LORENZO INTERNATIONAL LIMITED

LORENZO

ANNUAL REPORT 2018

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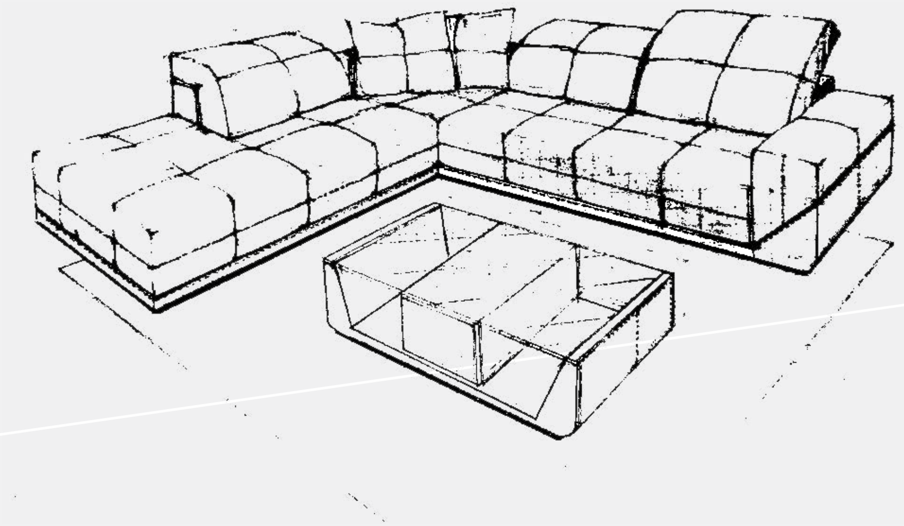
COMPANY PROFILE

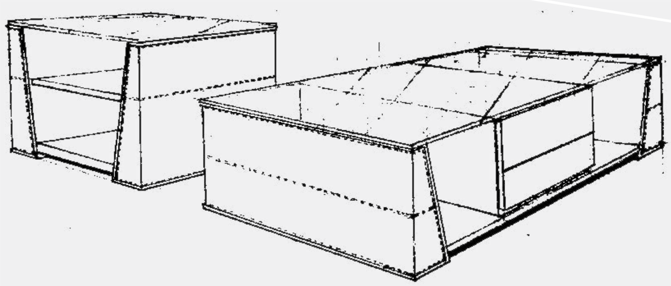


Lorenzo International Limited (the "Company" or "Lorenzo"), with a history dating back to 1983, is a branded lifestyle furniture retailer. Committed to upholding its traditional heritage of quality and excellence, the Company and its subsidiaries (the "Group") control all aspects of its business through vertical integration, including the design, manufacture, assembly and distribution of its conceptualised furniture. The Group builds on its standing as a leading consumer brand by establishing brand presence through wholly-owned stores and Licensed Retailing System ("LRS") stores across the world.

Lorenzo sells most of its products under the Lorenzo brand name grouped under two main collections - Dante for classic leather sofas and Enzo for wood-based products. The Enzo series of products includes furniture for the living room, dining room and bedroom.

Attesting to its promise of excellence, Lorenzo also acts as an Original Design Manufacturer to design and manufacture furniture under customers' designs, as well as an Original Equipment Manufacturer to manufacture based on customers' brands.

The Group delivers the ultimate living experience by offering exquisite, high quality building materials to accompany well-designed furniture, creating and enhancing living concepts for every home.



DESIGNED WITH YOU IN MIND

Crafted with pride and perfection, Lorenzo sofas are designed with your total well-being in mind. As you sink into the comfort and softness of a Lorenzo sofa, the stress of the day floats away, leaving behind a quiet sense of peace and harmony.

THE FINEST MATERIALS

Because we at Lorenzo never settle for second best, we scour the world in search of the finest materials. From carefully selected hides to the best fabrics and woods, our signature of perfection shines through.

OFFERING YOU TRUE VALUE

Behind LORENZO lies a guiding philosophy to always provide you, our customer, with the best in value, savings, service and price. We make sure that your total experience at LORENZO achieves optimum comfort for you in every sense of the word. After all, our satisfaction comes from yours.

CARE & ASSURANCE

At LORENZO, we believe in sharing with you the secret of caring for your sofa - so that it continues to provide you with extraordinary comfort, year after year. You'll be glad to know that with the right care and maintenance, your Lorenzo sofa will always look as good as new.

MISSION

To provide comfort in style through constant innovation and product development to our customers.

VISION

To be the leading lifestyle furniture provider enhancing living concepts for every home.

MESSAGE FROM THE DEPUTY CHAIRMAN

LIM PANG HERN
Executive Director and Deputy Chairman

Dear Shareholders
On behalf of the Board of Directors, I am pleased to present to you Lorenzo International Limited's annual report for the financial year ended 31 March 2018 ("FY2018").

Year in Review
FY2018 remained a challenging year for Lorenzo International Limited ("Lorenzo" or together with its subsidiaries, the "Group").

In order to manage our resources better, we have consolidated our three showrooms in Singapore into one. Our showroom is now located in the western region of Singapore. We have also brought back the co-founder of Lorenzo, Mr. Chung Kim Yew as our Chief Operating Officer in November 2017 to oversee the retail and manufacturing operations in both Malaysia and Singapore.

The sale of one of the wholly owned subsidiary, Supreme Furniture (Kunshan) Co., Ltd ("Supreme Kunshan") at RMB19 (S$3.3) million was completed during the financial year under review. The proceeds were utilised to pay suppliers and retrenchment costs of Supreme Kunshan in accordance with the terms of the agreement.

The Group recorded revenue of S$31.8 million in FY2018, a decrease of 41.0% compared to $54.1 million for the 15 months ended March 2017 ("FY2017"). However, our gross profit margin remained flat, at 45.3% in FY2018 compared to 45.4% in FY2017. The Group's net loss after tax increased to S$10.8 million in FY2018 from $9.2 million in FY2017. This was due to additional allowance for stock obsolescence and impairment for doubtful operating receivables made in FY2018 for both our furniture and building material businesses.

Going Forward
After taking into consideration the Group's relatively weak financial position, Lorenzo decided that it would not be in the position to acquire the equity in the Medical Vendor. After discussion with the Medical Vendor, it was agreed that Lorenzo would introduce and procure a potential buyer to acquire the equity of the Medical Vendor.

Lorenzo has also decided to return the land in Sungei Kadut in Singapore to the relevant authority as it focuses on its business restructuring.

Our business restructuring is expected to continue for another year or two before our business performance is returned to desirable levels.

Sustainability
Lorenzo recognises that embracing sustainability practices is important for the long-term development and success of the Group's business. We will publish our FY2018 Sustainability Report not later than 31 March 2019 and the same will be uploaded on SGXNET.

In Appreciation
On behalf of the Board of Directors, I would like to express my sincere thanks to all our valued customers, suppliers, business associates and shareholders for their long-standing support of Lorenzo. My Board of Directors and management and staff also deserve appreciation for their hard work and contributions during this challenging time.

OPERATIONAL & FINANCIAL REVIEWS

Revenue

The Group registered a lower revenue amounting to S$31.8 million for the financial year ended 31 March 2018 ("FY2018") compared to S$54.1 million in the previous corresponding period ("FY2017"). The decrease in revenue of S$22.3 million was due to lower revenue generated from both its Furniture and Building material segments. The decrease in revenue was attributable to lower sales generated arising from poor retail conditions in both the Singapore and Malaysia units.

Cost of Goods Sold and Gross Profit

Cost of sales reduced by S$12.2 million from S$29.6 million to S$17.4 million. The lower cost of sales was in line with the decrease in sales revenue owing to lesser purchase made during the financial year. Accordingly, gross profit was S$10.2 million lower than FY2017.

Other operating income

Other operating income increased by S$4.4 million from S$2.5 million in FY2017 to S$6.9 million in FY2018. The increase was mainly due to the gain arising from disposal of a subsidiary company amounting to S$3.1 million and higher rental income amounted to S$0.8 million.

Administrative expense

Administrative expense decreased by S$2.5 million or 11.7 percent compared to S$21.4 million in FY2017. This was mainly due to reduction of salary related expenses and rental expenses of S$1.0 million and S$0.8 million respectively.

Distribution and Marketing costs

Distribution and Marketing cost decreased from S$5.9 million in FY2017 to S$3.4 million in FY2018. The decrease arose mainly from reduction of advertisement and promotion expense and sales commission.

Other operating expense

Other operating expense increased by S$1.7 million from S$6.9 million in FY2017 to S$8.6 million in FY2018. This was mainly attributable to the provision for doubtful debts of S$1.7 million and provision for slow-moving inventories of S$2.2 million offset by a reduction in depreciation charges and impairment loss on property, plant and equipment in FY2018 of S$0.8 million and S$1.0 million respectively.

Finance cost

Finance cost decreased by S$0.2 million to S$0.9 million compared to S$1.1 million in FY2017. This was due to lesser interest incurred arising from repayment of bank borrowings during the year reported on.

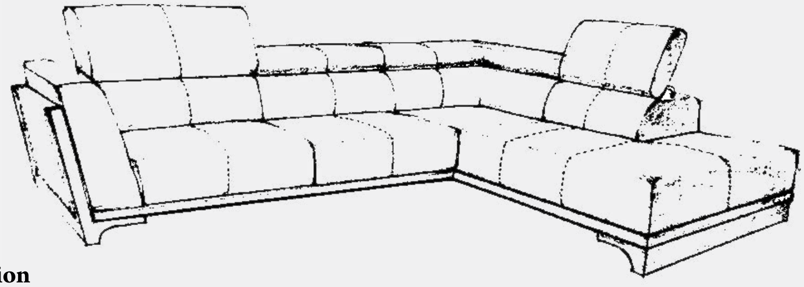
Taxation

Income tax expense of the Group decreased by S$0.5 million from S$0.9 million in FY2017 to S$0.4 million in the year under review. This was attributable mainly to lower foreign withholding taxes incurred in FY2018.

Loss for the Year

The Group reported an increased loss of $10.8 million in FY2018 compared to S$9.2 million in FY2017. The factors attributing to the higher losses are explained above.

OPERATIONAL & FINANCIAL REVIEWS



Statement of Financial Position

Non-Current Assets
Non-current assets of the Group decreased by S$2.5 million from S$17.5 million at 31 March 2017 to S$15.0 million at 31 March 2018. This was mainly attributable to depreciation charges of property, plant and equipment and amortisation charges of land use rights and the de-consolidation of the non-current assets of the disposed subsidiary company, Supreme Furniture (Kunshan) Co., Ltd.

Current Assets
The Group's reported current assets amounted to approximately S$15.9 million as at 31 March 2018. (31 March 2017: S$21.6 million). The decrease was mainly due to the reduction of trade and other receivables and inventories amounting to S$0.9 million and S$4.8 million respectively.

The decrease in trade and other receivables and inventories were due to provision for doubtful debts and stock obsolescence made during the financial year reported on.

Non-Current Liabilities
The Group's non-current liabilities increased to S$2.0 million at 31 March 2018 (31 March 2017: S$0.3 million). The increase was due to advance rental paid by a tenant of the factory in China.

Current Liabilities
The Group's current liabilities increased by S$1.0 million from S$29.5 million as at 31 March 2017 to S$30.5 million as at 31 March 2018. The increase was mainly attributable to an increase in trade and other payables and deferred income of S$2.2 million and S$1.1 million, respectively, offset by a decrease in borrowings amounting to S$2.0 million.

Capital and Reserves
As at 31 March 2018, the Group had negative shareholders' equity of S$1.5 million compared to a positive shareholders' equity of S$9.3 million as at 31 March 2017. This was due to accumulated loss and exchange translation loss recorded during the financial year.

Cash flow Statement
The Group had an operating loss of S$9.4 million before working capital changes for the current financial year. Net cash used in operating activities was S$0.6 million in both FY2018 and FY2017. This arose from an increase in inventories, trade and other receivables and trade and other payables of S$5.4 million, $0.6 million and S$4.1 million, respectively, which was partially offset by lower interest expenses and income tax paid.

Net cash flow generated from investing activities was approximately S$3.1 million, as a result of proceeds from disposal of property, plant and equipment amounting to S$0.4 million and from the sale of subsidiary of S$3.3 million offset by acquisition of property, plant and equipment amounting to S$0.6 million.

Net cash flow used in financing activities was S$2.4 million compared to net cash flow used in financing activities of S$0.3 million in FY2017. This arose from repayment of trust receipts and bills payable amounting to S$1.3 million, bank borrowings of S$0.7 million, finance lease liabilities of S$0.1 million and repayment of directors' loan of S$0.3 million.

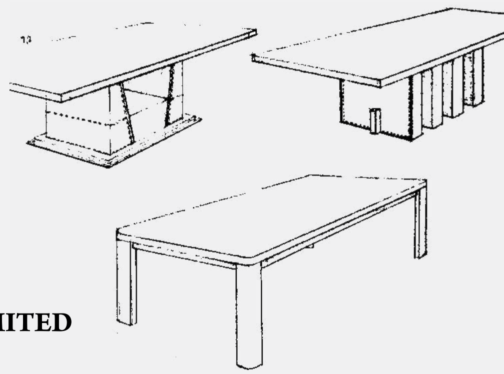
Cash and cash equivalents increased by S$0.2 million mainly as a result of net cash generated from investing activities.

OPERATIONAL & FINANCIAL REVIEWS

Segment Review
For the financial year under review, the Furniture business registered sales revenue of S$31.1 million compared to S$51.3 million in FY2017. The lower sales were the result of the decrease in sales for the Singapore, Malaysia and China markets.

Loss before income tax for this segment was S$6.0 million compared to S$5.6 million in FY2017. This was mainly due to an increase in provision for slow moving stock and impairment loss on trade and other receivables offset by the reduction in depreciation charges of property, plant and equipment, amortisation charges of land use rights and impairment loss on property, plant and equipment.

