in Singapore, Nature's Farm collaborated with a tour agency that specialises in providing high-end tour packages to promote Nature's Farm products among the Chinese tourists.

The membership program of Nature's Farm had been revamped to reward its loyal customers and attract new members. To better engage its members, Nature's Farm held several members-only events on healthy living and awareness on certain health issues, including Ignite Your Health and Manuka-Licious Dinner, where health experts were invited to talk about these topics.

Marketing event to promote NZ UMF® Manuka Honey

In FY2017/18, Nature's Farm continued to strengthen its brand equity in Singapore and China by reaching out and engaging the online community through social media, including Facebook, Instagram, Wechat and CHNM, a popular news apps among Chinese citizens residing out of China. Interesting digital content on health-related topics were uploaded to these social media periodically to increase brand awareness and exposure.

In FY2016/17, Nature's Farm started selling its products online, both over its own website and over e-commerce platforms including Qoo10, Redmart and Lazada, and the online sales continued to grow in FY2017/18. Nature's Farm is currently revamping its website and plans to launch the new website in the second half of 2018. The revamped website will enable Nature's Farm to facilitate online sales more effectively and provide better customers' experience for its customers.

Seminar for the event Ignite Your Health

Singapore Based E-commerce Platforms

Overseas E-commerce Platforms

CHAIRMAN'S STATEMENT

In November 2017, the Group incorporated a 51% owned subsidiary, Camsing Healthcare (Fuzhou) Medical Instrument Co., Ltd ("Camsing Fuzhou"), in the People's Republic of China. The remaining 49% equity in Camsing Fuzhou is owned by Fuzhou Zhongxing BaoKang Trading Co. Ltd, a medical products trading company that has in-depth knowledge and vast business network in China's healthcare industry. The principal activities of this subsidiary are to distribute and trade in medical instrument and medical supplies, and provide logistic services to the healthcare industry in China. The incorporation of Camsing Fuzhou enables the Group to leverage on its partner's expertise and network so as to capitalise on the opportunities in the healthcare industry of China. The Group will continue to explore new business opportunities that are adjacent to its core business so as to achieve sustainable growth in the long term.

Outlook

The Group achieved progress on all its strategic initiatives in strengthening brand equity, expanding sales channel and building capabilities in supply chain management. The Board remains supportive on the current strategy and is confident that the Group will deliver long term growth and value to all our stakeholders.

Acknowledgement

On behalf of the Board of Directors, I would like to thank all the staff for their commitment, dedication and contribution to the Group's performance. I would also like to extend my heartfelt thanks to our Board of Directors for their guidance and support.

Lo Ching
Executive Chairman
3 May 2018

GROUP FINANCIAL HIGHLIGHTS

Year Ended 31 January	2018 $'000	2017 $'000	Changes %
Results			
Revenue	**14,912**	18,235	-18
Profit before tax	**122**	164	-26
Profit attributable to owners of the parent	**53**	161	-67
At Balance Sheet Date			
Shareholders' funds	**11,093**	10,866	2
Total assets	**15,768**	16,189	-3
Per Ordinary Share			
Profit per share (cents)	**0.18**	0.54	-67
Net tangible assets per share (cents)	**36.98**	36.22	2
Financial Ratios			
Return on shareholders' funds (%)	**0.48**	1.48	-68
Net debt-equity ratio	**0 : 1**	0 : 1	-
Interest cover (times)	**3.18**	2.24	42

GROUP FINANCIAL HIGHLIGHTS

Five-Year Group Financial Statistics

Year Ended 31 January	**2018 $'000**	2017 $'000	2016 $'000	2015 $'000	2014 $'000
Income Statement					
Revenue	**14,912**	18,235	14,131	15,787	16,067
Profit/(Loss) before tax	**122**	164	(2,197)	507	(805)
Income tax (expense)/credit	**(115)**	(3)	218	(69)	88
Profit/(Loss) for the year	**7**	161	(1,979)	438	(717)
Profit/(Loss) attributable to owners of the parent	**53**	161	(1,979)	438	(1,106)
Balance Sheet					
Property, plant and equipment	**2,465**	2,138	2,136	2,096	1,947
Other receivables - non-current	**442**	672	569	676	893
Net current assets	**8,279**	8,066	8,253	10,177	11,353
Long term investments	**-**	-	-	532	531
Deferred tax assets	**117**	209	241	98	112
Total assets employed	**11,303**	11,085	11,199	13,579	14,836
Shareholders' funds	**11,093**	10,866	10,613	13,136	14,391
Non-controlling interest	**(46)**	-	-	-	-
Other non-current liabilities	**25**	41	418	381	399
Deferred tax liabilities	**231**	178	168	62	46
Total funds invested	**11,303**	11,085	11,199	13,579	14,836
Per Ordinary Share					
Profit/(Loss) after tax attributable to owners of the parent (cents)	**0.18**	0.54	(6.60)	0.29	(0.74)
Net tangible assets (cents)	**36.98**	36.22	35.38	8.73	9.55
Gross dividend (cents)					
- Interim	-	-	-	0.3	-
- Final	-	-	-	0.2	0.8
Financial Ratios					
Return on shareholders' funds after non-controlling interest attributable to shareholders (%)	**0.48**	1.48	(18.65)	3.33	(7.68)
Net debt-equity ratio	**0 : 1**	0 : 1	0 : 1	0 : 1	0 : 1
Interest cover (times)	**3.18**	2.25	(11.92)	4.55	(4.78)

Camsing Healthcare Limited (the "**Company**") and its subsidiaries (collectively, the "Group") recognise the importance of and are committed to maintaining high standards of corporate governance in conformity with the revised Code of Corporate Governance 2012 (the "Code"). Unless otherwise stated below, the Company is in compliance with the requirements of the Code.

1. BOARD MATTERS

1.1 The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board of Directors (the "**Board**") recognises its duties and responsibilities to shareholders of the Company ("**Shareholders**") which principally include the following:

(a) reviewing and adopting a strategic plan for the Company and the Group;

(b) overseeing the overall conduct of the Company's business and that of the Group;

(c) identifying principal risks and ensuring that an appropriate system of internal control exists to manage these risks;

(d) reviewing the adequacy and integrity of internal controls systems and management information systems in the Company and within the Group;

(e) developing and implementing a sound communications policy for investor relations; and

(f) succession planning, including appointing and determining compensation of senior management.

The Board has adopted internal guidelines specifying matters reserved for approval by the Board. The management of the Company ("**Management**") is given clear directions on matters (including setting thresholds for certain operational matters relating to the Company's subsidiaries) that require the Board's approval. Certain material matters that require the Board's approval are as follows:

(a) setting of strategic direction or policies or financial objectives which have or may have a material impact on the profitability or performance of the Group;

(b) decisions to commence, discontinue or modify significantly any business activity or to enter or withdraw from a particular market sector, corporate or financial restructuring;

(c) decisions over new borrowings exceeding S$2.5 million or significant amendments to the terms and conditions of existing borrowings other than in the ordinary course of business;

(d) material acquisitions and disposal of assets;

(e) all corporate actions for which shareholder approval is required; and

(f) any other matters which require the Board's approval as prescribed under the relevant legislation and regulations as well as the Company's Articles of Association.

The Board meets on a regular basis as and when necessary to discharge their duties. The Company's Constitution allows for tele-conference and video-conference meetings to facilitate participation by Board members and Management.

1. BOARD MATTERS (cont'd)

1.1 The Board's Conduct of Affairs (cont'd)

To further assist in the execution of its responsibilities, the Board has established three (3) board committees, namely the Audit Committee (the "**AC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**") (collectively, the "**Board Committees**"). These Board Committees operate within clearly defined terms of reference and operating procedures which are reviewed on a regular basis. The effectiveness of each Board Committee is also constantly monitored. Minutes of all Board Committee meetings are circulated to the Board so that the Directors are aware of and kept updated to the proceedings and matters discussed during such meetings.

The number of meetings held by the Board and Board Committees and the attendance of each Director for the financial year ended 31 January 2018 are summarised in the table below:

	Board No. of meetings		AC No. of meetings		RC No. of meetings		NC No. of meetings	
Name of Director	**Held#**	**Attended**	**Held#**	**Attended**	**Held#**	**Attended**	**Held#**	**Attended**
Lo Ching	2	2	3	2^	1	1^	1	1^
Liu Hui	2	2	3	2^	1	1^	1	1^
Lau Chin Hock Kenneth Raphael	2	2	3	3	1	1	1	1
Maurice Tan Huck Liang	2	2	3	3	1	1	1	1
Ong Wei Jin	2	2	3	3	1	1	1	1

Notes:

\# The number of meetings indicated "Held" above reflects the number of meetings held during the time the respective Directors held office.

^ Attendance by invitation.

The Executive Directors update the Board at each Board meeting on business and strategic developments. The Management also highlights salient issues as well as risk management considerations for the industry the Group is in. All Directors will be given continuous and ongoing training programmes by attending courses, seminars and talks. The Directors attend courses, briefings and seminars, relating to risk management, corporate governance, investors relations and reporting requirements in relation to financial statements.

Newly appointed Directors will be briefed on the Group's businesses and corporate governance policies. Familiarisation visits have been organised, if necessary, to facilitate a better understanding of the Group's operations. The Company informs Board members from time to time of changes in relevant regulatory and accounting standards requirements.

The Company is responsible for arranging and funding the training of Directors. Board members are encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company will work closely with professionals to provide its Directors with updates on changes to relevant laws, regulations and accounting standards.

1.2 Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

At the date of this Report, the Board comprises five (5) Directors, of whom three (3) are Independent Directors. The composition of the Board is set out below:

Executive Directors

Lo Ching - Executive Chairman
Liu Hui - Executive Director

1. BOARD MATTERS (cont'd)

1.2 Board Composition and Guidance (cont'd)

Non-Executive Directors

Lau Chin Hock Kenneth Raphael	-	Independent Non-Executive Director
Maurice Tan Huck Liang	-	Independent Non-Executive Director
Ong Wei Jin	-	Independent Non-Executive Director

The Board constantly reviews its size and is of the view that the current Board size is appropriate to facilitate effective decision-making and will bring independent judgment, taking into account the scope and nature of the operations of the Company and the Group. The criterion for independence is based on the definition given in the Code. The Code defines an Independent Director as one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the company. The independence of each Director is reviewed annually by the NC in accordance with the definition of independence in the Code.

As announced by the Company on 20 April 2018, Mr. Ong Wei Jin was re-designated from Non-Independent Non-Executive Director to Independent Non-Executive Director of the Company and Mr. Lau Chin Hock Kenneth Raphael was appointed as Lead Independent Director. This ensures compliance with the guidelines in the Code that independent directors of the Company should make up at least half of the Board and a lead independent director should be appointed where the Chairman is not an independent director.

The three (3) Independent Directors have confirmed their independence in accordance with the definition of independence in the Code and the NC, following its review, is of the view that the three (3) Independent Directors are independent in accordance with the definition of independence in the Code.

The Company currently has no Independent Director who has served on the Board beyond nine (9) years.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Directors, with their different backgrounds and specialisation, collectively bring with them a wide range of experience and expertise in the aspect of law, economics, accounting and general business management. The current composition of the Board also provides a diversity of gender with two female Directors, namely, Ms. Lo Ching, the Executive Chairman and Ms. Liu Hui, an Executive Director on the Board.

The Non-Executive Directors provide oversight on Management performance by constructively challenging and helping to develop proposals on strategy. They monitor and review the reporting and performance of Management in meeting agreed goals and objectives. The Non-Executive Directors meet on their own as warranted without the presence of Management.

Key information regarding the Directors in office at the date of this Report, including their listed company board representations and other principal commitments, is set out below:

Name of Director	Date of initial appointment	Date of Last Re-election	Current directorships in listed companies	Past directorships in listed companies (in last three years)
Lo Ching	19 November 2015	29 May 2017	Nil	Nil
Liu Hui	19 November 2015	26 May 2016	Nil	Nil
Lau Chin Hock Kenneth Raphael	19 November 2015	26 May 2016	Nil	Nil
Maurice Tan Huck Liang	19 November 2015	26 May 2016	Nil	Nil
Ong Wei Jin	19 November 2015	29 May 2017	- China XLX, Fertiliser Ltd - Luzhou Bio-chem Technology Limited - CFM Holdings Limited	- Consciencefood Holdings Ltd

1. BOARD MATTERS (cont'd)

1.3 Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Chairman of the Board is Ms. Lo Ching. As Chairman of the Board, she bears primary responsibility for the workings of the Board, by ensuring effectiveness on all aspects of its role including setting agenda for Board meetings with input from Management, ensuring that sufficient time is allocated for discussion of agenda items at Board meetings, promoting an open environment at Board meetings for constructive debate, encouraging all Directors to speak freely, and exercising control over the quality, quantity and timeliness of information flow between the Board and Management. At annual general meetings ("**AGMs**") and other Shareholders' meetings, she plays a pivotal role in fostering constructive dialogue between Shareholders, the Board and Management.

Mr. Lim Say Kian Stephen, the former Chief Executive Officer ("**CEO**") of the Company, who was responsible for the corporate affairs of the Group and for overseeing the overall management, daily operations and performance of the Group resigned on 1 March 2017. The Chairman and the former CEO of the Company were separate persons and were not related to each other.

Ms. Wang Yu, the Chief Operating Officer ("**COO**") of Nature's Farm Pte Ltd appointed on 8 May 2017, is responsible for the corporate affairs of the Group and for overseeing the overall management, daily operations and performance of the Group. The Chairman and the COO of the Group are separate persons and are not related to each other. As such, there is a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business.

1.4 Board Membership

Mr. Lau Chin Hock Kenneth Raphael who is the Chairman of the Audit Committee, member of the Nominating Committee and member of the Remuneration Committee was appointed as Lead Independent Director of the Company on 20 April 2018. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the COO or the Finance and Admin Manager has failed to resolve or is inappropriate. Led by the Lead Independent Director, the independent directors may meet periodically without the presence of the other directors, and the Lead Independent Director provides feedback to the Chairman after such meetings.

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises Mr. Maurice Tan Huck Liang (Chairman), Mr. Lau Chin Hock Kenneth Raphael and Mr. Ong Wei Jin, all of whom, including the Chairman, are Independent Directors.

The NC functions under a set of written terms of reference which sets out its responsibilities as follows:

(a) to make recommendations to the Board on all Board appointments and re-nominations, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including as an Independent Director;

(b) to determine on an annual basis whether or not a Director is independent;

(c) to decide whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when the Director has multiple board representations;

(d) to ensure that all Directors submit themselves for re-nomination and re-election at regular intervals;

(e) to assess the effectiveness of the Board as a whole and its Board Committees, and the contribution by each individual Director to the effectiveness of the Board;

1. BOARD MATTERS (cont'd)

1.4 Board Membership (cont'd)

(f) to review the board succession plans for Directors; and

(g) to review the training and professional development programmes for the Board.

There is a formal and transparent process for the appointment of new Directors to the Board. The NC reviews and recommends all new Board appointments and also the re-nomination and re-appointment of Directors to the Board. The NC ensures that Directors appointed to the Board possess the background, experience and knowledge in technology, business, legal, finance and management skills critical to the Company's business and that each Director contributes and brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. In the nomination and selection process of a new director, the NC will also take into consideration the current Board size and its composition, including the mix of expertise, skills and attributes of the Directors, and determine if the candidate's background, experience and knowledge will bolster the core competencies of the Board.

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. Articles 90 and 91 of the Company's Articles of Association provide that one-third of the Board, or the number nearest to one-third, shall retire by rotation at every AGM. In addition, Article 96 of the Company's Articles of Association provides that new Directors appointed during the year either to fill a casual vacancy or as an additional Director shall retire but shall be eligible for re-election at the following general meeting of the Company. The following Directors are retiring at the forthcoming AGM in accordance with Articles 90 and 91:

(a) Ms. Liu Hui; and

(b) Mr. Lau Chin Hock Kenneth Raphael.

Being eligible, Ms. Liu Hui and Mr. Lau Chin Hock Kenneth Raphael have offered themselves for re-election and the NC has recommended their re-election to the Board. Mr. Lau Chin Hock Kenneth Raphael has abstained from the NC's recommendation pertaining to his re-election. In making the recommendation, the NC has considered the overall contribution and performance of the aforementioned Directors.

The NC reviews the contribution by each Director taking into account their listed company board representations and other principal commitments. The Board has set the maximum number of five (5) listed company board representations (or such other number as approved by the NC from time to time) which any Director of the Company may hold at any one time. All Directors have complied with this requirement.

1.5 Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC will perform an evaluation of the overall effectiveness of the Board and the Board Committees annually. The evaluation process will be undertaken as an internal exercise and involves Board members completing an evaluation form covering areas relating to a number of factors, including the discharge of the Board functions, access to information, participation at Board meetings and communication and guidance given by the Board to the Management.

Each Director assesses the Board's performance as a whole and provides feedback to the NC. A similar evaluation process is also conducted by each of the Board Committees wherein the Board Committee members evaluate the relevant Board Committee and provide feedback to the NC. In reviewing the Board's effectiveness as a whole and the Board Committees, the NC will take into account the feedback from the Board and the Board Committee members as well as the Director's individual skills and experience. The results of the evaluation exercise will be considered by the NC, and a summary report will be compiled, with a view to implementing recommendations to enhance the effectiveness of the Board.

1. BOARD MATTERS (cont'd)

1.5 Board Performance (cont'd)

The contribution of each Director to the effectiveness of the Board and Board Committee is assessed on an individual basis and reviewed by the NC. In assessing an individual Director's and Board Committee's performance, factors that are to be taken into consideration include attendance at Board meetings and related activities, the adequacy of preparation for board meetings, contributions in specialist areas, generation of constructive ideas, and maintenance of independence.

The NC, having reviewed the overall performance of the Board and the Board Committees in terms of its roles and responsibilities and the conduct of its affairs as a whole and each individual Director's performance, is of the view that the performance of the Board and each individual Director has been satisfactory. Each member of the NC has abstained from voting on any resolution and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a Director. No external facilitator was used in the evaluation process.

1.6 Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Company recognises the importance of continual dissemination of relevant information which is explicit, accurate, timely and vital to the Board in carrying out its duties. The Management reports to the Board the Company's progress and drawbacks in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues encountered by the Company in a timely and accurate manner to enable the Directors to be cognizant of the decisions and actions of the executive management. Types of information provided by Management to the Independent and Non-Executive Directors include management accounts, internal income statement forecasts, external auditors' reports, internal audit reports and periodic updates on the Group's operations. The Board is provided with the management accounts of the Group's performance and position on a quarterly basis.

The Directors have unrestricted access to records and information of the Group, and have separate and independent access to the Company Secretary, the Company's external auditors and senior management of the Group at all times in carrying out their functions. The Company Secretary attends or is represented at all meetings of the Board and Board Committees, ensures a good flow of information within the Board and between the Management and Non-Executive Directors, attends to corporate secretariat administration matters, and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Changes to regulations are closely monitored by the Management and the Directors are briefed during the Board meetings on changes which have an important bearing on the Company or the Directors' disclosure obligations.

The Directors and the Chairman of each respective Board Committee have the right to seek and obtain independent professional advice as and when necessary, at the expense of the Company, in furtherance of their duties and responsibilities as directors.

2. REMUNERATION MATTERS

2.1 Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises of Mr. Maurice Tan Huck Liang (Chairman), Mr. Lau Chin Hock Kenneth Raphael and Mr. Ong Wei Jin, all of whom are Non-Executive Directors and Independent Directors.

2. REMUNERATION MATTERS (cont'd)

2.1 Procedures for Developing Remuneration Policies (cont'd)

The RC functions under a set of written terms of reference which sets out its responsibilities as follows:

(a) To review and recommend for endorsement to the entire Board, a framework for remuneration for the Directors and key management personnel of the Company;

(b) To review the remuneration packages for each Executive Director as well as for key management personnel. The RC's recommendations are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives, awards and benefits in kind are covered by the RC. As part of its review, the RC takes into consideration that the remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibility;

(c) In the case of service contracts, reviewing the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses; and

(d) To carry out such other duties as may be agreed to by the RC and the Board.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in kind, will be reviewed by the RC. The recommendations of the RC will be submitted to the Board for endorsement. Each RC member will abstain from voting on any resolution and making any recommendations in respect of his remuneration package. The overriding principle is that no Director should be involved in deciding his own remuneration.

The RC may from time to time, and where necessary or required, engage independent external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management and ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants.

The RC will meet to consider and review the remuneration packages of the Directors and key management personnel, including those employees related to the Executive Directors and controlling shareholders of the Company. No remuneration consultants were engaged by the Company in the financial year ended 31 January 2018.

2.2 Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel.

The Independent Directors and Non-Executive Directors of the Company do not have service agreements. They receive Directors' fees, which take into account their contribution and other factors such as effort, time spent and responsibilities. The RC recognises the need to pay competitive fees to attract, motivate and retain such Independent Directors and Non-Executive Directors, yet not over-compensate them to the extent that their independence may be compromised. Directors' fees are recommended by the Board for approval by the Shareholders at the Company's AGM.

The Company's compensation framework comprises fixed pay and short-term and long-term incentives. The Company subscribes to linking executive remuneration to corporate and individual performance, based on an annual appraisal of employees and using indicators such as core values, competencies, key result areas, performance rating, and potential of employees.

2. REMUNERATION MATTERS (cont'd)

2.3 Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to its directors and key management personnel, and performance.

Details of remuneration of Directors and CEO

A breakdown of remuneration paid to or accrued to each Director and the former CEO for the financial year ended 31 January 2018 is as follows:

	Fees (%)	Salary (%)	Bonus (%)	Total (%)	Fee for the financial year ended 31 January 2018 (S$'000)
Directors					
Lo Ching	0	0	0	0	0
Liu Hui	0	0	0	0	0
Lau Chin Hock Kenneth Raphael	100	0	0	100	21
Maurice Tan Huck Liang	100	0	0	100	21
Ong Wei Jin	100	0	0	100	21
CEO					
Lim Say Kian Stephen[1]	0	100	0	100	135

Notes:

(1) Mr. Lim Say Kian Stephen, the former CEO of the Company, resigned on 1 March 2017.

Details of remuneration of top key management personnel

The breakdown of remuneration paid to or accrued to the top key management personnel of the Group (who are not Directors or the CEO) for the financial year ended 31 January 2018 is as follows:

Remuneration band and name of key management personnel	Salary (%)	Bonus (%)	Other benefits (%)	Total (%)
Below S$250,000				
Wang Yu[1]	91	9	0	100
Chang Chor Hwa[2]	100	0	0	100

Notes:

(1) Ms. Wang Yu was appointed as Chief Operating Officer of the Company's subsidiary, Nature's Farm Pte Ltd with effect from 8 May 2017.

(2) Ms. Chang Chor Hwa, the former COO of the Company's subsidiary, Nature's Farm Pte Ltd, resigned on 16 April 2017.

The aggregate remuneration paid to the top key management personnel of the Group (who are not Directors or the CEO) for the financial year ended 31 January 2018 was approximately S$148,000. Save for Ms. Wang Yu, there was no other key management personnel (who are not Directors or the CEO) in the Group for the financial year ended 31 January 2018. Mr. Phoon Kong Foo was appointed as Finance and Admin Manager of Nature's Farm Pte Ltd on 1 February 2018, after the end of the financial year.

2. REMUNERATION MATTERS (cont'd)

2.3 Disclosure on Remuneration (cont'd)

The Company will not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. Instead, internal disciplinary actions may be taken against the key management personnel on his misconduct.

No termination, retirement and post-employment benefits other than payment in lieu of notice in the event of termination were included in the employment contracts of the Directors and the top five key management personnel.

Details of remuneration of employees who are immediate family members of a Director

The Group does not have any employees who are immediate family members of any Director, whose remuneration exceeded S$50,000 for the financial year ended 31 January 2018.