Revenue for the Building material business decreased to S$0.8 million from S$2.8 million in FY2017. Loss before income tax increased by S$1.1 million to S$2.0 million from S$0.9 million in FY2017. This was mainly attributable to additional provision for stock obsolescence of S$0.8 million made in FY2018.



CORPORATE STRUCTURE

LORENZO

LORENZO INTERNATIONAL LIMITED

- Lorenzo International (Kunshan) Co., Ltd
- Uhin Holding Pte Ltd
  - Supreme Furnishing Centre Pte Ltd
  - Uhin International Co., Ltd
  - Lorenzo Furniture Trading (Shanghai) Co., Ltd
  - Uhin Sofa Sdn Bhd
    - Ginova Furnishing Sdn Bhd
      - Ginova Marketing Sdn Bhd
        - Brezza Living Sdn Bhd
    - Uhin Wood Industries Sdn Bhd
    - Monica Design Sdn Bhd
- Lorenzo Concept Pte Ltd
- Builders Shop Pte Ltd

**Shareholdings in subsidiaries is 100% unless otherwise stated.*

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR & DEPUTY CHAIRMAN

LIM PANG HERN

Mr Lim was appointed Deputy Chairman of the Board on 6 March 2015. He is responsible for the business development of the Group.

Mr Lim started as an apprentice in the Material Handling Department with a German Company. Within five years, he was promoted to head the Material Handling and Engineering Departments.

He founded BD Cranetech Pte Ltd, a company specializing in Hoist and Crane, in 1991. Under his leadership, the company proudly received the SME 500 Award in 2009 and 2013 as well as the 2012 Enterprise 50 Award.

Currently, Mr Lim sits on the board of an Australian listed company, GPS Alliance Holdings Limited as an Executive Director, a position he has held since 2014.

With his vast knowledge and experience, he now has a group of companies with diverse business in cranes, properties, marine, precast, galvanizing and construction. Mr Lim attained his City & Guilds Diploma in Electrical Engineering in 1988 and received his Master in Technological Entrepreneurship from SIM University of Singapore in 2011.

EXECUTIVE DIRECTOR

DING LEI

Mr Ding has more than twenty years of corporate and management experience in finance, real estate, tourism development, iconic cultural development projects and investment management. From 1994 to 2002, he worked in one of the major banks in the People's Republic of China. In 2003, he started to build his own business. From 2008, Mr. Ding redirect his focus to Australia and set up several successful companies. He is the founding director of Guangxi Impression Sanjie Liu Cultural Industry Investment Ltd and has also been appointed as Executive Chairman of Bisan Limited (a listed company on the Australian Securities Exchanges (ASX) since August 2016.

INDEPENDENT DIRECTORS

LEAD INDEPENDENT DIRECTOR

YEOW SEE ONN

Mr Yeow was appointed to our Board as an Independent Director on 3 October 2014. He is a Fellow Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants and a CPA Australia, with more than 25 years of hands-on and leadership experience across multiple finance disciplines, project management and general management with Asia-Pacific wide exposure.

Mr Yeow has held several key appointments in various organizations. From September 2013 to September 2014 he was an Executive Director of Global2Res Pte Ltd, a company which he started and to which he provided general management direction. Prior to this, he held several senior business leadership positions in Visa Worldwide Pte Ltd/Visa International, where he was most recently a Senior Business Leader - Controllership (Asia Pacific and Central Eastern Europe, Middle East and Africa) from December 2011 to March 2013. His main responsibilities were to oversee the financial controls, local statutory financial reporting and consolidated group financial reporting for AP and CEMEA. He is currently working as the Chief Financial Officer of Red Dot Payment Pte Ltd.

INDEPENDENT DIRECTOR

MARCELO MORA

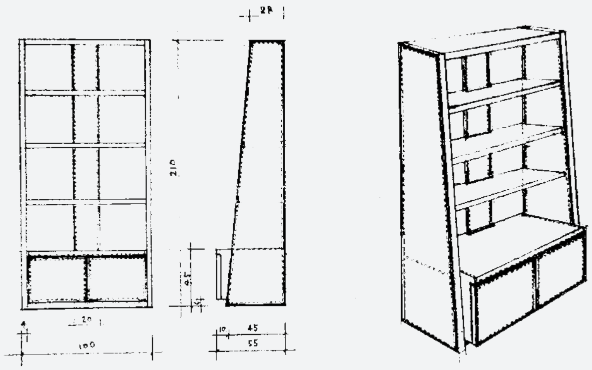
Mr Marcelo Mora graduated from the University of Western Sydney in 1991 with a Bachelor of Business Administration (B.B.A), Accounting Major.

After practicing in the accounting industry for 20 years, Mr Marcelo Mora proceeded to advance his career as a company secretary after acquiring the Post Graduate Diploma of Applied Corporate Governance, Chartered Secretary (CSA) in 2010.

Currently, Mr Marcelo Mora is a Chartered Secretary and a member of the Governance Institute of Australia (AGIA).

From his extensive service portfolio, he brings with him valuable domain experience and expertise that will definitely add value to the Company. He has serviced both local (within Australia) and international clients. Such clients include Equus Mining Limited, Planet Gas Limited and Dome Gold Mines Limited.

CORPORATE INFORMATION



Board of Directors
Lim Pang Hern (Executive Director/Deputy Chairman)
Ding Lei (Executive Director)
Yeow See Onn (Independent Director)
Marcelo Mora (Independent Director)

Audit Committee
Yeow See Onn (Chairman)
Marcelo Mora
Lim Pang Hern

Remuneration Committee
Marcelo Mora (Chairman)
Yeow See Onn
Lim Pang Hern

Nominating Committee
Marcelo Mora (Chairman)
Yeow See Onn
Lim Pang Hern

Registered Office
23 Neythal Road Blk B #04-03 Singapore 628588

Company Secretary
Ong Beng Hong, LLB (Hons)

Share Registrar
B.A.C.S. Private Limited
8 Robinson Road #08-00 ASO Building,
Singapore 048544

Auditors
Foo Kon Tan LLP
Public Accountants and Chartered
Accountants
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621

Partner-in-charge: Ho Teik Tiong
(since FY2018)
(a member of Institute of
Singapore Chartered Accountants)

Bankers
United Overseas Bank Limited
CIMB Bank Berhad
DBS Bank Limited

CORPORATE GOVERNANCE

One of the top priorities of the Company is adapting and adhering to recognised standards of corporate governance principles and practices. The Board of Directors (the "**Board**") believes that sound and responsible corporate governance is an integral part of the Company in ensuring transparency and creating long-term value and returns to its shareholders.

The Board and the management of the Company ("**Management**") are committed to complying with and adhering to the benchmark set by the Code of Corporate Governance 2012 ("**Code**") and they are devoted to on-going enhancements of the efficiency and effectiveness of such principles and practices. The Company believes that it has largely complied with the spirit and intent of the Code and in areas where the Company's practices have deviated from the Code, rationale for the same is provided herein.

In addition to the Code, the Company has also adopted a code of ethics ("**Ethics**") to provide its employees with guidance on how to act in ways to prevent the Group, its employees and all those who come into contact with the Group from being exposed to harm. The Ethics is designed to ensure that the Group's reputation is maintained. The Ethics set the minimum standard that the Group's employees are required to meet but in the event that the local laws or regulations in the country which the Group has operations in set a higher standard, then the Group will ensure compliance with such laws and regulations. The Ethics provide guidelines to the Group's employees on *inter alia* the following matters:

(i) respecting human rights;
(ii) compliance with observance of laws and regulations;
(iii) acting in fairness in the Group's business dealings;
(iv) protecting and respecting intellectual property;
(v) maintaining confidentiality obligations; and
(vi) not using one's position in the Group for personal gain.

Copies of the Ethics were circulated to the Group's employees and may be found on the Company's corporate website (http://www.lorenzo-international.com/Lorenzo%20Policies.pdf).

(A) BOARD MATTERS

Board's Conduct of its 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 success of the Company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board currently comprises two Executive Directors and two Independent Directors. The contribution of the experience and competency of each Director helps in the overall effective management of the Company and its subsidiaries (the "**Group**").

The Board's principal duties include the following:

(i) protecting and enhancing long-term value and return to the Company's shareholders ("**Shareholders**");
(ii) establishing, reviewing and approving the annual budget, corporate policies, strategies and objectives for the Group;
(iii) ensuring the effectiveness and integrity of management;
(iv) charting the corporate strategy and direction of the Group and setting goals for the Management;

(v) supervising and monitoring the Management's achievement of these goals;
(vi) conducting periodic reviews of the Group's financial performance, internal controls and reporting compliance;
(vii) approving nominations to the Board and appointment of key personnel;
(viii) ensuring the Group's compliance with all relevant and applicable laws and regulations;
(ix) assuming responsibility for the corporate governance of the Group;
(x) setting the values and standards for the Group, and ensure that obligations to Shareholders and others are understood and met; and
(xi) establishing a framework of prudent and effective controls which enables risks to be assessed and managed.

To assist in the execution of its responsibilities, the Board has established an Audit Committee ("**AC**"), a Nominating Committee ("**NC**") and a Remuneration Committee ("**RC**") (collectively referred herein as "**Board Committees**"). The Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each Board Committee is also monitored. The Board accepts that while these Board committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, the ultimate responsibility on all matters lies with the entire Board.

The Executive Directors also supervise the management of the business and affairs of the Company and reduces the administrative time, inconvenience and the expenses associated with the convening of meetings of the Board and circulation of resolutions in writing of the Board, without compromising the Group's corporate objectives and adversely affecting the day-to-day operations of the Company.

However, meetings of the Board are still held and/or resolutions in writing of the Board are circulated for matters which require the Board's approval, including but not limited to the following:

a. review of the annual budget and the performance of the Group;
b. review of the key activities and business strategies;
c. approval of the corporate strategy and direction of the Group;
d. approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person transactions;
e. material acquisitions and disposals;
f. corporate or financial restructuring and share issuances;
g. declaration of dividends and other returns to shareholders; and
h. appointments of new Directors or key personnel.

A formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision has been adopted by the Board.

Board meetings are conducted regularly and ad-hoc meetings (including but not limited to the meetings of the Board Committees) are convened whenever a Director deems it necessary to address any issue of significance that may arise. Teleconferencing and video conferencing at meetings of the Board are allowed under the Company's Constitution. In addition to holding meetings, important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

CORPORATE GOVERNANCE

During the financial year under review, the number of meetings held and attended by each Director is as follows[(i)]:

	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee	
Director	**No. of Meetings**	**Attendance**	**No. of Meetings**	**Attendance**	**No. of Meetings**	**Attendance**	**No. of Meetings**	**Attendance**
Teoh Jin Thean[(ii)]	3	2	1	-	1	-	1	-
Lim Pang Hern	3	3	1	1	1	1	1	1
Ding Lei	3	2	1	-	1	-	1	-
Yeow See Onn	3	3	1	1	1	1	1	1
Marcelo Mora	3	3	1	1	1	1	1	1

Notes:
i. The attendance of the Directors, including those also acting as the members of the respective Board Committees, at the meetings of the Board and the Board Committees was recorded in the relevant attendance lists prepared and circulated by the Company Secretary prior to the commencement of such meetings and these attendance lists are kept in the statutory records of the Company.
ii. Mr Teoh Jin Thean retired at the last Annual General Meeting of the Company held on 25 October 2017 and did not seek re-election. Pursuant to his retirement, Mr Teoh Jin Thean ceased to be an Executive Director and the Chief Executive Officer of the Company. The announcement relating to his cessation as an Executive Director and the Chief Executive Officer of the Company was released via SGXNET on 25 October 2017.

A newly-appointed Director will be given an orientation to familiarise him/her with the Group's business and governance practices and he/she will also be given a formal letter setting out the duties and obligations of a director of a listed company. Such orientation shall include separate briefing session with the Chief Executive Officer, the Chief Financial Officer, the head of the Company's Malaysia operations, the AC Chairman, the Group's legal advisors and the Group's auditors. Such newly-appointed Director shall also, on request, travel to see the operations of the Group.

The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. News releases issued by the Singapore Exchange Securities Trading Limited and Accounting and Corporate Regulatory Authority which are relevant to the directors are circulated to the Board. The Directors are encouraged to attend seminars, conferences and training courses that will assist them in executing their obligations and responsibilities as directors to the Company and the Company has an on-going training budget which can be used by the Directors to attend courses that they are interested in. Courses attended by some of the Directors during the financial year ended 31 March 2018 include but are not limited to courses organised by Singapore Institute of Directors.

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

In the event that a Director is interested in any transaction of the Group, he shall inform the Board accordingly and abstain from making any recommendation or decision with regards to the transaction. This policy on disclosure of conflicts of interest is also contained in the Group's Ethics and is applicable to all employees of the Group. Under the Ethics, all employees are also advised to avoid situations which create conflicts of interest.

Board Composition and Balance

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.

As at the date of this Annual Report, the Board comprises the following directors:

Lim Pang Hern (Executive Director and Deputy Chairman)
Ding Lei (Executive Director)
Yeow See Onn (Independent Director)
Marcelo Mora (Independent Director)

The Board considers a director to be "independent" if he/she has no relationship with the Company, the related companies or the officers that could interfere, or be reasonably perceived to interfere, with the exercise of that director's independent judgment of the conduct of the Group's affairs. None of the Independent Directors are related to the Company's Controlling Shareholders. The Board has identified each of the Company's Independent Directors to be independent, after determining, taking into account the views of the NC, whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when they arise.

The non-executive Independent Directors constructively challenge and help develop proposals on strategy, assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance.

As at least one-third of the Board is made up of Independent Directors, the Company believes the Board shall be able to exercise independent judgment on corporate affairs and ensures that no one individual or groups of individuals dominate any decision-making process.

The Independent Directors meet at least once annually without the presence of the other Directors and where necessary, the Independent Directors would provide feedback to the Deputy Chairman after such meetings.