3. ACCOUNTABILITY AND AUDIT

3.1 Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the Shareholders and aims to provide Shareholders with a balanced and understandable assessment of the Group's performance, position and prospects by furnishing timely information and ensuring full disclosure of material information to Shareholders in compliance with statutory requirements and the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Management is responsible to the Board and the Board itself is accountable to the Shareholders.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will also be announced or issued within legally prescribed periods.

3.2 Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance and the need to put in place a system of internal controls within the Group to safeguard Shareholders' interests and the Group's assets, and to manage risks. The Board affirms its overall responsibility for the Group's system of internal controls and risk management. In this regard, the Board:

(a) ensures that Management maintains a sound system of risk management to safeguard Shareholders' interest and the Group's assets;

(b) determines the nature and extend of significant risks that the Board is willing to take in achieving its strategic objective;

(c) determines the Company's levels of risk tolerance and risk policies;

(d) oversees Management in the design, implementation and monitoring of risk management and internal control systems (including financial, operational and compliance risk), and ensures that the necessary corrective actions are taken on a timely basis; and

3. ACCOUNTABILITY AND AUDIT (cont'd)

3.2 Risk Management and Internal Controls (cont'd)

(e) reviews annually the adequacy and effectiveness of the risk management policies and systems, and key internal controls.

There are formal procedures in place for the Company's external auditors to report on the internal controls and risk management and to make recommendations to Management and to the AC independently in this regard.

The Board reviews the effectiveness of the Group's material internal controls, including financial, operational, information technology and compliance controls and risk management. In this respect, the AC reviews the audit plans, and the findings of the Company's external auditors and will ensure that the Company follows up on the auditors' recommendations raised, if any, during the audit process. The key management personnel also regularly evaluates, monitors and reports to the AC on material risks. While no cost effective internal control system can provide absolute assurance against loss or misstatement, the AC, with the participation of the Board, has reviewed the adequacy of the Group's internal controls and systems to ensure that they are designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably managed, proper accounting records are maintained and the integrity of financial information used for business and publication are preserved.

For the financial year ended 31 January 2018, the Board has received assurance from the Executive Chairman, Ms. Lo Ching, that (i) the financial records have been properly maintained and that the financial statements gave a true and fair view of the Company and the Group's operations and finances; and (ii) the Company and the Group have put in place and will continue to maintain an effective, reliable and sound system of risk management, internal controls (addressing financial, operational, information technology and compliance risks) and corporate governance that will withstand the scrutiny of any audit and review by a reputable firm of reporting accountants and auditors.

Based on the existing internal controls maintained by the Group and work performed by the Group's external auditors, the Board and the various Board Committees, the Board, with the concurrence of the AC, is satisfied and is of the opinion that the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems were adequate and effective for the financial year ending 31 January 2018. The Company will revisit the adequacy of the Group's existing internal controls periodically.

3.3 Audit Committee

Principle 12: The Board should establish an Audit Committee with written term of reference which clearly set out its authorities and duties.

The AC comprises Mr. Lau Chin Hock Kenneth Raphael (Chairman), Mr. Maurice Tan Huck Liang and Mr. Ong Wei Jin, all of whom, including the Chairman, are Independent Directors.

The AC functions under a set of written terms of reference which sets out its responsibilities as follows:

(a) To review the audit plan of the external auditors of the Company and ensure the adequacy of the Company's system of accounting controls and the co-operation given by the Company's Management to the external auditors;

(b) To review the scope and results of the audit and its cost effectiveness;

(c) To review significant financial reporting issues and judgements so as to ensure integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

(d) To review the half-year and full year financial results before submission to the Board for approval;

(e) To review the assistance given by Management to the external auditors;

(f) To review the internal audit programme and ensure co-ordination between the internal and external auditors and Management;

3. ACCOUNTABILITY AND AUDIT (cont'd)

3.3 Audit Committee (cont'd)

(g) To review the adequacy and effectiveness of the Company's internal audit procedures;

(h) To discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (without the presence of Management, where necessary);

(i) To review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

(j) To review the independence and objectivity of the external auditors annually;

(k) To undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(l) To undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time;

(m) To make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors; and

(n) To review the adequacy of the Company's internal financial controls, operational, information technology and compliance controls, and risk management policies and systems established by the Management.

The AC assists the Board in discharging its responsibility to safeguard assets, maintain adequate accounting records, and develop and maintain an effective system of internal controls, with the overall objective of ensuring that Management creates and maintains an effective control environment in the Company. The AC provides a channel of communication between the Board of Directors, the Management and the external auditors of the Company on matters relating to audit.

The AC has the power to conduct or to authorise investigations into any matters within the AC's scope of responsibility. The AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results or financial position. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Group. Each member of the AC will abstain from any deliberations and/or voting in respect of matters in which he is interested.

The AC is given full access to and co-operation of the Management and has full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions. It meets with the external auditors of the Company, without the presence of Management, at least once a year.

For the year reported on, the AC reviewed and approved the scope of the audit plans of the independent auditors.

In its recommendation to the Board to approve the full year financial statements, the AC reviewed the results of the audit, significant findings or areas of emphasis and audit recommendations. In particular, the following key audit matters highlighted in the Independent Auditors' Report on pages 28 to 29 of the Annual Report were also discussed with Management and the independent auditors:

Key Audit Matters	How did AC review these matters
Impairment of property, plant and equipment	The AC considered management's approach and methodology applied in the valuation of assets as well as the estimates and key assumptions used in the impairment assessment.
Impairment of investment in subsidiaries	The AC reviewed the reasonableness of cash flow forecast, growth rate and discount rate used in the impairment testing.

3. ACCOUNTABILITY AND AUDIT (cont'd)

3.3 Audit Committee (cont'd)

The AC, having reviewed the scope and value of non-audit services provided to the Group by the Company's external auditors, Deloitte & Touche LLP ("**Deloitte**"), an accounting firm registered with the Accounting and Corporate Regulatory Authority, is satisfied that the nature and extent of such service will not prejudice the independence and objectivity of the Company's external auditors. The AC had recommended the re-appointment of Deloitte as its external auditors at the forthcoming AGM. The AC is satisfied that Deloitte and the audit engagement team assigned to the audit have adequate resources and experience to meet its obligations. In this connection, the Company has complied with Rules 712 and 715 of the Listing Manual.

The aggregate amount of fees paid to the external auditors, broken down into audit and non-audit services, is disclosed in the Notes to the Financial Statements on page 67 of the Annual Report.

The Company's external auditors provide periodic updates and briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

<u>Whistle-Blowing Policy</u>

To encourage proper work ethics and deter any wrongdoing within the Group, the Group has established a whistle-blowing policy that seeks to provide a channel for the Group's employees and external parties to raise concerns in good faith and in confidence about possible improprieties in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues. The AC will address the issues and/or concerns raised and ensure that necessary arrangements are in place for the independent investigation of issues and/or concerns raised by the employees and external parties and for appropriate follow-up actions. Details of the whistle-blowing policies and arrangements have been made available to the Group's employees and external parties. Information received pertaining to whistle blowing will be treated with confidentiality and restricted to the designated persons-in-charge of the investigation to protect the identity and interest of whistle-blowers.

The AC Chairman has received no complaint as at the date of this Annual Report.

3.4 Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises the importance of maintaining an effective internal audit function to provide independent assurance over the soundness of the system of internal controls within the Group to safeguard Shareholders' investments and the Company's assets. The AC has the responsibility to review the adequacy of the internal audit function annually, review the internal audit program and ensure co-ordination between the Company's external auditors and Management, and ensure that the internal audit carried out meets or exceeds the standards set by nationally or internationally recognised professional bodies. The Board has reviewed the last internal audit report issued by Management on the Company's operating subsidiary, Nature's Farm Pte Ltd.

The internal audit team is staffed with individuals with the relevant qualifications and experience. It reports functionally to the AC and administratively to the Executive Chairman, has unfettered access to the AC, Board and senior management, and has the right to seek information and explanations.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

4.1 Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

In line with the continuous disclosure obligations of the Company, pursuant to the Listing Manual and the Companies Act (Chapter 50 of Singapore), the Board's policy is that Shareholders are informed of all major developments that impact the Group regularly and on a timely basis. The Company believes in timely, fair and adequate disclosure of relevant information to the Shareholders and investors so that they will be apprised of the developments that may have a material impact on the price or value of Company's securities. The Company does not practise selective disclosure.

The Company welcomes the views of Shareholders on matters affecting the Company, whether at Shareholders' meetings or on an ad hoc basis. At Shareholders' meetings, Shareholders are given the opportunity to communicate their views and to ask the Directors and Management questions regarding the Group. The Company is open to meetings with investors and analysts, and in conducting such meetings, is mindful to ensure fair disclosure.

4.2 Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Communication with Shareholders is managed by the Board. Pertinent information is communicated to Shareholders on a regular and timely basis through the following means:

(a) Results and annual reports are announced or issued within the mandatory period;

(b) Material information are disclosed in a comprehensive, accurate and timely manner via SGXNET and the press; and

(c) The Company's annual and extraordinary general meetings.

The Company does not practise selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Listing Manual. However, in the event that unpublished material information is inadvertently disclosed to any selected person in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET to disclose and/or address such material information.

The Company currently does not have a corporate website. However, the Company's operating subsidiary via Nature's Farm Pte Ltd maintains its own website.

The Company does not have a fixed dividend policy. The payment of dividend is deliberated by the Board annually having regard to various factors, including the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Where dividends are not paid, the Company discloses the reasons.

4.3 Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The annual general meeting of the Company is a principal forum for dialogue and interaction with all Shareholders. The Board encourages Shareholders to attend the Company's general meetings to ensure a greater level of shareholder participation and to meet with the Board and key management staff so as to stay informed on the Group's developments. The Directors regard AGMs as an opportunity to communicate directly with Shareholders and encourage greater shareholder participation.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES (cont'd)

4.3 Conduct of Shareholder Meetings (cont'd)

All Shareholders receive annual reports and are informed of Shareholders' meetings through notices published in the newspapers and reports or circulars sent to Shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any Shareholder is unable to attend, he is allowed to appoint up to two proxies (2) to vote on his behalf at the meeting through proxy forms sent in advance. Corporations which provide nominee or custodial services can appoint more than two (2) proxies to allow such Shareholders who hold shares through such corporations to attend and participate in general meetings as proxies.

The Directors, including the chairman of the Board and each Board Committee are present to address Shareholders' questions at the AGM. The Board will also engage in dialogue with Shareholders at the AGM, to gather views or input and address Shareholders' concerns.

The Chairpersons of the AC, RC and NC are normally available at Shareholders' meetings to answer those questions relating to the work of these Board Committees. The Company's external auditors will also be present to assist the Directors in addressing queries by Shareholders, if necessary. To ensure that all the Shareholders have the opportunity to participate effectively in and vote at general meetings, voting at general meetings of the Company will henceforth be conducted by poll. The chairman of the meeting, with the assistance of service providers engaged by the Company, will brief Shareholders on the procedures involved in voting by poll. An announcement of the detailed results of the poll showing the number of votes cast for and against each resolution and the respective percentages will be announced after the general meeting via SGXNET.

At Shareholders' meetings, each distinct issue is proposed as a separate resolution. Each item of special business included in the notice of meetings will be accompanied by the relevant explanatory notes. This is to enable Shareholders to understand the nature and effect of the proposed resolutions.

The Company Secretary records minutes of all general meetings, including questions and comments from Shareholders together with the responses of the Board and Management. These are available to Shareholders upon request.

5. MATERIAL CONTRACTS

Save as disclosed in paragraph 7 entitled "Interested Party Transactions", there were no material contracts entered into by the Company or its subsidiaries involving the interests of the CEO, Directors or controlling shareholders, which are either still subsisting at the end of the financial year ended 31 January 2018 or if not then subsisting, entered into since the end of the previous financial year.