As at the date of this Annual Report, the Chairman of the Board has not been appointed. The NC and the Board are still identifying a suitable candidate as Chairman of the Board. Once an appropriate candidate is identified and appointed, the necessary announcement relating to such appointment will be made. Guideline 2.2 of the Code recommends that Independent Directors make up at least half of the Board where: (a) the Chairman of the Board and the Chief Executive Officer (or equivalent) is the same person; (b) the Chairman and the Chief Executive Officer are immediate family members; (c) the Chairman is part of the management team; or (d) the Chairman is not an Independent Director. The Board will take into consideration the recommendation under guideline 2.2 in the appointment of the Chairman of the Board.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board is of the view that the current Board members comprise persons whose diverse skills, experience, knowledge of the Company and attributes provide for effective director for the Group. To maintain or enhance the Board's balance and diversity, the existing attributes and core competencies of the Board are reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of diversity, expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The Board, through the NC, has examined the Board's size and is satisfied that it is appropriate for effective decision-making, taking into account the nature and scope of the Company's operations, and is of the view that the Board has a good balance of Directors who have extensive business, financial, accounting and management experience. For details on the experiences and responsibilities of the Directors, please refer to their profiles under the Directors' profile of this Annual Report.

Deputy 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.

As at the date of this Annual Report, the Chairman of the Board has not been appointed. As the Chairman has not been appointed, the duties of the Chairman are currently undertaken by the Deputy Chairman, Mr Lim Pang Hern.

The clear division of responsibilities between the Deputy Chairman and the Chief Executive Officer ensures proper balance of power and authority in the Group. The positions of Deputy Chairman and Chief Executive Officer are kept separate. The Deputy Chairman position is held by Mr Lim Pang Hern. The position of the Chief Executive Officer is currently vacant. The NC and the Board are in the process of identifying a suitable candidate as the Chief Executive Officer. In the meantime, the Board as a whole has oversight over the operations and strategic direction of the Group's business.

As the Deputy Chairman, Mr Lim Pang Hern sets the tone for the conduct of the Board and ensures the Group's adherence to best corporate governance practices prescribed by the Code. He also ensures that the Board holds regular meetings and oversees the proper dissemination of corporate information to the relevant parties (including but not limited to the Directors and Shareholders). In addition, the Deputy Chairman monitors communications and relations between the Company and its Shareholders, within the Board and between the Board and the Management, with a view to encouraging constructive relations and dialogue amongst them.

The Chief Executive Officer whose position is currently vacant, is responsible for the day-to-day operations of the Group, the formulation of the Group's strategic direction as well as providing guidance to the other Directors on the strategic developments relating to the Group's business.

The separation of the roles of the Deputy Chairman and the Chief Executive Officer ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

In view of the above, the Board is of the view that power is not unduly concentrated in the hands of one individual nor is there any compromised accountability and independent decision-making as all major decisions and policy changes are conducted through the respective Board Committees, all of which are chaired by the Independent Directors.

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

At the date of this Annual Report, the NC comprises three members with a majority, including the NC Chairman, being Independent Directors. They are:

Marcelo Mora
Yeow See Onn
Lim Pang Hern

The NC is responsible for:

a. ensuring the Directors contribute a right blend of relevant experiences to the Board and have the core competencies to effectively manage the Company;
b. nominating suitable candidates to fill up any core competencies and expertise which is lacking in the Board;
c. proposing objective performance criteria for evaluating the performance of the Board and the performance of each Director with respect to that Director's delegated duties;
d. evaluating the performance and effectiveness of the Board and each Director against the proposed performance criteria which the Board set out and approved of;
e. deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations, and to assess the maximum number of listed entity board representations which any one of the Directors may hold;
f. determining the independence of each Independent Director annually; and
g. re-nominating any Director to the Board, taking into account that Director's effectiveness, performance and contribution to the Board.

Although the NC does not comprise entirely non-executive directors as provided under Guideline 4.1 of the Code, the Board is of the view that there are sufficient safeguards to minimise the risk of any potential conflict of interest. The majority of the members of the NC are independent. Further, in the event that a member of the NC has an interest in any matter being considered by the NC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

In the event that there is a need to change the structure of the Board, the chairmanship of the Company or the membership of the Board Committees, the NC would also review the change to be implemented and make recommendations to the Board accordingly. For the appointment of new Directors, the NC would, in consultation with the Board, examine the existing Board's strengths, capabilities and the existing Directors' contribution of skills, knowledge and experience to the Group and the Board. Further to the above, the NC will take into account the future needs of the Group and, together with the Board, will seek candidates who are able to contribute to the Group.

The NC is also tasked with deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations, and to assess the maximum number of listed entity board representations which any one of the Directors may hold. The NC had recommended to the Board and the Board had resolved that each of the Independent Directors should not hold more than six listed company board representations and other principal commitments and each of the Executive Directors should not hold more than two listed board representations and other principal commitments. After conducting reviews, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group.

There are no alternate directors appointed to the Board as at the date of this Annual Report. The Board will generally avoid approving the appointment of alternate directors unless alternate directors are appointed for limited periods in exceptional cases such as when a director has a medical emergency.

The NC seeks candidates widely and beyond persons directly known to the existing Directors. Further to the above, the NC is also entitled to engage professional search firms to source for suitable candidates. Resumes of the suitable candidates are reviewed and background checks are conducted before interviews are conducted again for the short-listed candidates. The NC shall then recommend suitable candidates to the Board. Announcements on all appointments and cessation of Directors are released via SGXNET.

CORPORATE GOVERNANCE

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

Name of Directors	Appointment	Date of Initial Appointment	Date of Last Re-election/ Re-appointment
Lim Pang Hern	Executive Director and Deputy Chairman	6 March 2015	29 April 2015
Yeow See Onn	Independent Director	3 October 2014	25 October 2017
Ding Lei	Executive Director	20 January 2017	25 October 2017
Marcelo Mora	Independent Director	23 January 2017	25 October 2017

Further to the above, the NC reviews the independence of each of the Independent Directors annually. As part of their review process, the NC requires the Independent Directors to complete and execute declaration forms in relation to their independence. These declaration forms are drawn up based on the guidelines in the Code. The NC reviewed declaration forms executed by the Independent Directors as well as any declaration which they may make to determine their respective independence. Pursuant to its review, the NC is of the view that Mr Yeow See Onn and Mr Marcelo Mora are independent of the Group and the Management.

The NC holds meetings with the Management to set out key performance indicators for the Management in the year. These key performance indicators take into account the Company's business operations and plans as well as the global economy. The NC reviews the Management's performance on an annual basis to determine if they have met the key performance indicators which have been set.

The NC also reviews the performance of the Directors as well as their contribution to the Board. After conducting reviews, the Nominating Committee is also satisfied that the Directors have been able to devote adequate time and attention to the affairs of the Company and they are able to fulfil their duties as directors of the Company.

The present directorships in listed companies of the present Directors as well as their directorships in listed companies for the preceding three years are set out below:

Name of Directors	Present Directorship In Listed Companies	Past Directorship In Listed Companies
Lim Pang Hern	GPS Alliance Holdings Limited	-
Yeow See Onn	-	-
Ding Lei	Bisan Limited	-
Marcelo Mora	GPS Alliance Holdings Limited	-

Under Article 90 of the Company's Constitution, at least one-third of the Directors (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) is required to retire from the office of Director and stand for re-election at the Company's Annual General Meeting. Generally, the retiring Directors are Directors who have been the longest in office since their last election (unless otherwise nominated by the NC).

The Directors retiring at the forthcoming Annual General Meeting pursuant to Article 90 of the Company's Constitution are Mr Lim Pang Hern and Mr Yeow See Onn. After assessing his contributions and performance, the NC is recommending Mr Lim Pang Hern for re-election at the forthcoming Annual General Meeting. Mr Yeow See Onn has indicated to the Board that he will not be seeking re-election at the forthcoming Annual General Meeting. Accordingly, Mr Yeow See Onn will cease to be a Director of the Company on the close of the forthcoming Annual General Meeting.

Further to the above, it should also be noted that the NC also reviews the appointment of any manager of the Company or any of its principal subsidiaries, who is a relative of a Director or Chief Executive Officer or Substantial Shareholder. For the financial year ended 31 March 2018 there were no persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company or its principal subsidiaries.

Board Performance
Principle 5: There should be a formal annual 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 has established a process for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. This assessment is conducted by the NC at least once a year by way of a Board evaluation where the Directors complete a questionnaire seeking their views on various aspects of Board performance, such as Board composition, information, process and accountability. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director. The Chairman will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors. No external facilitator has been appointed by the Company.

To assess the effectiveness of the Board as a whole, the factors evaluated by the NC include but are not limited to:

(i) the size and composition of the Board;
(ii) the discussion and decision-making processes of the Board (including the conduct of meetings by the Board);
(iii) the Board's access to information;
(iv) the accountability of the Board to the shareholders;
(v) the observation of risk management and internal control policies by the Board; and
(vi) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code).

To assess the contribution of each individual Director, the factors evaluated by the NC include but are not limited to:

(i) his/her participation at the meetings of the Board;
(ii) his/her ability to contribute to the discussion conducted by the Board;
(iii) his/her ability to evaluate the Company's strength and weaknesses and make informed business decisions;
(iv) his/her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;
(v) his/her compliance with the policies and procedures of the Group;
(vi) his/her performance of specific tasks delegated to him/her;
(vii) his/her disclosure of any related person transactions or conflicts of interest; and
(viii) for Independent Directors, his/her independence from the Group and the Management.

CORPORATE GOVERNANCE

The Board and the NC have endeavoured to ensure that the Directors possess the experience, knowledge and expertise critical to the Group's business.

Based on the NC's review, the NC considers the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board to be satisfactory and is of the view that the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

Access to Information

Principle 6: In order to fulfil their responsibilities, Board members 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.

To ensure that the Directors are able to effectively discharge their duties and be fully aware of the decisions and actions of the Management, the Directors have been given detailed information concerning the Group's business operations periodically. In particular, financial statements of the Group are also prepared on a half-yearly basis and circulated to all Directors for their review, allowing the Directors to have an awareness of the Group's financial position. When required, board papers are also prepared for meetings of the Board to provide information on financial, business and any other corporate issues to the Board.

All Directors are from time to time furnished with information concerning the Company, including board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and internal financial statements, to enable them to be fully cognisant of the decisions and actions of the Management. In respect of budgets, in the event that there are any material variances between the projections and actual results, these are disclosed and explained to the Board by Management.

In addition, the Directors have, at all times:

a. unrestricted access to the Company's records and information; and
b. separate and independent unlimited access to the Company Secretary and the Management.

The attendance of the Company Secretary and/or her representatives at all the meetings held by the Board and/or the Board Committees ensures that procedures for these meetings (including those stipulated in the Constitution) are followed and that applicable rules and regulations, including the requirements of the Singapore Companies Act (Cap. 50) and the Singapore Exchange Securities Trading Limited, are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Board also supports the taking of independent professional advice, at the Company's expense, if necessary in order for it or an individual Director to effectively discharge his/her duties and responsibilities.

(B) REMUNERATION MATTERS

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.

At the date of this Annual Report, the RC comprises three members with a majority, including the RC Chairman, being Independent Directors. They are:

Marcelo Mora – Chairman
Yeow See Onn
Lim Pang Hern

Although the RC does not comprise entirely non-executive directors as provided under Guideline 7.1 of the Code, the Board is of the view that there are sufficient safeguards to minimise the risk of any potential conflict of interest. The majority of the members of the RC are independent. Further, in the event that a member of the RC has an interest in any matter being considered by the RC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The RC meets at least once annually. If so required, it may seek expert advice in the field of executive compensation outside the Company upon approval by the Board, and the expenses of such advice shall be borne by the Company.

The RC is principally responsible for reviewing and recommending to the Board remuneration packages and policies for the Directors, key management personnel ("**Key Management Personnel**") and any persons occupying managerial positions who are related to a Director, Chief Executive Officer or Substantial Shareholder of the Group. This review process covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, performance shares, and benefits-in-kind, as the case may be. Pursuant to its review, the RC will submit its recommendations to the entire Board for endorsement.

Each member of the RC abstains from voting on any resolutions in respect to his/her remuneration package.

If necessary, the RC may seek expert advice inside and/or outside the Company on remuneration of the Directors and key management personnel. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for the financial year ended 31 March 2018.

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.

The RC carries out annual reviews of the remuneration packages of the Directors and the Management, having due regard to their contributions as well as the financial and commercial needs of the Group.

CORPORATE GOVERNANCE

The RC takes into account the industry norms/standards, the Group's performance as well as the contribution and performance of each Director when determining the remuneration packages of the Directors.

The Independent Directors receive Directors' fees, in accordance with their contributions, taking into account factors such as effort and/or time spent, the responsibilities of the Independent Directors and the need to pay competitive fees to attract, retain and motivate the Independent Directors. The Independent Directors are not over-compensated to the extent that their independence may be compromised.

The remuneration for the Executive Directors and the Management comprise a basic salary component and a variable component, namely, the annual bonus. The latter is based on the performance of the Group as a whole and their individual performance.

The Company has entered into separate service agreement with each of Mr Ding Lei and Mr Lim Pang Hern to set out the framework of their respective remuneration. These service agreements provide *inter alia* that either the Executive Director or the Company may terminate that Executive Director's service agreement upon giving written notice of not less than six months. The terms of the service agreements are reviewed by the RC on an annual basis. Based on the RC's review, the RC is of the view that the service agreements include fair and reasonable termination clauses which are not overly generous.

The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of the Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of a breach of fiduciary duties.

At an Extraordinary General Meeting of the Company held in 2009, the Company, having obtained majority votes from the then existing Shareholders, implemented a share performance plan ("**Share Performance Plan**") as a compensation scheme to promote higher performance goals and recognise exceptional achievement by individuals who well-contributed to the Group's growth. The Share Performance Plan was also extended to the Non-Executive Directors who have made and who continue to make significant contributions to the long-term growth of the Group. The Share Performance Plan was renewed at the Annual General Meeting of the Company for its financial period ended 31 March 2017. The Share Performance Plan will be renewed at the forthcoming Annual General Meeting of the Company.