6. DEALINGS IN SECURITIES

The Company has adopted a policy on dealings in securities in accordance with Rule 1207(19) of the Listing Manual. The Directors and officers are prohibited to deal in the Company's securities, during the period beginning one (1) month and two (2) weeks before the date of the announcement of the full year and half-year results respectively and ending on the date of the announcement of the relevant results. In addition, the officers of the Company are reminded (i) not to deal with the Company's securities on short term considerations or if they are in possession of unpublished material price-sensitive information; and (ii) that they are required to report on their dealings in shares of the Company. The Directors and employees of the Company are also advised to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods.

7. INTERESTED PERSON TRANSACTIONS

The Group has established internal procedures to ensure compliance with the requirement of Chapter 9 of the Listing Manual on interested person transactions. When a potential conflict of interest occurs, the Director concerned will be excluded from discussions and refrain from exercising any influence over other members of the Board.

During the financial period under review, the Group did not have a Shareholders' mandate pursuant to Rule 920 of the Listing Manual.

The aggregate value of interested person transactions for the year ended 31 January 2018 is as follows:

Name of interested person	Aggregate value of all interested person transaction during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the (excluding transactions less than S$100,000)
Eversheds Harry Elias LLP Provision of corporate secretarial services by Eversheds Harry Elias LLP where Mr. Ong Wei Jin is a partner	32,500	N.A.

RISK ASSESSMENT AND MANAGEMENT

The Board is responsible for the governance of risk. The risk management systems are appropriate to each of its operating subsidiaries. This framework is designed to enable management to identify and manage those essential risks of the respective businesses and operations.

The following are the major risk exposure of the Group:-

1. Political, Social, Economic Risks

We are affected by the political, social and economic conditions in the countries in which the Group operates and where our customers and suppliers are located. Factors such as fluctuations in exchange rates, economic recession, inflation, changes in governmental or regulatory policies, labour conditions, implementation of import and export controls can affect the Group's operations and financial results.

2. Financial Risk

The Group is exposed to a variety of financial risks, namely credit, liquidity, interest rate and foreign currency risks. The identification and management of such risks are outlined on pages 50 to 54 of the Annual Report (under Note 4 to the Financial Statement).

3. Operational Risk

Inherent in all business activities, it is potential for financial loss and business instability arising from failures in internal controls, operational processes or the system that supports them.

To minimise exposure to such risks, the Group has put in place operating manuals, standard operating procedures, delegation of authority guidelines and a regular reporting framework which encompasses operational and financial reporting. Independent checks on risk issues are also undertaken by the Internal Audit function in addition to regular risk review meetings of the risk management committee.

The Group also reviews risk transfer mechanism such as insurance to insure against risk and to determine insurance levels which are appropriate in terms of cost of cover and risk profiles of the businesses in which it operates.

4. Investment Risk

The Group is exposed to investment risk for all its major investments.

To mitigate such risk, all major investments are subjected to vigorous scrutiny to ensure that they meet the required rates of return, taking into consideration of all relevant risk factors such as operating currency and liquidity risks. In additional, the Board requires that each major investment proposal submitted to the Board for approval is accompanied by a comprehensive risk assessment of the proposed investment.

5. Compliance and Legal Risk

Compliance risk arises from a failure or inability to comply with the laws and regulations, applicable to the various industries. Non-compliance may lead to fines, public reprimands, enforced suspension of operations or withdrawal of license to operate.

The responsibility to ensure compliance with applicable laws and regulations vests with the respective operating heads. Legal risk includes risks arising from actual or potential violations of law or regulation, inadequate documentation, failure to protect the Group's property etc.

The Group identifies and manages legal risk through use of its external legal advisers.

Directors' Statement and Financial Statements

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Camsing Healthcare Limited (the "Company") and its subsidiary corporations (collectively, the "Group") and statement of financial position and statement of changes in equity of the Company for the financial year ended January 31, 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 32 to 69 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at January 31, 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Lo Ching
Liu Hui
Lau Chin Hock Kenneth Raphael
Maurice Tan Huck Liang
Ong Wei Jin

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the Register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations as stated below:

	Deemed interest	
Name of director	**At beginning of year**	**At end of year**
Ultimate holding company		
Creative Elite Holdings Ltd		
(Ordinary shares)		
Lo Ching	25,008,120	25,008,120

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and February 21, 2018.

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

4 SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

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

5 AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act, Cap. 50 of Singapore. The functions performed are detailed in the Corporate Governance Report.

6 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Lo Ching
Director

Liu Hui
Director

May 3, 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Camsing Healthcare Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at January 31, 2018, and 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 and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 32 to 69.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at January 31, 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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.

Key audit matters	Our audit performed and responses thereon
Impairment of property, plant and equipment	
In view of the continued losses incurred by some of the retail outlets of the Group during the year ended January 31, 2018, management performed an impairment assessment of its property, plant and equipment. This impairment assessment involves significant judgement and estimates in the preparation of future cash flow forecasts. The key assumptions applied to the impairment assessment of certain property, plant and equipment of outlets which indication of impairment existed and the sensitivity of changes in these key assumptions to the risk of impairment are disclosed in Note 10 to the financial statements.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in conducting the impairment review. These procedures included: ● Assessed key control related to management's assessment and identification of cash-generating units and preparation of profit forecasts. ● Challenging the key assumptions used in the discounted cash flow forecasts with comparison to recent performance, trend analysis, and future business plans. ● Stress-testing the discounted cash flow forecasts by performing independent sensitivity analysis. ● By reference to prior years' performance to assess the reasonableness of assumptions applied to the discounted cash flow forecast. We have also assessed and validated the appropriateness of disclosures made in the financial statements.
Impairment of investment in subsidiaries of the Company	
The Company assesses at each reporting date whether there is any indication that its investment in subsidiaries may be impaired. If such indication exists, management will carry out an assessment of the value in use of the cash-generating units and determine if an impairment loss is required to be recorded during the year. The key assumptions to the impairment assessment and the sensitivity of changes in these key assumptions to the risk of impairment are disclosed in Note 11 to the financial statements.	Our audit procedures focused on evaluating and challenging the key assumptions used by management in conducting the impairment review. These procedures included: ● Assessed key control related to management's assessment and identification of cash-generating units and preparation of profit forecasts. ● Challenging the key assumptions used in the discounted cash flow forecasts with comparison to recent performance, trend analysis, future business plans and committed orders from customers. ● Stress-testing the discounted cash flow forecasts by performing independent sensitivity analysis. ● By reference to prior years' forecasts to assess whether the entities have achieved them. We have also assessed and validated the appropriateness of disclosures made in the financial statements.

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

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

May 3, 2018

STATEMENTS OF FINANCIAL POSITION

January 31, 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
ASSETS					
Current assets					
Cash and cash equivalents	7	**5,094**	5,784	**3,420**	3,373
Trade and other receivables	8	**4,452**	3,833	**204**	457
Inventories	9	**3,198**	3,553	**–**	–
Total current assets		**12,744**	13,170	**3,624**	3,830
Non-current assets					
Other receivables	8	**442**	672	**–**	–
Property, plant and equipment	10	**2,465**	2,138	**–**	–
Investment in subsidiaries	11	**–**	–	**13,366**	18,216
Deferred tax assets	12	**117**	209	**–**	–
Total non-current assets		**3,024**	3,019	**13,366**	18,216
Total assets		**15,768**	16,189	**16,990**	22,046
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	13	**770**	743	**8,241**	8,235
Provisions	14	**279**	145	**–**	–
Interest-bearing loans and borrowings	15	**3,400**	4,200	**–**	–
Finance lease	16	**16**	16	**–**	–
Total current liabilities		**4,465**	5,104	**8,241**	8,235
Non-current liabilities					
Finance lease	16	**25**	41	**–**	–
Deferred tax liabilities	12	**231**	178	**–**	–
Total non-current liabilities		**256**	219	**–**	–
Capital and reserves					
Share capital	17	**14,250**	14,250	**14,250**	14,250
Reserves	18	**(3,257)**	(3,431)	**–**	–
Retained earnings (Accumulated losses)		**100**	47	**(5,501)**	(439)
Equity attributable to owners of the company		**11,093**	10,866	**8,749**	13,811
Non-controlling interests		**(46)**	–	**–**	–
Total equity		**11,047**	10,866	**8,749**	13,811
Total liabilities and equity		**15,768**	16,189	**16,990**	22,046

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended January 31, 2018

	Note	2018 $'000	2017 $'000
Revenue	19	**14,912**	18,235
Cost of sales		**(6,311)**	(8,982)
Gross profit		**8,601**	9,253
Interest income	20	**29**	27
Other income	21	**470**	1,172
Marketing and distribution expenses		**(6,636)**	(7,756)
Administrative expenses		**(2,288)**	(2,401)
Finance costs	22	**(54)**	(131)
Profit before tax		**122**	164
Income tax expense	23	**(115)**	(3)
Profit for the year	24	**7**	161
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Deferred tax liability arising from revaluation of leasehold property	23	**(30)**	(5)
Revaluation of leasehold property		**178**	28
		148	23
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		**26**	44
Reclassification to profit or loss from equity on disposal of available-for-sale investments		**–**	25
		26	69
Other comprehensive income for the year, net of tax		**174**	92
Total comprehensive income for the year		**181**	253
Profit attributable to:			
Owners of the Company		**53**	161
Non-controlling interest		**(46)**	–
		7	161
Total comprehensive income attributable to:			
Owners of the Company		**227**	253
Non-controlling interest		**(46)**	–
		181	253
Earnings per share (cents per share)			
Basic and diluted	25	**0.18**	0.54

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended January 31, 2018

	Note	Attributable to owners of the Company							
		Share capital	Foreign currency translation reserve	Revaluation reserve	Fair value reserve	Retained earnings (Accumulated losses)	Equity attributable to owners of the Company	Non-controlling interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Balance as at February 1, 2016		**14,250**	**(3,994)**	**496**	**(25)**	**(114)**	**10,613**	**–**	**10,613**
Total comprehensive income for the year									
Profit for the year		–	–	–	–	161	161	–	161
Other comprehensive income for the year		–	44	23	25	–	92	–	92
Total		–	44	23	25	161	253	–	253
Balance as at January 31, 2017		**14,250**	**(3,950)**	**519**	**–**	**47**	**10,866**	**–**	**10,866**
Total comprehensive income for the year									
Profit for the year		–	–	–	–	53	53	(46)	7
Other comprehensive income for the year		–	26	148	–	–	174	–	174
Total		–	26	148	–	53	227	(46)	181
Balance as at January 31, 2018		**14,250**	**(3,924)**	**667**	**–**	**100**	**11,093**	**(46)**	**11,047**

	Note	Share capital	Fair value reserve	Retained earnings (Accumulated losses)	Total
		$'000	$'000	$'000	$'000
Company					
Balance as at February 1, 2016		**14,250**	**(25)**	**(91)**	**14,134**
Total comprehensive income for the year					
Loss for the year		–	–	(348)	(348)
Other comprehensive income for the year		–	25	–	25
Total		14,250	25	(348)	(323)
Balance as at January 31, 2017		**14,250**	**–**	**(439)**	**13,811**
Total comprehensive income for the year					
Loss for the year		–	–	(5,062)	(5,062)
Total		–	–	(5,062)	(5,062)
Balance as at January 31, 2018		**14,250**	**–**	**(5,501)**	**8,749**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended January 31, 2018

	2018 $'000	2017 $'000
Operating activities		
Profit before tax	**122**	164
Adjustments for:		
Depreciation expense	**413**	349
Impairment loss on property, plant and equipment	**67**	66
Property, plant and equipment written off	**191**	–
Allowance for (reversal of) for inventory obsolescence	**17**	(16)
Inventories written off	**14**	114
Interest expense	**54**	131
Interest income	**(29)**	(27)
Loss on disposal of investment securities	**–**	25
Foreign exchange differences	**26**	44
Operating cash flows before movements in working capital	**875**	850
Trade and other receivables	**(389)**	(2,908)
Inventories	**324**	3,105
Trade and other payables	**27**	(212)
Provisions	**134**	(29)
Cash generated from operations	**971**	806
Interest received	**29**	27
Interest paid	**(54)**	(131)
Income taxes refund	**–**	12
Net cash from operating activities	**946**	714
Investing activities		
Purchase of property, plant and equipment	**(821)**	(389)
Proceeds from disposal of investment securities (Note A)	**–**	519
Proceeds from disposal of property, plant and equipment	**1**	–
Net cash (used in) from investing activities	**(820)**	130
Financing activities		
Proceeds from interest-bearing loans and borrowings	**–**	4,200
Repayment of interest-bearing loans and borrowings	**(800)**	(838)
Repayment of finance lease obligations	**(16)**	(16)
Fixed deposits lifted from a financial institution	**–**	3,400
Net cash (used in) from financing activities	**(816)**	6,746
Net (decrease) increase in cash and cash equivalents	**(690)**	7,590
Cash and cash equivalents (overdrawn) at beginning of the year	**5,784**	(1,806)
Cash and cash equivalents at end of the year	**5,094**	5,784

Note A:

In 2017, the Group disposed available-for-sale investments for a consideration of $519,000.

Note B:

In 2016, the fixed deposits were pledyed as security for the Group's bank borrowings.

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration Number 197903888Z) is incorporated and domiciled in Singapore. The registered office of the Company is at SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807. The principal place of business is located at 18 Kaki Bukit Road 3, #05-16 Entrepreneur Business Centre, Singapore 415978. The Company is listed on the Singapore Exchange. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended January 31, 2018 were authorised for issue by the Board of Directors on May 3, 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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

- Level 3 inputs are unobservable inputs for the asset or liability.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Management has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there will be no change to the Group's and the Company's current accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time (see below), and the election of certain transition options available under SFRS(I) 1.

Management will not be electing the option to use fair value as deemed cost for certain property, plant and equipment and the option to reset the translation reserve.

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (January 31, 2019), it is not possible to know all possible effects as at date of authorisation of the current year's financial statements. If there are any subsequent pronouncements on SFRS(I) that are effective as at January 31, 2019, they may impact the disclosures of estimated effects described below.

New SFRS(I) that may have impact - The following SFRS(I) pronouncements are expected to have an impact to the Group and the Trust in the periods of their initial application under the new SFRS(I) framework:

Effective for annual periods beginning on or after January 1, 2018

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases*

SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SFRS(I) 9 Financial Instruments (cont'd)

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

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

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms. Under SFRS(I) 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The adoption of SFRS(I) 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

SFRS(I) 9 will take effect from financial years beginning on or after January 1, 2018. The Group plans to elect to apply the short-term exemption under SFRS(I) 1, which exempt the Group from applying SFRS(I) 9 to comparative information.

The Group anticipates that the initial application of the new SFRS(I) 9 will result in changes to the accounting policies relating to the impairment provisions of financial assets and liabilities. The Group will consider whether a lifetime or 12-month expected credit losses on financial assets and liabilities should be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets and liabilities from initial recognition to the date of initial application of SFRS(I) 9. Additional disclosures will also be made. The Group does not expect the adoption of the above SFRS(I) 9 to have a material impact on the financial statements of the Group in the period of their initial adoption. The Group does not plan to early adopt the new SFRS(I) 9.

SFRS(I) 15 Revenue from Contracts with Customers

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

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

- Step 1: Identify the contract(s) with a customer.

- Step 2: Identify the performance obligations in the contract.

- Step 3: Determine the transaction price.

- Step 4: Allocate the transaction price to the performance obligations in the contract.

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers (cont'd)

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

The Group does not expect the adoption of the above SFRS(I) to have a material impact on the financial statements of the Group in the period of their initial adoption. However, additional disclosures for trade receivables and revenue may be required including any significant judgement and estimation made. The Group does not expect the adoption of the above SFRS(I) 15 to have a material impact on the financial statements of the Group in the period of their initial adoption. The Group does not plan to early adopt the new SFRS(I) 15.

SFRS(I) 16 Leases

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

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

SFRS(I) 16 will take effect from financial years beginning on or after January 1, 2019.

The standard will affect primarily the accounting for the Group's operating leases. The future minimum rental expense payable under significant non-cancellable leases is disclosed in Note 26. The Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit or loss and classification of cash flows. The Group does not plan to early adopt SFRS(I) 16 for financial year ending January 31, 2019.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Rights arising from other contractual arrangements; and

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

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

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

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

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 Financial Instruments: Recognition and Measurement, or FRS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 Income Taxes and FRS 19 Employee Benefits respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 Share-based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

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

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

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

Derecognition of financial liabilities

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

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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

The Group as lessee

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

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT - Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Leasehold property	-	over the remaining term of lease
Plant and machinery, furniture and vehicles	-	3 to 10 years

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

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

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when the property is derecognised.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. A provision for impairment is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where provision for impairment subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no provision for impairment been recognised for the asset (cash-generating unit) in prior years. A reversal of provision for impairment is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

Sale of goods

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

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

Interest income

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

Management and license fee income

Management and license fee income is recognised on an accrual basis in accordance with the substance of the relevant agreement. Fees determined on a time basis recognised on a straight-line basis over the period of the agreement.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in the currency translation reserve.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Group's accounting policies

Management is of the opinion that any instances of applications of judgements expected to have a significant effect on the amounts recognised in the financial statements is as follows (apart from those involving estimations, which are dealt with below):

Control over Camsing Healthcare (Fuzhou) Medical Instrument Co., Ltd.

Camsing Healthcare (Fuzhou) Medical Instruments Co., Ltd ("Camsing Fuzhou") was incorporated on December 4, 2017 in Fuzhou, PRC with authorised share capital of RMB45 million (approximately $9 million). Pursuant to a joint venture agreement dated December 15, 2017, the Group and a third party joint venture partner each agrees to hold equity interest of 51% and 49%, respectively in Camsing Fuzhou and to inject capital proportionately. As of January 31, 2018, the Group's first stage capital injection of RMB4.9 million ($ 1 million) has been completed, while the capital injection by the joint venture partner is still in progress.

Management assessed whether or not the Group has control over Camsing Fuzhou based on whether the Group has the practical ability to direct the relevant activities of Camsing Fuzhou unilaterally. In making their judgement, management considered among other things, the Group's shareholding in Camsing Fuzhou and voting rights in the general meetings. After assessment, management concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Camsing Fuzhou and therefore has control over Camsing Fuzhou.

Key sources of estimation uncertainty

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

(i) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 10 years except for the building which is 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment as at January 31, 2018 is disclosed in Note 10.

(ii) Allowance for inventory obsolescence

Allowance for inventory obsolescence is estimated based on the available facts and circumstances, including but not limited to, the inventories own physical conditions and aging, their market selling prices, and estimated costs to be incurred for their sales. The allowances are re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Group's inventories as at the end of the reporting period is disclosed in Note 9.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

(iii) Impairment of investment in subsidiaries

The Company assesses at each reporting date whether there is an indication that its investment in subsidiaries may be impaired. This requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Based on the assessment, the Company made an impairment loss of $4,850,000 (2017: $120,000) to write down the carrying amount of its investment in subsidiaries. Key assumptions used by management in determining the value in use of the relevant cash-generating unit are as follows:

- Revenue growth rate of 0% to 2% (2017: 0% to 7%) per annum and 2% (2017 : 2%) as terminal growth rate;

- Discount rate of 11.1% (2017 : 15.1%)

The carrying amount of the Company's investment in subsidiaries at January 31, 2018 net of impairment losses recognised is disclosed in Note 11.

(iv) Assessment of recoverability of receivables

The assessment of recoverability of trade and other receivables of the Group is based on the ongoing evaluation of collectability and ageing analysis of the outstanding debts and on management's estimate of the ultimate realisation of these receivables, including creditworthiness and the past collection history of each debtor. Management has evaluated the recovery of those receivables based on such estimates and is confident that the allowance for doubtful receivables, where necessary, is adequate. Management performs on-going assessments on the ability of its debtors to repay the amounts owing to the Group. The carrying amounts of the Group's trade and other receivables as at the end of the reporting period are disclosed in Note 8.

(v) Valuation of leasehold property

As disclosed in Note 10, the leasehold property is stated at fair value based on the valuation performed by an independent professional valuer. The independent professional valuer determined the fair values based on a method of valuation which involves the use of certain estimates. Management is of the view that the estimates used by the independent professional valuer are reasonable.

(vi) Impairment of property, plant and equipment

The Group assesses at each reporting date whether there is an indication that its property, plant and equipment may be impaired. Where such indicators exist, management has evaluated the value in use of the assets. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the use of the assets. The carrying amount of the Group's property, plant and equipment at January 31, 2018 is disclosed in Note 10.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and bank balances)	**9,112**	9,805	**3,581**	3,806
Financial liabilities				
Amortised cost	**4,211**	5,000	**8,241**	8,235

(b) Financial risk management policies and objectives

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Board of Directors reviewed and agreed policies and procedures for the management of these risks. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. The Group and the Company do not apply hedge accounting.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including the Australian Dollar ("AUD"), United States Dollar ("USD"), New Zealand Dollar ("NZD") and Japanese Yen ("JPY") and therefore is exposed to foreign exchange risk.

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

	Group			
	Assets		Liabilities	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
USD	**3,218**	2,124	**244**	38
NZD	**–**	43	**27**	–
JPY	**–**	30	**–**	–

The following table demonstrates the sensitivity to a 5% increase and decrease in the foreign currencies against the Singapore dollar. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

If the relevant foreign currency strengthens by 5% against the Singapore dollar, profit before tax will increase (decrease) by:

Sensitivity analysis for foreign currency risk

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
USD	**149**	104	**–**	–
NZD	**(1)**	2	**–**	–
JPY	**–**	2	**–**	–

(ii) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their interest-bearing loans and borrowings. The Group obtains additional financing through term loan from banks and leasing arrangements. The Group's policy is to obtain the most favourable interest rates available. Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's interest-bearing loans and borrowings, and finance lease (Notes 15 and 16).

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended January 31, 2018 would decrease/increase by $17,000 (2017 : $21,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings;

(iii) Credit risk management

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Of the receivables balance at the end of the year, $3,112,000 (2017 : $2,713,000) is due from the Group's largest customer. There are no other customers who represent more than 5% of the total balance of the receivables.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management (cont'd)

Exposure to credit risk

The maximum amount the Company could be forced to settle under the corporate guarantee, if the full guaranteed amount is claimed by the counterparty to the guarantee is $2,200,000 (2017 : $2,200,000).

Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade and sundry receivables on an on-going basis. The credit risk concentration profile of the Group's trade and sundry receivables at the end of the reporting period is as follows:

	Group			
	2018		2017	
	$'000	% of total	$'000	% of total
By country:				
Singapore	**24**	**1**	50	2
Malaysia	**–**	**–**	21	1
China	**3,181**	**99**	2,922	97
	3,205	**100**	2,993	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and bank balances are placed with reputable financial institutions.

Information regarding financial assets that are neither past due nor impaired is disclosed in Note 8.

(iv) Liquidity risk management

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

At the end of the financial year, the Company's current liabilities exceed its current assets by $4,617,000 (2017 : $4,405,000). The Company's current liabilities are mainly due to amounts owing to wholly owned subsidiaries of $8,162,000 (2017 : $8,162,000). In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows as a whole. The Company's liquidity risk is mitigated as management has the control over the timing and repayment of these financial liabilities arising from amounts due to wholly owned subsidiaries.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate	1 year or less	1 to 5 years	Over 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
Group - 2018						
Financial liabilities						
Trade and other payables		770	–	–	–	770
Interest-bearing loans and borrowings	1.89 to 1.90	3,464	–	–	(64)	3,400
Finance lease	5.50	18	29	–	(6)	41
Total financial liabilities		4,252	29	–	(70)	4,211
Group - 2017						
Financial liabilities						
Trade and other payables	–	743	–	–	–	743
Interest-bearing loans and borrowings	1.69 to 1.70	4,271	–	–	(71)	4,200
Finance lease	5.50	18	47	–	(8)	57
Total financial liabilities	–	5,032	47	–	(79)	5,000
Company - 2018						
Financial liabilities						
Other payables, representing total financial liabilities		8,241	–	–	–	8,241
Company - 2017						
Financial liabilities						
Other payables, representing total financial liabilities		8,235	–	–	–	8,235

The maximum amount the Company could be forced to settle under the corporate guarantee contract (2017 : corporate guarantee contract), if the full guaranteed amount (2017 : full guaranteed amount) is claimed by the counterparty to the guarantee (2017 : guarantee) is $2,200,000 (2017 : $2,200,000). The earliest period that the corporate guarantee (2017 : corporate guarantee) could be called is within 1 year from the end of the reporting period. As mentioned in Note 4(b)(iii), the Group considers that it is more likely than not that no amount will be payable under the arrangement.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(v) Fair value of financial assets and financial liabilities

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

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

(c) Capital management policies and objectives

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes since the prior year.