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 directors and key management personnel, and performance.

In addition to its strict policies on bribery and money-laundering, the Group also maintains, under its Ethics, strict policies on gifts and entertainment which applies to all employees (including Directors). In the event that gifts, entertainment or other benefits are offered to employees, they must be properly declined if there is a risk of there being an appearance of impropriety. Similarly, all employees must also not offer any gifts, entertainment or other benefits to others if it creates an appearance of impropriety.

The breakdown of remuneration (rounded off to the nearest thousand dollars) of the Directors for the financial year ended 31 March 2018 is set out below:

Name Of Directors[1]	Fees S$'000	Salary S$'000	Bonus S$'000	Benefits-In-Kind S$'000	Allowances S$'000	Total S$'000
Yeow See Onn	43	-	-	-	-	43
Lim Pang Hern	-	77	-	6	-	83
Ding Lei	-	84	-	-	-	84
Marcelo Mora	38	-	-	-	-	38
Teoh Jin Thean [2]	-	109	-	7	-	116

Notes:
(1) No shares were issued to the Directors under the Company's Share Performance Plan for the financial year ended 31 March 2018.
(2) Mr Teoh Jin Thean retired as a Director of the Company with effect from 25 October 2017.

The breakdown of remuneration (rounded off to the nearest thousand dollars) of the top Key Management Personnel for the financial year ended 31 March 2018 is set out below.

Name Of Key Management Personnel[a]	Fees S$'000	Salary S$'000	Bonus S$'000	Benefits-In-Kind S$'000	Allowances S$'000	Total S$'000
Tay Teck Meng[b]	-	63	-	7	-	70
Teo Kok Meng[c]	-	43		5		48

Notes:
a. No shares were issued to the Executive Officers under the Company's Share Performance Plan for the financial year ended 31 March 2018.
b. Mr Tay Teck Meng was appointed as Chief Financial Officer of the Company on 6 February 2017. He resigned as Chief Financial Officer of the Company with effect from 31 October 2017.
c. Mr Teo Kok Meng was appointed as Chief Financial Officer of the Company on 31 October 2017.

There is no termination, retirement and post-employment benefits granted to Directors or the Key Management Personnel.

During the financial period year 31 March 2018, the Group did not have any employees who are immediate family members of a director or the CEO.

(C) ACCOUNTABILITY AND AUDIT

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

One of the Board's principal duties is to protect and enhance the long-term value and returns to the Shareholders. This accountability to the Shareholders is demonstrated through the presentation of its periodic financial statements as well as the timely announcements and news releases of significant corporate developments and activities so that the Shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

CORPORATE GOVERNANCE

The Management maintains close contact and communication with the Board by various means, including but not limited to holding meetings with the Board or corresponding via email in which documents are circulated to the Board for their review or for their information. The Company is required to make half-yearly announcements in relation to their financial results. However, the Management prepares the financial results every quarter and meetings are held with the Board to review these financial results. The Management also prepares and updates the Company's budget and table the same to the Board for their review. The above-mentioned arrangement allows the Directors to monitor the Group's performance as well as the Management's achievements of the goals and objectives determined and set by the Board.

The Company also completes and submits the relevant compliance checklists to SGX (if applicable and when required) to ensure that all announcements, circulars or letters to our Shareholder comply with the minimum requirements set out in the SGX-ST Listing Manual.

Under the Ethics, the Company and its employees are also required to provide the Shareholders, analysts, customers, creditors and any other relevant persons reliable information relating to the Group's operations and performance and outlook. The Board ensures that there is proper record keeping and financial reporting to safeguard the integrity and credibility of the Group and to prevent financial irregularities and even fraud. All employees are required under the Ethics to keep accurate and truthful records and reports (including those used for internal purposes and be in compliance with local and global accounting standards as well as laws, rules and regulations of countries in which the Group operates in).

The Group's reputation is valuable and has been achieved through many years of excellent service and integrity in its business operations, To maintain the Group's reputation, our Group has maintained, under the Ethics, policies for proper marketing, advertising and sales practices to ensure that description of the Group's offerings and services are legal and fair and there are no false, misleading or deceptive practices.

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 acknowledges that it is responsible for the overall internal control framework, including the determination of the Company's levels of risk tolerance and risk policies, but recognises that all internal control systems contain inherent limitations and that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The AC conducts regular reviews of the adequacy and effectiveness of the Group's internal controls and risk management functions, including financial, operational and compliance controls and internal controls in relation to information technology risks.

The AC have, on behalf of the Board, reviewed the adequacy and effectiveness of the various systems put in place by the Management and it is satisfied that there are adequate internal controls in the Company to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets.

As the Group is too small and its business is such that it does not have a risk management committee, the Board, AC and the Management assumes the responsibility of the risk management function. The Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal controls systems of the Company.

Based on the internal controls and risk management functions established and maintained by the Group, the AC and the Board are of the opinion that the Group's risk management systems and internal controls, notably those systems addressing financial, operational, compliance, information technology and other risks, were adequate and effective as at 31 March 2018. This is supported by the assurance from the Deputy Chairman and the Chief Financial Officer that:

(i) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the company's operations and finances and are in accordance with the relevant accounting standards; and
(ii) they have evaluated the effectiveness of the Company's risk management and internal controls and have discussed with the Company's auditors on their reporting points and note that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise or report the financial data.

In addition the Group's whistle-blowing policy and the Ethics set out by the Group also require employees to act in accordance with the values and policies of the Group. To monitor compliance with the Ethics, risk management systems are put in place and compliance audits are conducted. Breaches or potential breach of the Ethics are to be reported to a senior manager, a member of the Group's human resource department and the AC or through local grievance procedures.

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

The role of the Audit Committee ("**AC**") is to assist the Board with regard to the discharge of its responsibility to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls with an overall objective to ensure that the management has created and maintained an effective control environment in the Group.

At the date of this Annual Report, the AC comprises three members with a majority, including the AC Chairman, being Independent Directors. They are:

Yeow See Onn – Chairman
Marcelo Mora
Lim Pang Hern

Although the AC does not comprise entirely non-executive directors as provided under Guideline 12.1 of the Code, the Board is of the view that there are sufficient safeguards to minimise the risk of any potential conflict of interest. The majority of the members of the AC are independent. Further, in the event that a member of the AC has an interest in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The Company has appointed Mr Yeow See Onn as the Chairman of the AC as he has strong accounting and financial management expertise, being, amongst others, a fellow of the Institute of Singapore Chartered Accountants and a Certified

Practising Accountant of Australia. Mr Yeow See Onn is also currently the chief financial officer of a private company in Singapore.

The AC meets periodically and once every quarter to review the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained within the Group. The AC's duties include the review of:

(i) audit plans of the External Auditors, their evaluation of the Group's system of internal accounting controls, their audit report, their management letter and the management response;
(ii) the interim and annual financial statements and results announcements before submission to the Board for approval, focusing on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and the Listing Manual of the SGX-ST and any relevant statutory or regulatory requirements;
(iii) meet with the external auditors and the internal auditors without the presence of management at least annually, to discuss any problems and concerns they may have;
(iv) review internal audit programmes and adequacy and effectiveness of the Group's internal audit function as well as to ensure the coordination between the external auditors and internal auditors and management;
(v) consider and recommend to the Board the appointment, re-appointment and removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;
(vi) review the scope and results of the audit, its cost effectiveness, the independence and objectivity of the external auditors annually. Where the external auditors also supply a substantial volume of non-audit services to the Group, the nature, extent and cost effectiveness of such services would be reviewed in order to ensure that these services do not affect the independence and objectivity of the external auditors;
(vii) interested person transactions, if any; and
(viii) the adequacy and the effectiveness of the Group's internal control system (including financial, operational, compliance and information technology controls) and to report to the Board annually.

For the financial year ended 31 March 2018, the AC has reviewed the Company's financial reporting function, internal controls and processes and is satisfied with the adequacy and quality of the same. The AC is also satisfied with the adequacy of the Company's accounts and financial reporting resources.

Apart from the duties listed above, the AC has the authority to commission and review the findings of internal investigations of matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore or other applicable law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. The AC is entitled to obtain independent professional advice to execute its duties.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with updates being given by the external auditors and, where relevant, the internal auditors.

In the event that a member of the AC is interested in any matter being considered by the AC, he/she will abstain from reviewing that particular transaction or voting on that particular resolution.

The AC has also reviewed the arrangements by which the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters within the Group, with the objectives of ensuring that arrangements are in place for independent investigations of such matters and for appropriate follow-up action as and when the need arise. The Company has put in place a whistle-blowing policy for this purpose. Under the Company's whistle-blowing policy, employees may submit a complaint (which may be on an anonymous basis) to the Chairman of the AC and/or the officer designated by the AC, who will proceed to investigate the complaint. Complaints which should be reported pursuant to the whistle-blowing policy, include without limitation, the following:

(i) fraud or deliberate error in the recording and maintaining of the financial records of the Group or in the preparation, review or audit of the Group's financial statements;
(ii) significant deficiencies in or deliberate non-compliance with the Group's internal accounting controls;
(iii) use of the Group's funds, assets or property for any illegal, improper or unethical purpose, for example, fraud, theft of corporate property, embezzlement or misappropriation of corporate funds, assets or confidential information, and any acts of corruption or bribery;
(iv) fraud against investors, or the making of fraudulent statements to the SGX, members of the investing public and government or state authorities;
(v) violation of existing legislation, rules and regulations applicable to the Group relating to its accounting, financial reporting, internal controls and auditing matters;
(vi) distinct effort to mislead, deceive, manipulate, coerce or fraudulently influence any internal or external accountant or auditor in connection with the preparation, examination, audit or review of any financial statements or records of the Group;
(vii) improper actions or omissions which are likely to endanger colleagues, customers and suppliers of the Group and/or members of the public;
(viii) improper or abuse of Company position/appointment for personal gain; and
(ix) information relating to any of the above is being deliberately concealed or attempts are being made to conceal the same.

Questions, concerns and complaints relating to the enforcement or application of human resources policies and regulations of the Group, aspects of the workplace environment of the Group and the behavioural aspects of employees (including matters relating to discrimination and harassment of any nature), are not considered complaints and should not be reported under this Policy but should be reported directly to the employee's supervisors or to the Group's Human Resource Manager.

A copy of the Company's whistle-blowing policy and procedure may be found on the Company's corporate website (http://www.lorenzo-international.com/Lorenzo%20Policies.pdf).

The AC reviewed the adequacy of audit arrangements, with particular emphasis on the observations of the External Auditors, the scope and quality of their audits and the independence and objectivity of the External Auditors. The AC also reviewed:

(i) the work performed by the External Auditors taking into consideration the guidelines set out in the Guidance to Audit Committees on Evaluation of Quality of Work Performed by External Auditors issued in July 2010 by SGX-ST and the Singapore Accounting and Corporate Regulatory Authority; and
(ii) the fees and expenses paid to the External Auditors, including fees for non-audit services.

The AC reviewed the independence and objectivity of the external auditors as required under Section 206(1A) of the Companies Act and determined that the external auditors were independent in carrying out their audit of the financial statements. None of the members of the AC (i) is a partner or director of Messrs Foo Kon Tan LLP, or (ii) have any financial interest in Messrs Foo Kon Tan LLP.

CORPORATE GOVERNANCE

The AC has also reviewed the scope and quality of the external auditors' work before recommending the external auditors to the Board for re-appointment. After taking into account that the resources and experience of Messrs Foo Kon Tan LLP and the audit engagement partner assigned to the audit, Messrs Foo Kon Tan LLP's other audit engagement, the size and complexity of the audit for the Group as well as the number and experience of the staff assigned by Messrs Foo Kon Tan LLP for the audit, the AC is of the opinion that Messrs Foo Kon Tan LLP's independence has not been compromised and is able to meet its audit obligations. Together with the Board, the Audit Committee recommends the re-appointment of Messrs Foo Kon Tan LLP at the forthcoming Annual General Meeting.

Messrs Foo Kon Tan LLP is an audit firm registered with the Singapore Accounting & Corporate Regulatory Authority and was appointed on 11 October 2005. The AC noted that Messrs Foo Kon Tan LLP was not engaged to provide non-audit services in the financial year ended 31 March 2018. The audit fees paid to the External Auditors for their audit services in the financial year ended 31 March 2018 are S$302,020 (excluding disbursements and GST).

Messrs Foo Kon Tan LLP was also appointed in the financial year ended 31 March 2018 to audit the accounts of the Company and its subsidiaries companies in Singapore and People's Republic of China. The Company is in compliance with Rule 712 and Rule 715 of the Listing Manual.

The AC and External Auditors have, at all times, unrestricted access to each other. The AC also meets annually with the External Auditors, without the presence of the Management and is authorised to have full and unrestricted access to management and all personnel, records, operation, properties and other informational sources of the Company as required or desirable to properly discharge its responsibilities.

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 acknowledges that it is responsible for maintaining an internal audit function independent of the activities it audits. The Company outsources its internal audit function to an external audit firm Nexia TS Risk Advisory Pte Ltd ("**Internal Auditors**"). Nexia TS Risk Advisory Pte Ltd is not the external auditor of the Company and the Audit Committee noted that the internal audits conducted by Internal Auditors meet the standards set out by the Institute of Internal Auditors. The Internal Auditors last conducted an internal audit of the Group for the financial period ended 31 March 2017 and no internal audit was performed for the financial year ended 31 March 2018.

The Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The role of the Internal Auditors is to support the AC in ensuring that the Company maintains a sound system of internal controls by monitoring and assessing the effectiveness of the key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigation as directed by the AC.

The Internal Auditors shall remain independent of management and shall report directly to the Chairman of the AC. The Internal Auditors shall be responsible for the preparation of internal audit plans to be reviewed and approved by the AC.

The AC ensures that the Internal Auditors are adequately resourced and have appropriate standing within the Company.