During the year, the Group did not fulfil the minimum consolidated Tangible Net Worth as required by the bank facility contract. On January 31, 2018, the Group received a letter from bank where the bank indicated its willingness accommodate the breach of financial covenants. The bank shall not be held to have waived or condoned or acquiesced in such breach and may at any time exercise its right in respect of the loan granted to the Group. Management is in the process of renegotiating the terms and financial covenants of the banking facility with the bank. Information relating to the Group's borrowings is also disclosed in Note 15.

The Group monitors capital using a gearing ratio, which is net cash divided by total capital plus net cash. The Group includes within net cash, interest-bearing loans and borrowings and trade and other payables, less cash and bank balances. The capital structure of the Group consists of interest-bearing loans and borrowings and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings.

		Group	
	Note	**2018**	**2017**
		$'000	**$'000**
Interest-bearing loans and borrowings	15	**3,400**	4,200
Trade and other payables	13	**770**	743
Finance lease	16	**41**	57
Less: Cash and bank balances	7	**(2,467)**	(3,184)
Less: Fixed deposits	7	**(2,627)**	(2,600)
Net cash		**(883)**	(784)
Equity attributable to owners of the Company		**11,093**	10,866
Capital and net cash		**10,210**	10,082
Gearing ratio		**N.A**	N.A

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Creative Elite Holdings Ltd, incorporated in the British Virgin Islands, which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the holding company's group of companies,

Some of the Company's transactions and arrangements are between members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

	Group	
	2018	**2017**
	$'000	**$'000**
Professional fees paid to an entity where a director of the company is a partner	**33**	36
Management fees received from an entity controlled by a common shareholder	**–**	180

	Group	
	2018	**2017**
	$'000	**$'000**
Compensation of key management personnel		
Directors' fees		
- Directors of the Company	**63**	95
Short-term employee benefits	**284**	429
Retirement benefit scheme	**5**	20
	352	544
Comprise amounts paid to:		
- Directors of the Company	**63**	95
- Other key management personnel	**289**	449
	352	544

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks and in hand	**2,467**	3,184	**793**	773
Fixed deposits	**2,627**	2,600	**2,627**	2,600
	5,094	5,784	**3,420**	3,373

Cash and bank balances of the Group and the Company placed with financial institutions earned an interest rate ranging from 0% to 0.1% (2017 : 0% to 0.1%) per annum and is re-priced annually. The fixed deposits have an interest rate of 1.0% to 1.18% (2017 : 1%) per annum. Fixed deposits are rolled over on a 3-month (2017 : 3-month) basis, and earn interests at the respective fixed deposit rates.

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Current:				
Trade receivables	**2,791**	2,926	**–**	–
Other receivables:				
- Rental deposits	**393**	209	**–**	–
- Deferred lease payment	**49**	38	**–**	–
- Prepayments	**805**	413	**43**	24
- Sundry receivables	**414**	67	**–**	–
- Related companies (Note 5)	**–**	180	**161**	433
Total	**4,452**	3,833	**204**	457
Non-current:				
Rental deposits	**420**	639	**–**	–
Deferred lease payment	**22**	33	**–**	–
Total	**442**	672	**–**	–

The table below is an analysis of trade receivables as at January 31:

	Group	
	2018	**2017**
	$'000	**$'000**
Not past due and not impaired	**2,774**	2,860
Past due but not impaired (i)	**17**	66
	2,791	2,926

(i) Aging of receivables that are past due but not impaired:

Less than 30 days	**–**	4
30 to 60 days	**7**	6
61 to 90 days	**–**	8
More than 90 days	**10**	48
	17	66

The table below is an analysis of sundry receivables as at January 31:

Not past due and not impaired	**414**	67

8 TRADE AND OTHER RECEIVABLES (cont'd)

(l) These amounts are stated before any deduction for impairment losses.

Movement in the allowance for doubtful receivables:

	Group	
	2018	**2017**
	$'000	**$'000**
Balance at beginning of the year	**–**	443
Amounts written off during the year	**–**	(443)
Balance at end of the year	**–**	–

The average credit period on sales of goods is 30 to 60 days (2017 : 30 to 60 days). No interest is charged on overdue amounts. Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The trade receivables which are neither past due nor impaired are assessed to be recoverable as there has not been a significant change in credit quality. Accordingly, the management believes that there are no further credit allowances required in excess of the allowance for doubtful debts.

The concentration of credit risk of the Group's receivables is disclosed in Note 4(b)(iii).

Sundry receivables are non-interest bearing and are generally on 30 to 90 days terms.

Deferred lease payment relates to rental of retail outlets, is initially recognised at fair value. The difference between the fair value and the actual amount paid is carried at the end of the reporting period as a deferred lease expense. The deferred lease expense is recognised as lease expense on a straight line basis over the lease terms ranging from 1 to 3 years (2017 : 1 to 3 years). Interest income is recognised over the lease terms on carrying amount of the deposit.

9 INVENTORIES

	Group	
	2018	**2017**
	$'000	**$'000**
Health foods and supplements		
- Raw materials	**330**	874
- Finished goods	**2,789**	2,675
- Goods in transit	**79**	4
	3,198	3,553
Inventories are stated after deducting allowance for stock obsolescence	**21**	4

9 INVENTORIES (cont'd)

Analysis of allowance for inventory obsolescence:

	Group	
	2018	**2017**
	$'000	**$'000**
Balance at beginning of year	**4**	20
Allowance (Reversal) during the year	**17**	(16)
Balance at end of year	**21**	4
Inventories recognised as an expense in cost of sales	**6,311**	8,982
Allowance (Reversal) during the year	**17**	(16)
Inventory written off	**14**	114

Allowance for inventories as at January 31, 2018 amounting to $21,000 (2017 : $4,000) has been estimated based on the age, historical and expected future usage of inventories.

10 PROPERTY, PLANT AND EQUIPMENT

	Leasehold property	Plant and machinery, furniture and vehicles	Total
	$'000	**$'000**	**$'000**
Group			
Cost or valuation:			
At February 1, 2016	1,100	3,153	4,253
Additions	–	389	389
Written off	–	(576)	(576)
At January 31, 2017	1,100	2,966	4,066
Additions	–	821	821
Increase in valuation	150	–	150
Written off	–	(574)	(574)
At January 31, 2018	1,250	3,213	4,463
Comprising:			
At January 31, 2017			
At cost	–	2,966	2,966
At valuation	1,100	–	1,100
	1,100	2,966	4,066
At January 31, 2018			
At cost	–	3,213	3,213
At valuation	1,250	–	1,250
	1,250	3,213	4,463

10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold property $'000	Plant and machinery, furniture and vehicles $'000	Total $'000
Group (cont'd)			
Accumulated depreciation:			
At February 1, 2016	–	2,117	2,117
Depreciation charge for the year	28	321	349
Eliminated on revaluation	(28)	–	(28)
Written off	–	(576)	(576)
At January 31, 2017	–	1,862	1,862
Depreciation charge for the year	28	385	413
Eliminated on revaluation	(28)	–	(28)
Written off	–	(316)	(316)
At January 31, 2018	–	1,931	1,931
Impairment:			
At January 31, 2017	–	66	66
Eliminated on disposal	–	(66)	(66)
Impairment loss recognised during the year	–	67	67
At January 31, 2018	–	67	67
Carrying amount:			
At January 31, 2018	1,250	1,215	2,465
At January 31, 2017	1,100	1,036	2,138

During the year, the Group carried out an impairment assessment of its plant and machinery, furniture and vehicles. These assets are used in the Group's health food trade segment. Based on the performance of the outlets, impairment indicators were identified for those outlets that have incurred losses. The review led to the recognition of an impairment loss on certain plant and machinery, furniture and vehicles of $67,000 (2017 : $66,000) that has been recognised in profit or loss, and included in the line item administrative expenses.

The recoverable amount of the relevant assets has been determined on the basis of their value in use. The discount rate of 11.1% (2017 : 15.1%) and revenue growth rate ranging from Nil% to 2.0% (2017: Nil% to 4.5%) were applied to the future cash flow forecasts up to the useful life of these assets. Management has further performed the following sensitivity analysis on certain assets which show indication of impairment and is confident that no further impairment loss is required. Should the discount rate increased to 49% (2017 : 19%) or the revenue growth rate decreased by 1% (2017 : 1%), the Group would have to record an additional impairment loss of approximately $53,000 (2017 : $32,000) on certain plant and machinery, furniture and vehicles.

As at January 31, 2018, the leasehold property with net carrying amount of $1,250,000 (2017: $1,100,000) was pledged as security for the Group's term loan (Note 15).

As at January 31, 2018, a vehicle with net carrying amount of $35,000 (2017 : $54,000) that is acquired under finance lease arrangement is pledged as security for the finance lease (Note 16).

At January 31, 2018, had the leasehold property been carried at historical cost less accumulated depreciation, the carrying amount would have been approximately $507,522 (2017 : $521,620).

10 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Fair value measurement of the Group's leasehold property

As at January 31, 2018, the Group's leasehold property is stated at its revalued amount, being the fair value at the date of revaluation. The fair value measurements of the Group's leasehold property as at January 31, 2017 and 2018 was performed by Sterling Property Consultants Pte Ltd, an independent valuer not connected with the Group, who has appropriate qualifications and recent experience in the fair value measurement of the property in the relevant location.

The fair value of the leasehold property was determined based on the direct comparison approach that reflects recent transaction prices for similar properties.

Details of the Group's leasehold property and information about the fair value hierarchy as at January 31 are as follows:

	Level 1	Level 2	Level 3	Fair value as at January 31, 2018
	$'000	$'000	$'000	$'000
Leasehold property	–	–	1,250	1,250

	Level 1	Level 2	Level 3	Fair value as at January 31, 2017
	$'000	$'000	$'000	$'000
Leasehold property	–	–	1,100	1,100

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

The following table shows the significant unobservable input used in the valuation model for January 31, 2018 and 2017:

Type	Significant unobservable inputs	Relationship of unobservable inputs and fair value measurement
Leasehold property	Price per square feet of gross floor area of 4,252 (2017 : 4,252) square feet is approximately $294 (2017 : $260)	The higher the price per square foot of gross floor area, the estimated fair value increases. An increase of $5 (2017 : $5) per square foot would increase the estimated fair value by $21,260 (2017 : $21,260).

11 INVESTMENT IN SUBSIDIARIES

	Company	
	2018	2017
	$'000	$'000
Unquoted shares, at cost	**33,802**	33,802
Impairment losses	**(20,436)**	(15,586)
	13,366	18,216

Movement in impairment loss on investment in subsidiaries:

At beginning of financial year	**15,586**	15,466
Charge for the year	**4,850**	120
At end of financial year	**20,436**	15,586

11 INVESTMENT IN SUBSIDIARIES (cont'd)

During the financial year, management reviewed the carrying amounts of the Company's investment in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss. Management determined that such indications existed at the end of the reporting period. Accordingly, the recoverable amounts of the Company's subsidiaries have been determined based on value in use calculation using future cash flow forecasts from financial budgets approved by management covering five years period or net assets of the subsidiaries, if they are investment holding or inactive. The discount rate applied to the future cash flow forecasts was 11.1% (2017 : 15.1%) and the forecasted revenue growth rate used to extrapolate cash flow projections beyond the five year period ranged from 0% to 2% (2017 : 0% to 7%) per annum respectively, and 2% (2017 : 2%) as terminal growth rate.