The AC meets at least once annually to ensure the adequacy of the internal audit functions. The AC is responsible for the review and approval of the internal audit plan proposed by the Internal Auditors. The AC also believes that the system of internal controls and risk management maintained by the Company is adequate to safeguard the Shareholders' investment and the Company's assets.

To determine the adequacy of the internal control and risk management, the procedures adopted include but are not limited to:

a. reviewing the revenue policies and procedures established;
b. checking invoices raised to sales order and/or contracts;
c. reviewing discrepancies of billing and receipts;
d. reviewing monitoring system for unfulfilled sales order procedures;
e. reviewing processing and banking-in of receipts;
f. reviewing customer complaints and respective corrective action taken;
g. reviewing sales-related deductions and adjustments to ensure that they were supported with documentary evidence and were authorised;
h. reviewing the timeliness of revenue recognition;
i. checking the debtors aging report, the customer invoices and recording of debts in terms of amount period;
j. reviewing documentation and evidence supporting the monitoring of overdue balances and ensure that continuous monitoring is undertaken;
k. reviewing overdue balances and determining whether provisions or write-offs were required based on evidence collected during the monitoring stage;
l. reviewing credit evaluation procedures and credit management and commenting on its effectiveness;
m. checking that provision for bad debts and write offs were approved in accordance with policies and procedures;
n. checking goods received and issued to ensure that inventory records are updated accordingly;
o. reviewing the top-up level for essential spares and inventory;
p. reviewing movements of inventory;
q. reviewing the obsolete or slow moving items;
r. inquiring and observing the adequacy of physical security and control;
s. reviewing turnover of major inventory items and assessing the Group's ability to manage inventory;
t. reviewing stock take procedures and stock take report;
u. reviewing the performance of reconciliation of stock take variance to ensure that it was conducted as approved and taken up in the accounts; and
v. reviewing stock returned and rejected by customers and the reasons given for such returns;
w. reviewing key management/corporate information such as organisation charts, policies and procedures, systems and authorisation limits;
x. interviewing key process owners (managers and employees) on the operating processes and controls;
y. performing walkthrough of processes to understand key controls in place;
z. carrying out control testing through verification and reviewing of relevant documents; and
aa. reviewing employee job functions and responsibilities to assess whether incompatible duties were properly segregated.

The findings from the above-mentioned reviews and checks are rated and reported to the AC. In particular, high risk matters are highlighted to the AC and the Management to ensure that proper follow-up actions are undertaken to ensure proper internal control and risk management.

CORPORATE GOVERNANCE

(D) Shareholder Rights And Responsibilities

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.

The Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of development in the Group in accordance with the Listing Manual of the SGX-ST.

Any notice of a general meeting of Shareholders is issued at least 14 days or 21 days (as applicable) before the scheduled date of such meeting.

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.

The Company endeavours to maintain constant and effective communication with Shareholders through timely and comprehensive announcements. Price-sensitive information is released to all parties such as Shareholders, stakeholders and the public simultaneously to ensure a level playing field. Any material information or respective half-yearly and full year results is disseminated through SGXNET.

The Company communicates regularly through the following channels:

a. the SGXNET;
b. news and press releases;
c. the annual report; and
d. if it receives any email queries from Shareholders, replies by email.

The Group's material development and information shall also be disclosed in:

a. the Company's announcement of periodic financial results on the SGXNET;
b. notices of and explanatory memoranda for Annual General Meetings and Extraordinary General Meetings;
c. press releases for the Group's half-year and full-year results as well as other briefings, as appropriate;
d. press releases on major developments and corporate affairs of the Group (which the Company also releases as announcements via SGXNET and any supporting materials to these press release such as PowerPoint slides are also attached to these announcements); and
e. circulars or letters to Shareholders to provide the Shareholders with more information on its major transactions.

In addition to the above, the Shareholders can access the Company's corporate website (http://www.lorenzo-international.com/) at their convenience to receive updates. The Company's corporate website also provides information about the Company, its products and its Directors. The Company has a pool of professional and dedicated investor relation team in ensuring that queries by the Shareholders are responded in a timely manner.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on 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. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to Shareholders via announcements released on SGXNET.

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 Board regards the general meetings of shareholders, in particular the Annual General Meeting, as an opportunity to communicate directly with the Shareholders and encourages attendance and participative dialogue during the Annual General Meeting and any other general meetings of shareholders (hereinafter referred to collectively as "**General Meetings**").

The notice of the Annual General Meeting is dispatched to shareholders with the Annual Report (together with explanatory notes or a circular/letter to shareholders on items of special business, if applicable) at least 14 days before the Annual General Meeting if ordinary resolutions are to be transacted at the meeting or at least 21 days before a general meeting if special resolutions are to be transacted at such general meeting. The notice, first disseminated via SGXNET, is also advertised in newspapers.

It is crucial that the notices of General Meetings are reached out to the Shareholders prior to such General Meetings as the notices set out the agendas that will be discussed, some of which may be of interest to the Shareholders. A member of the Company entitled to attend and vote at General Meetings of the Company is entitled to appoint one or two proxies to attend and vote in his place. The Chairman of the General Meetings and the other Directors attending the General Meetings will be available to answer questions from the Shareholders present.

The External Auditors are also invited to attend the Annual General Meetings of the Company and will assist the Directors in addressing relevant queries by the Shareholders relating to the conduct of the audit and the preparation and content of the External Auditors' report.

The Company also encourages all the Shareholders to attend the Annual General Meeting to grasp a better understanding of the Group's business and be informed of the strategic goals and objectives. Shareholders are also encouraged to attend all other general meetings of Shareholders so as to be kept abreast of new developments in the Company in which Shareholders' approval is being sought. The Board and Management are committed to an open dialogue with the Shareholders at the General Meetings to address the Shareholders' issues, views and concerns.

The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principle regarding "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications.

The Company's Constitution allows a Shareholder to appoint one or two proxies to attend the General Meetings and vote in place of that Shareholder, save that no limit shall be imposed on the number of proxies for nominee companies. The Board is of the view that voting in absentia can only be possible if there is absolute certainty that integrity of the information and authentication of the identity of such Shareholder is not compromised.

Votes at the forthcoming Annual General Meeting and all General Meetings will be taken by poll so that Shareholders are accorded rights proportionate to their shareholding and all votes are counted.

The Chairmen of the Board Committees are normally available at the General Meetings as well to answer relevant questions raised by the Shareholders. Appropriate Management personnel are also present at General Meetings to respond, if necessary, to operational questions from Shareholders. The Company Secretary prepares minutes of General Meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and Management, and such minutes are available to Shareholders upon their request. The results of the General Meetings will be released as an announcement via SGXNET.

(E) DEALING IN SECURITIES & COMPLIANCE WITH BEST PRACTICES GUIDE

The Group has adopted and implemented the best practices guidelines advised by SGX-ST in relation to the dealing of shares of the Company. The Group has maintained policies on insider-trading in its Ethics and also put in place procedures prohibiting the Directors and employees of the Group from dealing in the Company's shares during the periods commencing one month prior to the announcement of the Group's financial results and ending on the date of the announcement of the results, or if they are in possession of unpublished material price-sensitive information of the Group.

The Directors and employees are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Directors and employees are expected not to deal in the Company's securities on short term considerations.

The Board shall ensure that the Company complies with the principal corporate governance recommendations set out in the best practices guide issued by SGX-ST.

The Company also has a policy of encouraging its Non-Executive Directors (including Independent Directors) to purchase shares in the Company (provided always that the best practices guidelines advised by SGX-ST are observed) and for the Non-Executive Directors to hold these shares until the Non-Executive Director leaves the Board.

(F) INTERESTED PERSON TRANSACTIONS

To ensure compliance with the relevant rules under Chapter 9 of the SGX-ST Listing Manual on interested person transactions, the Board and AC regularly reviews if the Company enters into any interested person transaction and if it does, to ensure that the Company complies with the requisite rules under Chapter 9.

If the Company does enter into an interested person transaction, and a potential conflict of interest arises, the Director concerned will abstain from any discussions and will also refrain from exercising any influence over other members of the Board.

Further to the above, the Group has introduced policies under its Ethics, requiring all employees (including Directors) to disclose, at all times, any actual or apparent conflicts of interests as well as avoiding such potential conflicts.

The aggregate value of transactions entered into by the Group with interested persons and their associates for the financial year ended 31 March 2018 are as follows:

Name of interested person and nature of transactions	**Aggregate value of all interested person transactions during the period under review (excluding transactions less than S$100,000 and transactions under shareholders' mandate pursuant to Rule 920 of the Listing Manual)**	
	31 March 2018 S$'000	31 March 2017 S$'000
Sales to a firm of which a director of the Company is a member	-	-
Purchases from a firm of which a director of the Company is a member	-	-
Expenses charged by a firm of which a director of the Company is a member	-	-
In addition, the Group had entered into the following transactions which come under the exception under Rule 916 of the SGX-ST Listing Manual		
Rental expenses paid and payable to a firm of which a director of the Company is a member	1,233	-
Rental expenses in relation to prior years paid and payable to a firm of which a director of the Company is a member	655	-

The Group has not obtained a general mandate from shareholders for interested person transactions.

(G) MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interests of the Deputy Chairman, Chief Executive Officer, any Director or Controlling Shareholder except for the service agreements entered into between the Company and the Executive Directors.

LORENZO
GROUP

LORENZO

LORENZO INTERNATIONAL LIMITED

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SINGAPORE

Uhin Holding Pte Ltd
Supreme Furnishing Centre Pte Ltd
Lorenzo Concept Pte Ltd
23 Neythal Road Blk B #04-03 Singapore 628588
Tel/ Fax: +65 6748 1551

Builders Shop Pte Ltd
23 Neythal Road Blk B #01-01 Singapore 628588
Tel: +65 6841 6636 Fax: +65 6545 5665

MALAYSIA

Uhin Sofa Sdn Bhd
Uhin Wood Industries Sdn Bhd
Ginova Furnishing Sdn Bhd
Monica Design Sdn Bhd
Ginova Marketing Sdn Bhd
Brezza Living Sdn Bhd
21 Jalan TSB 8 Taman Industri Sg. Buloh 47000
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Tel: +603 6157 1591 Fax: +603 6157 1931

TAIWAN

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93-33 Lane 136 Zhonggang W. Road
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243 Taiwan (R.O.C.)
Tel: +886 2 2900 0001 Fax: +886 2 2900 0002

CHINA

Lorenzo International (Kunshan) Co., Ltd
Lorenzo Furniture Trading (Shanghai) Co., Ltd
9 Dongyuan Road, Dianshan Hu Town
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YEARS OF MANUFACTURING

ITALIAN LEATHER GROUP

ASIA'S ONLY & CERTIFIED EXCLUSIVELY IMPORTER OF 100% ITALIAN GENUINE BOVINE HIDES

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INTERNATIONAL
.COM

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FINANCIAL STATEMENT

DIRECTORS' STATEMENT

for the financial year ended 31 March 2018

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

In our opinion,

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

(b) at the date of this statement, having regard to the financial support from directors cum shareholders of the Company, there are reasonable grounds to believe that the Group and the Company will be able to continue operations and meet their liabilities as and when they fall due. This is disclosed under Note 2(a) to the financial statements.

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

Names of directors

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

Lim Pang Hern
Ding Lei
Yeow See Onn (Independent director)
Marcelo Mora (Independent director)

Directors' interests in shares or debentures

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

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
The Company - Lorenzo International Limited	As at 1.4.2017	**As at 31.3.2018 and 21.4.2018**	As at 1.4.2017	**As at 31.3.2018 and 21.4.2018**
	Number of ordinary shares			
Goh Ah Lee [1, 2]	4,217,000	**4,217,000**	246,000	**246,000**
Teoh Jin Thean[1]	476,539	**476,539**	-	**-**
Lim Pang Hern [3]	959,500	**959,500**	45,579,800	**45,579,800**
Ding Lei	125,600,000	**125,600,000**	-	**-**
Yeow See Onn	400,000	**-**	-	**-**

FINANCIAL STATEMENT

DIRECTORS' STATEMENT

for the financial year ended 31 March 2018

Directors' interests in shares or debentures (Cont'd)

Note:
1. Mr Goh Ah Lee and Mr Teoh Jin Thean resigned on 3 April 2017 and 25 October 2017 respectively.
2. Mr Goh Ah Lee is deemed to be interested in shares held by his spouse, Lee Lee Wah, and shares held by his nominees, Hong Leong Finance Nominees Pte. Ltd.
3. Mr Lim Pang Hern is deemed to be interested in shares held by BD Corporate Pte. Ltd.

There are no changes to the above shareholdings as at 21 April 2018.

Share options

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

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

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

Audit Committee

The Audit Committee ("AC") comprises the following three members two of whom, including the Chairman, are independent.

Yeow See Onn (Chairman)
Marcelo Mora
Lim Pang Hern

In accordance with Code of Corporate Governance 2012 Guideline 12.1, "the AC should comprise at least three directors, the majority of whom, including the AC Chairman, should be independent. All of the members of the AC should be non-executive directors."

Although the AC does not comprise entirely non-executive directors as provided under guideline 12.1 of Code of Corporate Governance, the Board is of the view that there are sufficient safeguards to minimise the risk of any potential conflict of interest. The majority of the members of the AC are independent. Furthermore, in the event that a member of the AC has an interest in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The AC performs the functions set out in Section 201B(5) of the Act, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX Listing Manual") and the Code of Corporate Governance. In performing those functions, the AC reviewed the following:

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the half yearly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2018 as well as the auditor's report thereon;

DIRECTORS' STATEMENT

for the financial year ended 31 March 2018

Audit Committee (Cont'd)

(iv) effectiveness of the Company's material internal controls, including financial, operational, compliance controls, information technology controls and risk management via reviews carried out by the internal auditors;

(v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

(vi) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(viii) reviewed the nature and extent of non-audit services provided by the external auditor;

(ix) recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(x) reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate; and

(xi) interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

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

The AC is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

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DING LEI

....

LIM PANG HERN

Dated: 30 November 2018

FINANCIAL STATEMENT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORENZO INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Lorenzo International Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 March 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(1) Appropriateness of going concern assumption

As discussed in Note 2(a) to the financial statements, as at 31 March 2018, the Group had negative equity of $1,548,905 and net current liabilities of $14,624,789 while the Company had equity of $9,390 and net current asset of $4,895. For the financial year ended 31 March 2018, the Group incurred a loss after tax of $10,811,627 and a total comprehensive loss of $10,712,917 respectively, and the Group had sustained net operating cash outflows of $594,462.

The matters set out above and in Note 2(a) to the financial statements indicate the existence of a material uncertainty which cast a significant doubt on the Group's and the Company's ability to continue as a going concern. Some of the Group's financing arrangements had expired and the amounts outstanding were payable on 30 September 2016 and 31 December 2016. At the reporting date, no letter of extension on the repayment dates for these outstanding loans and borrowings at year end amounting to $5,738,387 was obtained from the banks. Management had assessed the assumption of the use of going concern by performing a profitability projection for the next 12 months based on the sales and related forecast and the ability to source for re-financing of borrowings. Furthermore, two directors cum shareholders of the Company had provided a financial undertaking to the Group and the Company to provide the necessary financial support to the Group and the Company to continue operations and meet their liabilities as and when they fall due within the next 12 months from the reporting date.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORENZO INTERNATIONAL LIMITED (CONT'D)

Basis for Disclaimer of Opinion (Cont'd)

(1) Appropriateness of going concern assumption (Cont'd)

The cash flow projection for the next 12 months from the reporting date prepared by management resulted in a net cash outflows. If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and Company may have to provide for further liabilities that may arise and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Notwithstanding that a letter of financial undertaking had been provided by the directors cum shareholders of the Company, we were unable to obtain sufficient audit evidence to attest the financial capability of the directors cum shareholders in providing such financial support required to ensure that the Group and the Company are able to pay their debts as and when they fall due. Therefore, we are not able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements of the Group and the Company is appropriate.

The auditor's report of the Group dated 6 October 2017 for the financial period from 1 January 2016 to 31 March 2017 included a similar basis for disclaimer on this matter.

(2) Inventories

In the last financial period ended 31 March 2017, as reported in the auditor's report dated 6 October 2017, we were unable to establish the completeness and accuracy over the valuation and costing of the inventories of two of the subsidiaries due to (i) incomplete roll-back reconciliations prepared by management to reconcile the differences between the physical inventory counted on 5 June 2017 and 19 August 2017 for each of the subsidiaries respectively, and the inventories balances as at 31 March 2017; and (ii) no physical re-count was performed.

In the absence of an accurate opening balances of inventories as at 1 April 2017, we were unable to establish the accuracy of inventory cost recognised as cost of sales of $385,021 out of $9,379,322 (Notes 9 and 21) and the allowance for inventory obsolescence recognised in other operating expenses of $1,003,438 out of $3,010,535 (Notes 9 and 21) in the profit or loss account for the financial year ended 31 March 2018.

Notwithstanding that management had made allowance for inventory obsolescence during the financial year ended 31 March 2018, the allowance may not have arisen had the completeness and accuracy of inventories were ascertained in the financial period ended 31 March 2017. The cost of sales and allowance for inventory obsolescence charged to the profit or loss account for the financial year ended 31 March 2018 could potentially be misstated because we could not determine which financial period - 31 March 2017 or 31 March 2018 should the cost of sales and allowance for inventory obsolescence be recorded in.

FINANCIAL STATEMENT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORENZO INTERNATIONAL LIMITED (CONT'D)

Basis for Disclaimer of Opinion (Cont'd)

(3) Amount due from a customer

In the last financial period ended 31 March 2017, as reported in the auditor's report dated 6 October 2017, one of the subsidiaries of the Group had recognised sales of $2,000,000 to an external customer in respect of a delivery of goods on 3 March 2017. The credit term stated on the sales invoice was based on cash term. No payment was received from the customer following the delivery of goods and issuance of invoice in the financial period ended 31 March 2017. Only a cash payment of $200,000 was subsequently collected from the customer on 18 August 2017 and the balance of $1,800,000 (excluding Goods and Services Tax) remained outstanding for more than 150 days as of the audit report dated 6 October 2017.

Based on our subsequent receipt review as of 12 September 2018, total collections from the customer amounted to $808,430. As such, there was an over recognition of revenue and related trade receivables in respect of the financial period ended 31 March 2017 which is of material significance to the consolidated financial statements but no prior year adjustment had been made. Notwithstanding that management had made full impairment to the remaining outstanding trade receivables of $1,191,570 (excluding Good and Services tax) from this customer during the financial year ended 31 March 2018, the impairment allowance on trade receivables during the year would not have arisen had the revenue and trade receivables were only recognised to the extent of the probable inflow of economic benefits associated with the transaction i.e. $808,430.

(4) Valuation of amounts due from subsidiaries

The carrying values of amounts due from subsidiaries at the Company level amounted to $3,852,310 (Note 10) as at 31 March 2018.

Management did not perform an assessment of impairment to determine the amount and timing of future cash flows based on historical loss experiences for assets with similar credit risk using the effective interest rate. In the absence of any alternative evidence available to us, we were unable to determine if any adjustments would be required to the carrying value of the amounts due from subsidiaries recorded at the Company level as at 31 March 2018.

The auditor's report dated 6 October 2017 for the financial period ended 31 March 2017 included a similar qualification on this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORENZO INTERNATIONAL LIMITED (CONT'D)

Basis for Disclaimer of Opinion (Cont'd)

(5) Recoverable amount of non-financial assets and reversal of/and impairment losses

The Group had carried out an impairment assessment over its property, plant and equipment (Note 4), investment property (Note 5), land use rights (Note 6) and costs of investment in subsidiaries (Note 7) and identified 5 main Cash-Generating-Units (CGUs), defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The CGUs identified were the furniture business in Singapore (Retail CGU (Singapore)), the furniture business in Malaysia (Retail CGU (Malaysia)), the furniture business in Taiwan (Retail CGU (Taiwan)), rental income from the leasing from properties in China (Leasing CGU) and the building material business (Building Materials CGU).

The recoverable amount should be based on the higher of the fair value less cost to sell and value-in-use basis of computation. The value-in-use should be computed using the estimated future cash flows discounted to the present values using pre-tax discount rates.

However, no recoverable amount was determined for the following:

- Costs of investment in subsidiaries (Note 7) at the Company level for Building Materials CGU, Retail CGU (Singapore) and Leasing CGU; and
- Plant and equipment (other than leasehold properties) (Note 4) for Retail CGU (Singapore), Retail CGU (Malaysia) and Leasing CGU.

Consequently, we were unable to satisfy ourselves by alternative means concerning:

- any reversal of brought forward impairment loss as at 31 March 2018 of $9,616,732 (Note 7), if required, or the impairment loss of $25,371,628 (Note 7) made during the financial year in the costs of investment in subsidiaries of those CGUs; and
- any reversal of brought forward impairment loss as at 31 March 2018 of $1,746,337 (Note 4), if required, or the impairment loss of $306,384 (Note 4) made during the financial year in the plant and equipment (other than leasehold properties) of those CGUs.

and accordingly, we were unable to ascertain the valuation of the carrying book amount of investments of $Nil (Note 7) and the net book value of plant and equipment (other than leasehold properties of $706,146 (Note 4) of those CGUs respectively as at 31 March 2018.

The auditor's report of the Group dated 6 October 2017 for the financial period ended 31 March 2017 included a similar qualification on this matter.

FINANCIAL STATEMENT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORENZO INTERNATIONAL LIMITED (CONT'D)

Basis for Disclaimer of Opinion (Cont'd)

(6) Amount due to contract customers

The Group has net amount due to contract customers of $109,993 (Note 23) as at 31 March 2018 and has not recorded any contract revenue and contract cost of sales recognised during the financial year.

The Group was unable to provide an updated project schedule and the necessary audit evidence for our audit due to staff turnover.

As such, we were unable to obtain sufficient and appropriate audit evidence to satisfy ourselves on the following:-

- The existence, accuracy and valuation of the amount due to contract customers as of 31 March 2018 which consist of contract cost incurred, attributable profit and progress billings.
- The completeness, occurrence and accuracy of the contract revenue and contract cost of sales, if any, to be recorded for the financial year ended 31 March 2018.

In the absence of any audit evidence and alternative audit procedures, we were unable to identify any necessary adjustments required.

(7) Acquisition of Brezza Living Sdn Bhd

On 23 November 2017, a subsidiary, Ginova Marketing Sdn Bhd ("GMSB") entered into a sales and purchase agreement to acquire 100% equity interest in Brezza Living Sdn Bhd ("Brezza") from a third party for a purchase consideration of RM1,200,000 payable in three instalments (Note 7).

In the absence of the forecasted consolidated net profit after tax of GMSB and its subsidiaries (including the newly acquired Brezza) to determine the deferred consideration of RM1,200,000, we were unable to establish with a reasonable amount of accuracy the deferred consideration for the acquisition of the 100% equity interest in Brezza. As a result of this, we were unable to establish the cost of investment of Brezza in the books of GMSB and the deferred consideration payable recorded at the Group level.

Management appointed Jones Lang LaSalle as their management expert to carry out the "purchase price allocation" ("PPA") exercise. However, management is unable to finalise and complete the PPA exercise and issue a report before the finalisation of the financial information of the Group for the financial year ended 31 March 2018. In the absence of a detailed PPA being carried out, we were unable to establish the identification and measurement of the fair values of identifiable assets, liabilities and any contingent liabilities and intangible assets, goodwill and post-acquisition results as at the date of acquisition.

As a result, we were unable to ascertain the existence, accuracy and valuation of the amount of any goodwill and any contingent liabilities and intangible assets arising from the acquisition.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORENZO INTERNATIONAL LIMITED (CONT'D)

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's and the Company'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 the Company 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 responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

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 subsidiaries 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 Ho Teik Tiong.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 30 November 2018

FINANCIAL STATEMENT

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2018

		The Company		The Group	
		2018	2017	**2018**	2017
	Note	**$**	$	**$**	$
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**4,495**	3,751	**5,233,750**	16,266,659
Investment property	5	**-**	-	**8,720,267**	-
Land use rights	6	**-**	-	**921,649**	1,088,206
Subsidiaries	7	**-**	25,371,628	**-**	-
Intangible assets	8	**-**	-	**-**	-
Other receivables	10	**-**	-	**121,179**	143,539
Deferred tax assets	16	**-**	-	**44,487**	12,169
		4,495	25,375,379	**15,041,332**	17,510,573
Current Assets					
Land use rights	6	**-**	-	**24,777**	30,716
Inventories	9	**-**	-	**7,166,138**	11,930,512
Trade and other receivables	10	**3,900,657**	5,346,499	**7,148,747**	8,060,000
Cash and bank balances	11	**3,160**	8,122	**1,586,213**	1,592,914
		3,903,817	5,354,621	**15,925,875**	21,614,142
Total assets		**3,908,312**	30,730,000	**30,967,207**	39,124,715
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	12	**39,948,675**	39,948,675	**39,948,675**	39,948,675
Reserves	13	**(39,939,285)**	(12,113,006)	**(41,497,580)**	(30,623,409)
Total equity		**9,390**	27,835,669	**(1,548,905)**	9,325,266
Non-Current Liabilities					
Borrowings	14	**-**	-	**35,707**	75,525
Deferred income	15	**-**	-	**1,765,098**	41,535
Deferred tax liabilities	16	**-**	-	**164,643**	159,352
		-	-	**1,965,448**	276,412
Current Liabilities					
Trade and other payables	17	**3,898,922**	2,884,331	**16,682,623**	14,502,884
Deferred income	15	**-**	10,000	**1,119,344**	40,766
Borrowings	14	**-**	-	**12,619,903**	14,599,428
Amount due to directors	18	**-**	-	**-**	281,715
Current tax payable		**-**	-	**128,794**	98,244
		3,898,922	2,894,331	**30,550,664**	29,523,037
Total liabilities		**3,898,922**	2,894,331	**32,516,112**	29,799,449
Total equity and liabilities		**3,908,312**	30,730,000	**30,967,207**	39,124,715

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2018

	Note	**Year ended 31 March 2018 $**	Period from 1 January 2016 to 31 March 2017 $
Revenue	3	**31,846,606**	54,139,285
Cost of sales		**(17,431,503)**	(29,575,980)
Gross profit		**14,415,103**	24,563,305
Other income	19	**6,925,361**	2,494,512
Distribution costs		**(3,409,656)**	(5,921,207)
Administrative expenses		**(18,869,417)**	(21,366,908)
Other operating expenses		**(8,551,752)**	(6,939,158)
Finance costs	20	**(897,683)**	(1,143,378)
Loss before taxation	21	**(10,388,044)**	(8,312,834)
Tax expense	22	**(423,583)**	(867,802)
Loss after taxation		**(10,811,627)**	(9,180,636)
Loss for the year/period attributable to owners of the Company		**(10,811,627)**	(9,180,636)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets:			
- Net change in fair value recycled to profit or loss		**-**	11,468
Foreign currency translation differences - foreign operations, at nil tax		**98,710**	(515,557)
Other comprehensive income/(loss) for the year/period, net of tax		**98,710**	(504,089)
Total comprehensive loss for the year/period attributable to owners of the Company		**(10,712,917)**	(9,684,725)
Loss per share (cents)			
- basic	24	**(2.46)**	(2.46)
- diluted	24	**(2.46)**	(2.46)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2018