An impairment loss of $4,850,000 (2017 : $120,000) was recognised for the year ended January 31, 2018 to write down subsidiaries to its estimated recoverable amount.

Management has further performed the following sensitivity analysis and is confident that no further impairment loss is required. Should the discount rate be increased to 15% (2017 : 16%), the Company would have to record an impairment loss of approximately $215,000 (2017 : $618,000) on its investment in subsidiaries. Should the forecasted revenue growth rate be decreased by 1% (2017 : 1%), the Company would have to record an impairment loss of approximately $1,808,000 (2017 : $2,539,000) on its investment in subsidiaries.

Details of the Group's subsidiaries at January 31, 2018 are as follows:

	Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest and voting power held 2018 %	2017 %
	Held by the Company				
(i)	William Jacks & Co. (Singapore) Pte. Ltd.	Singapore	Trading in health foods and supplements	**100**	100
(i)	Nutra-Source Pte. Ltd.	Singapore	Trading in health foods and supplements	**100**	100
(ii) (iv)	Jacks Overseas Limited	Bahamas	Investment holding and management	**100**	100
(ii)	William Jacks (Australia) Pty. Ltd.	Australia	Investment holding	**100**	100
	Held through William Jacks & Co. (Singapore) Pte. Ltd.				
(i)	Nature's Farm Pte. Ltd.	Singapore	Trading in health foods and supplements	**100**	100
(iii)	Nature's Farm (Shanghai) Co. Ltd.	People's Republic of China	Trading in health foods and supplements	**100**	100
	Held through Nature's Farm Pte. Ltd.				
(ii)	Camsing Healthcare (Fuzhou) Medical Co. Ltd. Instrument Co. Ltd.	People's Republic of China	Trading in medical supplies and medical instrument	**51**	–
	Held through Jacks Overseas Limited				
(i)	Wismer Automation (Singapore) Pte. Ltd.	Singapore	Inactive	**90**	90

11 INVESTMENT IN SUBSIDIARIES (cont'd)

(i) Audited by Deloitte & Touche LLP, Singapore.
(ii) Not audited for consolidation purpose as the subsidiary is not material.
(iii) Audited by Shanghai Xing Yun Certified Public Accountants Co, Ltd.
(iv) Not required to present audited financial statements under the laws of its country of incorporation.

Wismer Automation (Singapore) Pte. Ltd. being a non-wholly owned subsidiary of the Group is inactive and has no material non-controlling interest to the Group.

Camsing Healthcare (Fuzhou) Medical Instrument Co., Ltd ("Camsing Fuzhou") is also a non-wholly owned subsidiary of the Group, which is at its initial stage of operations. The carrying amount of the non-controlling interest is not material to the Group as at the end of the reporting period.

Camsing Fuzhou was incorporated on December 4, 2017 in Fuzhou, PRC with authorised share capital of RMB45 million (approximately $9 million). Pursuant to a joint venture agreement dated December 15, 2017, the Company and a third party joint venture partner each agrees to hold equity interest of 51% and 49%, respectively in Camsing Fuzhou and to inject capital proportionately. As of January 31, 2018, the Company's first stage capital injection of RMB4.9 million ($ 1 million) has been completed, while the capital injection by the joint venture partner is still in progress.

The directors of the Company assessed whether or not the company has control over Camsing Fuzhou based on whether the Company has the practical ability to direct the relevant activities of Camsing Fuzhou unilaterally. In making their judgement, the directors considered among other things, the Company's shareholding in Camsing Fuzhou and voting rights in the general meetings. After assessment, the directors concluded that the Company has a sufficiently dominant voting interest to direct the relevant activities of Camsing Fuzhou and therefore the Company has control over Camsing Fuzhou.

12 DEFERRED TAXATION

Deferred tax as at January 31 relates to the following:

	Revaluation of building $'000	Unused tax losses and capital allowance $'000	Difference between tax and accounting depreciation $'000	Others $'000	Total $'000
At February 1, 2016	(102)	137	(66)	104	73
Charge to other comprehensive income for the year (Note 23)	(5)	–	–	–	(5)
(Charge) Credit to profit or loss for the year (Note 23)	–	15	(5)	(47)	(37)
At January 31, 2017	(107)	152	(71)	57	31
Charge to other comprehensive income for the year (Note 23)	(30)	–	–	–	(30)
(Charge) Credit to profit or loss for the year (Note 23)	–	(124)	(23)	32	(115)
At January 31, 2018	(137)	28	(94)	89	(114)

	Group 2018 $'000	Group 2017 $'000
Deferred tax assets	**117**	209
Deferred tax liabilities	**(231)**	(178)
	(114)	31

12 DEFERRED TAXATION (cont'd)

As at the end of the financial year, the Group's subsidiaries have tax losses and capital allowance of approximately $2,471,000 (2017 : $3,059,000) that are available for offset against future taxable profits of the companies in which the losses and offsets arose. A deferred tax asset has been recognised in respect of $163,000 (2017 : $894,000) of such losses. No deferred tax asset has been recognised in respect of the remaining $2,308,000 (2017 : $2,165,000) due to the uncertainty of its realisation. The use of these tax losses and tax offsets is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

13 TRADE AND OTHER PAYABLES

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	**253**	310	**–**	–
Other payables:				
- Third parties	**160**	56	**–**	–
- Subsidiaries (Note 11)	**–**	–	**8,162**	8,162
- Accrued operating expenses	**357**	377	**79**	73
	770	743	**8,241**	8,235

Trade and other payables are non-interest bearing and are normally settled on 30 to 90 day (2017 : 30 to 90 day) terms.

14 PROVISIONS

	Provision for employee entitlement	Provision for reinstatement	Total
	$'000	**$'000**	**$'000**
<u>**Group**</u>			
At February 1, 2016	16	158	174
Arising during the year	52	49	101
Utilised	(52)	(78)	(130)
At January 31, 2017	16	129	145
Arising during the year	22	158	180
Utilised	(16)	(30)	(46)
At January 31, 2018	22	257	279

15 INTEREST-BEARING LOANS AND BORROWINGS

	Group	
	2018	**2017**
	$'000	**$'000**
<u>Current:</u>		
Term loan, secured	**3,400**	4,200

15 INTEREST-BEARING LOANS AND BORROWINGS (cont'd)

As at January 31, 2018, the Group has short-term loans of $3,400,000 (2017 : $4,200,000) which are renewable every three months and bears interest rates between 1.89% to 1.90% (2017 : 1.36% to 1.90%) per annum.

The short-term loans are secured by specific charges over the Group's leasehold property, corporate guarantee by the Company and standby letter of credit issued by financial institution that is supported by a related party.

During the year, the Group did not fulfil the minimum consolidated Tangible Net Worth as required by the bank facility contract. On January 31, 2018, the Group received a letter from the bank where the bank indicated its willingness to accommodate the breach of financial covenants. The bank shall not be held to have waived or condoned or acquiesced in such breach and may at any time exercise its right in respect of the loan granted to the Group. Management is in the process of renegotiating the terms and financial covenants of the banking facility with the bank.

16 FINANCE LEASE

	Minimum lease payments		Fair value of minimum lease payments	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Amounts payable under finance lease:				
Within one year	**18**	18	**16**	16
In the second to fifth years inclusive	**29**	47	**25**	41
	47	65	**41**	57
Less: Future finance charges	**(6)**	(8)	NA	NA
Present value of lease obligations	**41**	57	**41**	57
Less: Amount due for settlement within 12 months			**(16)**	(16)
Amount due for settlement after 12 months			**25**	41

The lease terms are for average of 3 years (2017 : 4 years). The average effective borrowing rate was 5.5% (2017 : 5.5%) per annum. Interest rates are fixed at the contract date and hence expose the Company to fair value interest rate risk. All leases are on fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in Singapore dollars.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets as disclosed in Note 10.

17 SHARE CAPITAL

	2018	**2017**	**2018**	**2017**
	('000)	**('000)**	**$'000**	**$'000**
	Number of ordinary shares			
Issued and paid up:				
At the beginning of the year and end of the year	**30,000**	30,000	**14,250**	14,250

The Company has one class of ordinary shares which carry one vote per share, have no par value and carry a right to dividends as and when declared by the Company.

18 RESERVES

i) Foreign currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries to the presentation currency for the consolidated financial statements. The exchange differences are recognised in other comprehensive income and accumulated them in a separate component of equity under the header of foreign currency translation reserve.

ii) Revaluation reserve

Revaluation reserve arises on the revaluation of the Group's leasehold property. When the revalued property is sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings.

The revaluation reserve is not available for distribution to the Company's shareholders.

iii) Fair value reserve

Fair value reserve as at February 1, 2016 represented the difference between the cost and the fair value of financial assets that were classified as available-for-sale. The available-for-sale financial assets had been disposed since 2017.

19 REVENUE

	Group	
	2018	**2017**
	$'000	**$'000**
Sales of health foods and supplements	**14,912**	18,235

20 INTEREST INCOME

	Group	
	2018	**2017**
	$'000	**$'000**
Short-term fixed deposits	**29**	27

21 OTHER INCOME

	Group	
	2018	**2017**
	$'000	**$'000**
Sundry income	**56**	140
Management fee	**–**	180
License fee	**414**	852
	470	1,172

22 FINANCE COSTS

	Group	
	2018	**2017**
	$'000	**$'000**
Bank loan	**52**	87
Obligations under finance lease	**2**	2
Bank overdrafts	**–**	42
	54	131

23 INCOME TAX EXPENSE

Income tax recognised in profit of loss:

	Group	
	2018	**2017**
	$'000	**$'000**
Current income tax		
- Overprovision in respect of previous years	**–**	(34)
Deferred income tax		
- Origination and reversal of temporary differences (Note 12)	**115**	37
	115	3

Domestic income tax is calculated at 17 % (2017 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	Group	
	2018	**2017**
	$'000	**$'000**
Profit before tax	**122**	164
Income tax expense calculated at 17% (2017 : 17%)	**21**	28
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(24)**	(8)
Adjustments:		
Non-deductible expenses	**98**	1
Income not subject to taxation	**–**	(30)
Effects of utilisation of tax losses and tax losses not recognised as deferred tax assets	**(16)**	(13)
Overprovision in respect of previous years	**–**	(34)
Deferred tax assets not recognised	**40**	–
Others	**(4)**	59
Income tax expense recognised in profit or loss	**115**	3

23 INCOME TAX EXPENSE (cont'd)

Income tax relating to each component of other comprehensive income:

	Group	
	2018	**2017**
	$'000	**$'000**
Deferred tax liability arising from revaluation of leasehold property	**(30)**	(5)

24 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Group	
	2018	**2017**
	$'000	**$'000**
Audit fees paid to:		
- Auditors of the Company	**110**	110
- Other auditors	**–**	1
Non-audit fees paid to auditors of the Company	**26**	24
Employee benefits expense		
- Salaries and bonuses	**2,951**	3,721
- Central Provident Fund contributions	**313**	507
Operating leases expense	**2,783**	3,527
Impairment of property, plant and equipment	**67**	66
Foreign exchange loss, net	**26**	44

25 EARNINGS PER SHARE

The calculations of earnings per share are based on the profit for the year and number of shares shown below.

	Group	
	2018	**2017**
	$'000	**$'000**
Profit attributable to equity holders of the Company	**53**	161
Number of shares ('000)	**30,000**	30,000
Earnings per share - Basic (cents)	**0.18**	0.54

As there are no dilutive potential ordinary shares issued and/or granted, the fully diluted earnings per share is the same as the basic earnings per share.

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

26 COMMITMENTS

(a) Operating lease commitments - as lessee

The Group has entered into commercial leases on certain property, plant and equipment. These leases have an average tenure of between one and three years with renewal option and contingent rent payable is determined based on a pre-determined percentage of revenue. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group	
	2018	**2017**
	$'000	**$'000**
Minimum lease payments paid under operating leases	**2,651**	3,427
Contingent rentals	**132**	100
	2,783	3,527

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Not later than one year	**2,380**	2,506
Later than one year but not later than five years	**3,075**	2,173
More than 5 years	**349**	133
	5,804	4,815

(b) Corporate guarantee

As at January 31, 2017 and 2018, the Company provided a corporate guarantee to a bank for loans (Note 15) taken by a subsidiary. No adjustment was required in the separate financial statements of the Company to recognise the financial guarantee liability as based on expectations at the end of the reporting period, the Group considered that it is more likely than not that no amount will be payable under the arrangement.

27 SEGMENT INFORMATION

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

1) The Health Food Trade segment provides distributions and trading in health foods and supplements.

2) The Corporate and others segment includes general corporate income and expense items.

	Health Food Trade		Corporate		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue:						
External customers	**14,912**	18,235	**–**	–	**14,912**	18,235
Results:						
Interest income		–	**29**	27	**29**	27
Management fee	**–**	–	**–**	180	**–**	180
Depreciation expense	**413**	349	**–**	–	**413**	349
Impairment loss	**67**	66	**–**	–	**67**	66
Other non-cash expenses	**57**	32	**–**	–	**57**	32
(Loss) Profit before tax	**367**	288	**(245)**	(124)	**122**	164
Assets:						
Additions to non-current assets	**821**	389	**–**	–	**821**	389
Segment assets	**12,231**	12,761	**3,537**	3,428	**15,768**	16,189
Segment liabilities	**4,490**	5,242	**231**	81	**4,721**	5,323

Geographical information

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

	Revenue		Non-current asset	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**11,113**	12,221	**2,763**	2,665
Malaysia	**–**	39	**–**	–
China	**3,799**	5,975	**144**	145
	14,912	18,235	**2,907**	2,810

Non-current assets information presented above represent property, plant and equipment and other receivables as presented in the statement of financial position.

Information about major customers

Included in revenue arising from sales of health products are revenues of approximately $3,799,000 (2017 : $5,576,000) which arose from sales to the Group's largest customer. There were no other customers (2017 : Nil) which revenues from transactions with a single customer amount to 10% or more. There were no inter-segment sales in the year (2017 : $Nil).

ANALYSIS OF SHAREHOLDINGS

SUMMARY OF SHAREHOLDINGS BY SIZE AS AT 18 APRIL 2018

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
1 to 99	33	10.72	499	0.00
100 to 1,000	172	55.84	119,018	0.40
1,001 to 10,000	75	24.35	243,000	0.81
10,001 to 1,000,000	26	8.44	2,527,756	8.43
1,000,001 AND ABOVE	2	0.65	27,109,720	90.36
TOTAL	308	100	29,999,993	100

TOP 20 SHAREHOLDERS AS AT 18 APRIL 2018

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF TOTAL ISSUED SHARES
1	DBS NOMINEES PTE LTD	25,621,120	85.40
2	MAYBANK KIM ENG SECURITIES PTE LTD	1,488,600	4.96
3	CITIBANK NOMINEES SINGAPORE PTE LTD	830,600	2.77
4	LIM GIM SENG	294,800	0.98
5	OCBC SECURITIES PRIVATE LTD	273,800	0.91
6	RON NG GUAN HEONG	199,600	0.66
7	RHB SECURITIES SINGAPORE PTE LTD	157,700	0.53
8	PEH CHIN CHIONG	130,000	0.43
9	PHILLIP SECURITIES PTE LTD	119,000	0.40
10	GOH POH CHOO	80,000	0.27
11	LIM THIAN HOCK @ LAM THIAM HOCK	69,000	0.23
12	YIT TENG YUET	44,000	0.15
13	KHOO SWEE KWANG	40,000	0.13
14	LU SHUISHAN	36,000	0.12
15	LIM TIEW FANG	33,000	0.11
16	CHONG CHIN CHIN (ZHANG JINGJING)	32,000	0.11
17	CHONG KIAN CHUN (ZHANG JIANJUN)	32,000	0.11
18	MANOHAR P SABNANI	20,000	0.07
19	CHNG KAI PENG	18,000	0.06
20	OU YANG YAN TE	16,656	0.05
		29,535,876	98.45

LIST OF PROPERTIES HELD

As at 31 January 2018

Location	Description	Site Area (sq. metre)	Tenure	% Interest	Net Book Value
SINGAPORE					
18 Kaki Bukit Road 3 #05-16, Entrepreneur Business Centre, Singapore 415978	Office	395	Leasehold - Expiring 08/01/2055	100%	$1,250,000

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("**AGM**") of **Camsing Healthcare Limited** (the "**Company**") will be held at 4 Shenton Way, SGX Centre 2, #17-01, Singapore 068807 on the 28th day of May 2018 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and, if approved, adopt the Audited Accounts for the financial year ended 31 January 2018 together with the Directors' Report and Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of up to HKD360,000 (approximately S$63,000) for the financial year ending 31 January 2019, to be paid quarterly in arrears. **(Resolution 2)**

3. To re-elect Ms. Liu Hui who is retiring under Articles 90 and 91 of the Articles of Association, as Director of the Company. **(Resolution 3)**

4. To re-elect Mr. Lau Chin Hock Kenneth Raphael who is retiring under Articles 90 and 91 of the Articles of Association, as Director of the Company. **(Resolution 4)**

   [See Explanatory Note (i)]

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

6. To transact any other ordinary business which may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution (with or without amendments) as Ordinary Resolution:-

7. **General mandate to allot and issue new shares in the capital of the Company**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Listing Manual**"), authority be and is hereby given to the Directors of the Company to:-

   (A) (i) issue shares in the capital of 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) warrants, debentures or other instruments convertible or exchangeable into Shares,

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

   (B) (notwithstanding the authority conferred by this Resolution may have been ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

   provided that:

   (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution):

   a. by way of a pro-rata renounceable rights issue ("**Renounceable Rights Issues**") to Shareholders of the Company shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (iii) below);

b. otherwise than by way of Renounceable Rights Issues ("**Other Share Issues**") does not exceed fifty per cent (50%) of the total issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the total issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (iii) below);

(ii) the Renounceable Rights Issues and Other Share Issues shall not, in aggregate exceed 100 per centum (100%) of the total number of issued shares excluding treasury shares (as calculated in sub-paragraph (iii) below);

(iii) (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)(a) and (i)(b) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

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

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and

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

(iv) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and Articles of Association for the time being of the Company; and

(v) (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 of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 6)**

[See Explanatory Note (ii)]

BY ORDER OF THE BOARD

Lo Ching
Executive Chairman

SINGAPORE
11 May 2018

Explanatory Notes:

(i) If re-elected under Resolution 4, Mr. Lau Chin Hock Kenneth Raphael will remain as Chairman of the Audit Committee, Member of the Remuneration Committee and Member of the Nominating Committee.

(ii) The Ordinary Resolution 6 proposed in item 7 above, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to a maximum of fifty per cent (50%) of the issued share capital of the Company (of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the issued share capital of the Company) for the purposes as they consider would be in the interest of the Company, save that issues of shares pursuant to a pro-rata renounceable rights issue shall not exceed one hundred per cent (100%) of the issued share capital of the Company (excluding treasury shares) (the "**Enhanced Rights Issue Limit**"). This authority will continue in force until the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting.

The authority for the Enhanced Rights Issue Limit is proposed pursuant to the Practice Note 8.3 issued by the SGX-ST on 13 March 2017 which introduced measures aimed at helping companies raise funds expediently for expansion activities or working capital and will be in effect until 31 December 2018 by which date the shares issued pursuant to the Enhanced Rights Issue Limit must be listed. The Board of the Company is of the view that the Enhanced Rights Issue Limit is in the interests of the Company and its Shareholders. The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

Notes:

(1) (a) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

(b) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

(2) The instrument or form appointing a proxy, duly executed, must be deposited at the office of the Company's share registrar, M & C Services Private Limited at 112 Robinson Road, #05-01 Singapore 068902 not less than 48 hours before the time appointed for holding the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

(3) A member of the Company, which is a corporation, is entitled to appoint its authorized representative or proxy to vote on its behalf.

(4) A proxy need not be a member of the Company

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company:

(a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");

(b) 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 or service providers), 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 or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(c) 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.

CAMSING HEALTHCARE LIMITED

(Company Registration No. 197903888Z)
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Circular is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

*I/We ______________________________ (Name)

of ______________________________ (Address)

being a *member/members of Camsing Healthcare Limited (the "**Company**") hereby appoint:

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

*and/or

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

or failing *him/her/them, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM of the Company to be held at 4 Shenton Way, SGX Centre 2, #17-01, Singapore 068807 on 28 May 2018 at 10.00 a.m. and at any adjournments thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. All resolutions put to the vote at the AGM shall be decided by way of poll.

* Please delete accordingly

(Please indicate your vote "For" or "Against" with an "X" within the box provided. Otherwise please indicate the number of votes)

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1.	Adoption of Audited Accounts for the financial year ended 31 January 2018 together with the Directors' Report and Auditors' Report thereon		
2.	Payment of Directors' fees of up to HKD 360,000 (approximately S$ 63,000) for the financial year ending 31 January 2019, to be paid quarterly in arrears		
3.	Re-election of Ms. Liu Hui as a Director of the Company		
4.	Re-election of Mr. Lau Chin Hock Kenneth Raphael as a Director of the Company		
5.	Re-appointment of Messrs Deloitte & Touche LLP as the Auditors of the Company and authorise the Directors to fix their remuneration		
	Special Business		
6.	Authority to Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50		

Dated this 11th day of May 2018.

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap 289) of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member of the Company who is entitled to attend and vote at the Annual General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

   (b) A member of the Company who is entitled to attend and vote at the Annual General Meeting who is and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.

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

3. The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902 not less than 48 hours before the time appointed for the meeting.

4. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

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

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

DIRECTORY OF NATURE'S FARM RETAIL OUTLETS

NORTH

Ang Mo Kio Hub
53 Ang Mo Kio Ave 3
B2-19 Ang Mo Kio Hub
Singapore 569933
Tel: 6555-7160

Causeway Point
1 Woodlands Square
#B1-K26
Singapore 738099
Tel: 6877-0884

Junction 8
No. 9 Bishan Place
#01-04 Junction 8 Shopping Centre
Singapore 579837
Tel: 6251-4217

NEX Serangoon
23, Serangoon Central
#B2-53 Nex Serangoon
Singapore 556083
Tel: 6634-6159

Northpoint City
1 Northpoint Drive
#B2-102, Northpoint City
Singapore 768019

SOUTH / CENTRAL

United Square
No. 101 Thomson Road
#B1-24 United Square
Singapore 307591
Tel: 6251-4853

Chinatown Point
133 New Bridge Road
#B1-04 Chinatown Point
Singapore 059413
Tel: 6444-2841

VivoCity
No. 1 HabourFront Walk
#B2-19 VivoCity
Singapore 098585
Tel: 6376-9639

Ngee Ann City
No. 391 Orchard Road
#B2-31A Ngee Ann City
Singapore 238874
Tel: 6735-1832

The Arcade
No. 11 Collyer Quay
#01-14 The Arcade
Singapore 049317
Tel: 6224-0087

EAST

Parkway Parade
No. 80 Marine Parade Road
#B1-82/83 Parkway Parade
Singapore 449269
Tel: 6345-7126

Tampines Mall
No. 4 Tampines Central 5
#B1-16 Tampines Mall
Singapore 529510
Tel: 6787-2920

Waterway Point
83 Punggol Central,
#B2-21
Singapore 828761
Tel: 6702-6175

WEST

Bukit Timah Plaza
No. 1 Jalan Anak Bukit
#B2-03 Bukit Timah Plaza
Singapore 588996
Tel: 6469-2860

JEM
50 Jurong Gateway Road
#B1-29 JEM
Singapore 608549
Tel: 6339-9120

Jurong Point Shopping Centre
No. 1 Jurong West Central 2
#B1-21 Jurong Point
Singapore 648886
Tel: 6793-5461

West Mall
No. 1 Bukit Batok Central Link
#02-02 West Mall
Singapore 658713
Tel: 6795-7303

Bukit Panjang Plaza
No. 1 Jelebu Road
#01-04 Bukit Panjang Plaza
Singapore 677743
Tel: 6762-9847

Camsing Healthcare Limited
SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807