	Share capital $	Translation reserve $	Statutory common reserve $	Capital reserve $	Merger reserve $	Fair value reserve $	Accumulated losses $	Total equity $
At 1 January 2016	36,554,325	(4,629,264)	68,256	838,050	(3,282,141)	(11,468)	(13,922,117)	15,615,641
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(9,180,636)	(9,180,636)
Other comprehensive loss	-	(515,557)	-	-	-	11,468	-	(504,089)
Total comprehensive loss for the period	-	(515,557)	-	-	-	11,468	(9,180,636)	(9,684,725)
Contributions by owners								
Issue of ordinary shares (Note 12)	3,394,350	-	-	-	-	-	-	3,394,350
Transactions with owners	3,394,350	-	-	-	-	-	-	3,394,350
At 31 March 2017	39,948,675	(5,144,821)	68,256	838,050	(3,282,141)	-	(23,102,753)	9,325,266
At 1 April 2017	**39,948,675**	**(5,144,821)**	**68,256**	**838,050**	**(3,282,141)**	**-**	**(23,102,753)**	**9,325,266**
Total comprehensive loss for the year								
Loss for the year	-	-	-	-	-	-	**(10,811,627)**	**(10,811,627)**
Other comprehensive loss	-	**98,710**	-	-	-	-	-	**98,710**
Total comprehensive loss for the year	-	**98,710**	-	-	-	-	**(10,811,627)**	**(10,712,917)**
Recycling of reserves upon disposal of a subsidiary	-	-	**(68,256)**	-	-	-	**68,256**	-
Disposal of a subsidiary	-	**(161,254)**	-	-	-	-	-	**(161,254)**
Transactions with owners	-	**(161,254)**	**(68,256)**	-	-	-	**68,256**	**(161,254)**
At 31 March 2018	**39,948,675**	**(5,207,365)**	**-**	**838,050**	**(3,282,141)**	**-**	**(33,846,124)**	**(1,548,905)**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2018

	Note	Year ended 31 March 2018 $	Period from 1 January 2016 to 31 March 2017 $
Cash Flows from Operating Activities			
Loss before taxation		**(10,388,044)**	(8,312,834)
Adjustments for:			
Impairment loss on trade and other receivables		**2,677,065**	1,077,782
Depreciation of property, plant and equipment	4	**1,357,504**	2,715,451
Amortisation of land use rights	6	**31,034**	39,304
Impairment loss on property, plant and equipment	4	**306,834**	1,320,338
Property, plant and equipment written off	21	**240,492**	101,312
Gain on disposal of property, plant and equipment	19	**(994,716)**	(352,449)
Gain on disposal of subsidiary	7	**(3,143,338)**	-
Negative goodwill	7	**(296,100)**	-
Interest income	19	**(3,182)**	(39,783)
Interest expense	20	**845,592**	1,106,783
Operating loss before working capital changes		**(9,366,859)**	(2,344,096)
Change in inventories		**5,376,458**	4,130,373
Change in operating receivables		**639,140**	577,002
Change in operating payables		**4,055,381**	(980,997)
Cash generated from operations		**704,120**	1,382,282
Interest paid		**(845,592)**	(1,106,783)
Income tax paid		**(452,990)**	(879,080)
Net cash used in operating activities		**(594,462)**	(603,581)
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment (Note A)		**(558,027)**	(348,279)
Proceeds from disposal of property, plant and equipment		**408,304**	488,692
Interest received		**3,182**	39,783
Proceeds from disposal of subsidiary	7	**3,277,394**	-
Net cash generated from investing activities		**3,130,853**	180,196
Cash Flows from Financing Activities			
Proceeds from share issued, net		**-**	3,394,350
Repayments of finance lease liabilities		**(111,005)**	(492,400)
Repayment of trust receipts and bills payable		**(1,299,269)**	(2,980,730)
Repayments of bank loans		**(675,610)**	(1,171,604)
Proceeds from bank loans		**-**	622,500
(Repayment)/Received of loan from directors		**(281,715)**	281,715
Net cash used in financing activities		**(2,367,599)**	(346,169)
Net changes in cash and cash equivalents		**168,792**	(769,554)
Cash and cash equivalents at beginning of year/period		**(4,410,262)**	(3,772,374)
Exchange differences on translation of cash and cash equivalents at beginning of year/period		**(89,403)**	131,666
Cash and cash equivalents at end of year/period	11	**(4,330,873)**	(4,410,262)

Note A:
During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $558,027 (2017 - $408,279) of which $Nil (2017 - $60,000) were acquired by means of finance leases. Cash payments of $558,027 (2017 - $348,279) were made to purchase property, plant and equipment.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

for the financial year ended 31 March 2018

Reconciliation of movements of liabilities to cash flows arising from financing activities, excluding equity item

		Cash flows		Non-cash flows		
	As at 1 April 2017 $	Principal repayment $	Interest paid $	Interest expense $	Foreign currency translation reserve $	As at 31 March 2018 $
Finance lease liabilities (Note 14.1)	196,853	(111,005)	(14,323)	14,323	1,173	87,021
Bank loans (Note 14.2)	4,388,298	(675,610)	(254,596)	254,596	27,942	3,740,630
Bills payables and trust payables (Note 14.3)	4,086,626	(1,299,269)	(189,962)	189,962	123,516	2,910,873
Amount due to directors (Note 18)	281,715	(281,715)	-	-	-	-

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

1 General information

The financial statements of the Company and of the Group for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company was incorporated as a limited liability company and domiciled in Singapore.

The registered office and principal place of business is located at 23 Neythal Road, #04-03 Singapore 628588.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are stated in Note 7.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS"), including related Interpretations promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

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

<u>Going concern basis</u>
The Group had negative equity of $1,548,905 (2017 - positive equity of $9,325,266) and net current liabilities of $14,624,789 (2017 - $7,908,895) while the Company had equity of $9,390 (2017 - $27,835,669) and net current asset of $4,895 (2017 - $2,460,290). For the financial year ended 31 March 2018, the Group incurred a loss after tax of $10,811,627 (period from 1 January 2016 to 31 March 2017 - $9,180,636) and a total comprehensive loss of $10,712,917 (period from 1 January 2016 to 31 March 2017 - $9,684,725) respectively, and the Group had sustained net operating cash outflows of $594,462 (period from 1 January 2016 to 31 March 2017 - $603,581).

These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns. Some of the Group's financing arrangements had expired and the amounts outstanding were payable on 30 September 2016 and 31 December 2016. At the reporting date, no letter of extension on the repayment dates for these outstanding loans and borrowings at year end amounting to $5.7 million was obtained from the banks. Management is currently negotiating a revised repayment plan with the financial institutions in respect of the said financial arrangements. Management had assessed the assumptions of the use of going concern by performing a profitability and cash flow projection for the next 12 months based on the sales and related forecast and the ability to source for re-financing of borrowings. Furthermore, a director cum shareholder of the Company had provided a financial undertaking to the Group and Company to provide the necessary financial support to the Group and the Company to continue operations and meet their liabilities as and when they fall due within the next 12 months from the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2(a) Basis of preparation (Cont'd)

Going concern basis (Cont'd)

The cash flow projection for the next 12 months from the reporting date prepared by management resulted in a net cash outflows. If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the consolidated statement of financial position. In addition, the Group and Company may have to provide for further liabilities that may arise and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

(a) Significant judgements in applying accounting policies

Determination of functional currency

These financial statements are presented in Singapore dollar, which is the functional currency of the Company.

Determination of functional currency involves significant judgment. The functional currency of the Company is principally determined by the primary economic environment in which it operates.

The Company reconsiders their functional currency if there is a change in the underlying transactions, events and conditions which determine their primary economic environment. The determination of functional currency affects the carrying value of non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the income statement. It also impacts exchange gains and losses included in the income statement.

Income tax

The Group has exposure to income taxes in different jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The Group's current tax payable and deferred tax liabilities as at 31 March 2018 amounted to $128,794 (2017 - $98,244) and $164,643 (2017 - $159,352) respectively.

Deferred tax assets

The Group recognises deferred tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised and that the Group is able to satisfy the continuing ownership test.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2(a) Basis of preparation (Cont'd)

Significant accounting estimates and judgements (Cont'd)

(a) Significant judgements in applying accounting policies (Cont'd)

Deferred tax assets (Cont'd)
During the current financial year, the Group recognised shareholdings of certain group entities, for which a deferred tax asset amounting to $44,487 (2017 - $12,169) was recognised based on the anticipated future use of tax losses carried forward by those entities. If the tax authority regards the group entities as not satisfying the continuing ownership test, the deferred tax asset will have to be written off as income tax expense.

Probability of success of litigation cases
The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities.

Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

An entity in the Group is a defendant in a legal action involving the alleged injuries caused by debris from a fallen granite slab from a building in 2011. The directors believe that, based on legal advice, there is a present obligation that will probably require an outflow of resources. However, no provision for the contingent liability has been made by the Group as at 31 March 2017 and 31 March 2018 in view of the existence of a letter of undertaking by the previous shareholder of the subsidiary.

Further details are given in Note 28 to the financial statements.

Classification of land use rights
Within the People's Republic of China, it is the practice for the State to issue land use rights to individuals or entities. Such rights are evidenced through the granting of a land use rights certificate, which gives the holder the right to use the land (including the construction of buildings thereon) for a given length of time. An upfront payment is made for this right. Management judges that the substance of these arrangements is an operating lease over the land, and that the upfront payment represents prepaid lease rentals. The prepayment is recognised in the consolidated statement of financial position, analysed between current and non-current assets which represent amounts to be utilised within and after 12 months of the end of the reporting period. The prepayment is amortised to spread the lease cost over the duration of the term of the land use right, as specified in the land use right certificate. The carrying amount of the Group's prepayment at the reporting date amounted to $946,426 (2017 - $1,118,922).

Determination of operating segments
Management will first identify the Chief Operating Decision Maker ("CODM"). Then it should identify their business activities (which may not necessarily earn revenue or incur expenses). Management will further determine whether discrete financial information is available for the business activities and whether that information is regularly reviewed by the CODM. Judgement is applied by management of the aggregation criteria to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2(a) Basis of preparation (Cont'd)

Significant accounting estimates and judgements (Cont'd)

(b) Critical accounting estimates and assumptions used in applying accounting policies

Depreciation of property, plant and equipment, investment property and land use rights
Property, plant and equipment, investment property and land use rights are depreciated on a straight-line basis over their estimated useful lives. The Group's business is capital intensive and the annual depreciation of property, plant and equipment, investment property and land use rights forms a significant component of total costs charged to profit or loss. The Group performs annual reviews on whether the assumptions made on useful lives continue to be valid. The carrying amount of the Company's and the Group's property, plant and equipment, investment property and land use rights as at 31 March 2018 are disclosed in Notes 4, 5 and 6 respectively. As changes in the expected level of usage, competitors' actions and technological obsolescence arising from changes in market demands of the assets could impact the economic useful lives and the residual values of these assets, future depreciation charges could be revised.

If depreciation on property, plant and equipment, investment property and land use rights increase/decreases by 10% (2017 - 10%) by management, the Group's profit for the year will decrease/increase by approximately $138,854 (2017 - $275,476).

Impairment of non-financial assets
Property, plant and equipment, investment property, land use rights, and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating units have been determined based on the higher of fair value less costs to sell and value-in-use calculations. These calculations require the use of estimates. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to use many estimates and assumptions such as future market growth, forecast revenue and costs, useful lives and utilisation of the assets, discount rates and other factors.

The carrying amounts of the Company's and the Group's property, plant and equipment, investment property, land use rights and investments in subsidiaries at the end of the reporting period are disclosed in Note 4, 5,6 and 7 to the financial statements respectively. The details of the impairment testing are disclosed in Note 4.

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and the Company's loans and receivables at the end of the reporting period are disclosed in Note 10 to the financial statements. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Group's allowance for impairment will increase by $555,011 (2017 - $716,214).

2(a) Basis of preparation (Cont'd)

Significant accounting estimates and judgements (Cont'd)

(b) Critical accounting estimates and assumptions used in applying accounting policies (Cont'd)

Allowance for inventories obsolescence

The Group reviews the ageing analysis of inventories at each reporting date, and makes provision for obsolete and slow moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revision to the valuation of inventories. If the net realisable values of the inventory increase/decrease by 10% of management estimates, the Group's profit will increase/decrease by $716,614 (2017 - $1,193,051). The carrying amount of the Group's inventory is disclosed in Note 9 to the financial statements.

Construction contracts

The Group recognises profits from construction contracts using the percentage of completion method based on the stage of completion. The stage of completion is measured by reference to the architect's certification of value of work done to-date, and the contract costs incurred to-date to the estimated total costs for the contract, as may be applicable.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and architect's certificate of value of work done to-date.

If the revenue on contracts that are work-in-progress increases/decreases by 10% from management's estimates, the Group's revenue will increase/decrease by $Nil (2017 - $24,000).

Significant assumptions are required in determining provision for foreseeable losses where the contract costs incurred for any project exceed its contract revenue sum. In estimating the foreseeable losses, management makes reference to information such as: (i) current quotes from sub-contractors and suppliers; (ii) recent quotes agreed with sub-contractors and suppliers; (iii) estimates on contract costs; and (iv) stages of completion of the contracts. The carrying amount of the Group's contract work-in-progress at the reporting date is disclosed in Note 23.

2(b) Interpretations and amendments to published standards effective in 2017

On 1 April 2017, the Group adopted the amended FRSs that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. This includes the following FRSs which are relevant to the Group:

Reference	Description
Amendments to FRS 7	Statement of Cash Flows: Disclosure Initiative
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2(b) Interpretations and amendments to published standards effective in 2017 (Cont'd)

The adoption of these standards did not have any material impact on the financial performance or position of the Group and the Company in the year of their initial adoption except for the following:

Amendments to FRS 7 Statement of Cash Flows: Disclosure Initiative

The Amendments to FRS 7 Statement of Cash Flows require entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows – excluding contributed equity – to the corresponding liabilities in the opening and closing statements of financial position. Additional disclosures are also required about information that is relevant to an understanding of the liquidity of an entity. This include any restrictions over the decisions of an entity to use cash and cash equivalent balances e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. These amendments are effective for the financial period beginning on or after 1 January 2017. As this is a disclosure standard, it affects the disclosure in the consolidated statement of cash flows but does not affect the financial position and performance of the Group.

Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

The amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted.

The adoption of these new or amended FRS did not result in substantial changes to the accounting policies of the Group and had no material effect on the amounts reported for the current or prior financial years.

2(c) SFRS(I) not yet effective

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

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

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

The Group has performed a preliminary assessment of the impact of SFRS(I) for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group does not expect to change its existing accounting policies on adoption of the new framework.

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. However, the Group has not early applied the following new or amended standards in preparing these statements.

2(c) SFRS(I) not yet effective (Cont'd)

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group assessed the transition options and the potential impact on its financial statements, and to implement these standards.

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers	1 January 2018
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
SFRS(I) 16	Leases	1 January 2019

SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

Under SFRS(I) 9, an investment in an equity instrument that does not have a quoted price in an active market for an identical instrument shall be measured at fair value at the date of initial application. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group applies SFRS(I) 9.

SFRS(I) 9 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. Based on the Group's initial assessment, the Group does not expect any significant adjustments to the measurement basis arising from adoption of the new classification and measurement model or a significant increase in the impairment loss allowance.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in SFRS(I) 15 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer, i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.
- Classification and measurement;
- A single, forward-looking "expected loss" impairment model; and
- A substantially reformed approach to hedge accounting.

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for the financial year ended 31 March 2018

2(c) SFRS(I) not yet effective (Cont'd)

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

SFRS(I) 15 also includes clarifications on how to:

• Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;

• Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and

• Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

SFRS(I) 15 is effective for annual periods beginning on or after 1 January 2018. The Group does not expect significant changes to the basis of revenue recognition for its revenue arising from adoption of this new standard. However, additional disclosures may be required to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers

SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration

The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. It is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The interpretations are effective from 1 January 2018. On initial application, entities would have the option of applying the interpretations either retrospectively or prospectively in accordance with SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors.

The Group does not expect a significant change to the requirements arising from adopting the new interpretation. The Group plans to adopt the standard when it becomes effective in 2018/2019 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

SFRS(I) 16 Leases

SFRS(I) 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases.

For a lessee, SFRS(I) 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying SFRS(I) 1-7 Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2(c) SFRS(I) not yet effective (Cont'd)

SFRS(I) 16 Leases (Cont'd)

For a lessor, SFRS(I) 16 substantially carries forward the lessor accounting requirements in SFRS(I) 1-17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

SFRS(I) 16 Leases replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 Leases that are no longer considered fit for purpose, and is a major revision of the way in which companies where it is required lessees to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. SFRS(I) 16 Leases will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided the Group has adopted SFRS(I) 16. Based on the Group's preliminary assessment, the Group expects these operating leases to be recognised as assets with corresponding lease liabilities under the new standard. This would increase the gearing ratio of the Group.

2(d) Summary of significant accounting policies

Consolidation

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

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

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

Losses and other comprehensive income are attributable to the non-controlling interests even if that results in a deficit balance.

Subsidiary

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

(i) power over the investee;
(ii) exposure, or rights, to variable returns from its involvement with the investee; and
(iii) the ability to use its power over the investee to affect its returns.

The Group 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)
Subsidiary (Cont'd)

When the Group 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 Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of the voting rights relative to the size and dispersion of holdings of other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant authorities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Non-controlling interest

Non-controlling interest represents the equity in subsidiary not attributable, directly or indirectly, to owners of the Group, and are presented separately in the consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Group.

Changes in ownership interests in subsidiaries without change of control

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 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 Group.

Changes in ownership interests in subsidiaries resulting in loss of control

When the Group loses control of a subsidiary, it:

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

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 amounts of the assets and liabilities of the subsidiary and any non-controlling interest.

2(d) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Changes in ownership interests in subsidiaries resulting in loss of control (Cont'd)

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 FRS).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amount of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition-date carrying value of the acquirer's previously-held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2(d) Summary of significant accounting policies (Cont'd)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the depreciable amount of these assets over their estimated useful lives as follows:

Leasehold properties	over the remaining year of lease
Factory buildings	20 years
Plant, machinery and equipment	3 to 10 years
Motor vehicles	5 to 6 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

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.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Land use rights

Land use rights represent upfront payments to acquire long-term interest in the usage of land. Land use rights are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is calculated on the straight-line basis to write off the cost of land use rights over the lease year of 50 years.

2(d) Summary of significant accounting policies (Cont'd)

Investment properties
Investment properties are properties held to earn rental income and/or for capital appreciation and are not occupied by the Group.

Investment properties are treated as non-current investments and stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the depreciable amount of these assets over their estimated useful lives as follows:

Investment properties	over the remaining year of lease

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is recognised as additions and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from the disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

Intangible assets
Intangible assets are accounted for using the cost model with the exception of goodwill. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to rise.

Customer lists and relationships
Costs relating to customer lists and relationships which are acquired are capitalised and amortised on the straight-line basis over their useful life of 6 years.

Financial assets
Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2(d) Summary of significant accounting policies (Cont'd)

Financial assets (Cont'd)

All financial assets are recognised on their trade date - the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

De-recognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently 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.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group and the Company do not have held-to-maturity financial assets or financial assets at fair value through profit or loss.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate.

Impairment losses are reversed in subsequent years when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or writeback is recognised in the profit or loss.

Loans and receivables comprise trade and other receivables, excluding prepayments and advances to suppliers.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with financial institutions which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of cash management.

2(d) Summary of significant accounting policies (Cont'd)

Construction work-in-progress
When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contracts costs are recognised when incurred. When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by using the percentage of completion method. Contract costs comprise materials, direct labour, sub-contractors' cost and an appropriate proportion of overheads.

The percentage of completion is based on architects' certification of construction work completed.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately, irrespective of whether or not work has commenced.

The aggregate costs incurred and the profit/(loss) recognised on each contract are compared against progress billings up to the financial year end. Where costs incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as due from customers on construction contracts under 'construction work-in-progress'. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on construction contracts under 'trade and other payables'. Customer advances are presented as "trade and other payables" in the statement of financial position.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted-average basis and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured inventories, cost includes all direct expenditure and production overheads based on the normal level of activity.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

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

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Financial liabilities
The Group's financial liabilities include borrowings and trade and other payables, excluding deferred income and advances from customers.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in the profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently 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.

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NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2(d) Summary of significant accounting policies (Cont'd)

Financial liabilities (Cont'd)
Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the year of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the year of the borrowings using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Group's normal operating cycle are classified as the current. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Dividends
Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of the Company's Constitution grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Leases
Where the Group is the lessee,

Finance leases
Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the years of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment and depreciation".

Operating leases
Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

Contingent rents are mainly determined as a percentage of revenue in excess of a specified amount during the month. They are charged to the profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2(d) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)
Where the Group is the lessor,

Operating leases
Assets are leased out under operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Financial guarantees
The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the bank if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair value plus transaction costs in the statement of financial position.

Financial guarantee contracts are subsequently amortised to the profit or loss over the year of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

Provisions
Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The provision is based on the best estimate of the direct expenditures to be incurred which are both necessarily entailed by the restructuring and not associated with the on-going activities of the Group.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Contingencies
A contingent liability is:

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

(b) a present obligation that arises from past events but is not recognised because:
   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2(d) Summary of significant accounting policies (Cont'd)

Provisions (Cont'd)
Contingent liabilities and assets are not recognised on the statement of financial position of the Group except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Income tax
Current income tax for current and prior years is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

2(d) Summary of significant accounting policies (Cont'd)

Employee benefits (Cont'd)
Pension obligations
The Company and the Group participate in the defined contribution national pension schemes as provided by the laws of the countries in which they have operations. In particular, the Singapore incorporated companies in the Group contribute to the Central Provident Fund, a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to national pension schemes are charged to the profit or loss in the year to which the contributions relate.

Employee leave entitlements
Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Key management personnel
Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and senior managers are considered key management personnel.

Related parties
A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:
  (i) has control or joint control over the Company;
  (ii) has significant influence over the Company; or
  (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:
  (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  (ii) one entity is an associate or joint venture of the other entity (or and associate or joint venture of a member of a group of which the other entity is a member);
  (iii) both entities are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Impairment of non-financial assets
The carrying amounts of the Company's and the Group's non-financial assets, other than inventories and deferred tax assets, subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

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for the financial year ended 31 March 2018

2(d) Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets (Cont'd)
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill.

Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,
- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim year that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of the reporting period.

Government grants
Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same years in which the expenses are recognised.

Functional currencies
<u>Functional and presentation currency</u>
Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Singapore Dollars, which is also the functional currency of the Company.

2(d) Summary of significant accounting policies (Cont'd)

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "other losses - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from Singapore Dollars are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
(ii) income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of transactions; and
(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

Earnings per share

Basic and diluted earnings per share amounts are calculated by dividing net profit for the year attributable to the owners of the Company by the number of ordinary shares outstanding during the financial years.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer who makes strategic resources allocation decisions.

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

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2(d) Summary of significant accounting policies (Cont'd)

Revenue recognition (Cont'd)

Revenue from contracts is recognised using the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed. As soon as the outcome of a contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Transportation income related to delivery charges to customers is recognised upon the delivery of goods and acceptance by customers.

Revenue from membership fee received from retail customers is recognised over the membership year.

Rental income from operating leases is recognised on a straight-line basis over the lease term.

Interest income is recognised on a time-apportionment basis using the effective interest rate method.

3 Revenue

The Group	Year ended 31 March 2018 $	Period from 1 January 2016 to 31 March 2017 $
Sale of goods	**31,846,606**	52,135,139
Contract revenue	**-**	2,004,146
	31,846,606	54,139,285

4 Property, plant and equipment

The Company	Office equipment $
Cost	
At 1 January 2016	103,990
Additions	3,860
Written-off	(90,398)
At 31 March 2017	**17,452**
Additions	**2,708**
Written-off	**-**
At 31 March 2018	**20,160**
Accumulated depreciation	
At 1 January 2016	42,919
Depreciation	15,852
Written-off	(45,070)
At 31 March 2017	**13,701**
Depreciation	**1,964**
Written-off	**-**
At 31 March 2018	**15,665**
Net book value	
At 31 March 2018	**4,495**

4 Property, plant and equipment (Cont'd)

The Group	Leasehold properties $	Factory buildings $	Plant, machinery and equipment $	Motor vehicles $	Total $
Cost					
At 1 January 2016	7,690,984	14,722,568	17,372,441	4,025,437	43,811,430
Additions	-	-	343,513	64,766	408,279
Disposals	-	-	(348,488)	(1,487,797)	(1,836,285)
Written-off	-	-	(621,044)	-	(621,044)
Translation differences	(229,101)	(1,014,417)	(478,285)	(9,144)	(1,730,947)
At 31 March 2017	**7,461,883**	**13,708,151**	**16,268,137**	**2,593,262**	**40,031,433**
Additions	**-**	**-**	**558,027**	**-**	**558,027**
Acquisition of subsidiary (Note 7)	**-**	**-**	**144,310**	**-**	**144,310**
Disposals	**(733,577)**	**-**	**(810,968)**	**(650,191)**	**(2,194,736)**
Disposal of subsidiary (Note 7)	**-**	**(1,961,439)**	**(261,549)**	**-**	**(2,222,988)**
Written-off	**-**	**-**	**(903,050)**	**-**	**(903,050)**
Reclassification (Note 5)	**(2,142,029)**	**(12,105,138)**	**-**	**-**	**(14,247,167)**
Translation differences	**327,066**	**358,426**	**461,521**	**21,130**	**1,168,143**
At 31 March 2018	**4,913,343**	**-**	**15,456,428**	**1,964,201**	**22,333,972**
Accumulated depreciation and impairment losses					
At 1 January 2016	1,288,619	5,045,092	13,130,714	3,308,924	22,773,349
Depreciation	163,715	744,459	1,541,262	266,015	2,715,451
Impairment losses	-	-	1,242,187	78,151	1,320,338
Disposals	-	-	(281,248)	(1,418,794)	(1,700,042)
Written-off	-	-	(519,732)	-	(519,732)
Translation differences	(36,814)	(364,839)	(407,355)	(15,582)	(824,590)
At 31 March 2017	**1,415,520**	**5,424,712**	**14,705,828**	**2,218,714**	**23,764,774**
Depreciation	**129,718**	**587,260**	**533,921**	**106,605**	**1,357,504**
Acquisition of subsidiary (Note 7)	**-**	**-**	**43,383**	**-**	**43,383**
Impairment losses (Note 21)	**-**	**-**	**306,834**	**-**	**306,834**
Disposals	**(89,872)**	**-**	**(668,078)**	**(616,802)**	**(1,374,752)**
Disposal of subsidiary (Note 7)		**(1,246,567)**	**(235,394)**	**-**	**(1,481,961)**
Written-off	**-**	**-**	**(662,558)**	**-**	**(662,558)**
Reclassification (Note 5)	**(610,479)**	**(4,916,421)**	**-**	**-**	**(5,526,900)**
Translation differences	**56,012**	**151,016**	**442,467**	**24,403**	**673,898**
At 31 March 2018	**900,899**	**-**	**14,466,403**	**1,732,920**	**17,100,222**

	2018 $	2017 $
Comprising:		
Accumulated depreciation	**15,047,051**	22,018,437
Accumulated impairment losses	**2,053,171**	1,746,337
	17,100,222	23,764,774

Net book value	Leasehold properties $	Factory buildings $	Plant, machinery and equipment $	Motor vehicles $	Total $
At 31 March 2018	**4,012,444**	**-**	**990,025**	**231,281**	**5,233,750**
At 31 March 2017	6,046,363	8,283,439	1,562,309	374,548	16,266,659

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for the financial year ended 31 March 2018

4 Property, plant and equipment (Cont'd)

The Group	Year ended 31 March 2018 $	Period from 1 January 2016 to 31 March 2017 $
Depreciation charged to profit and loss under:		
Cost of sales (Note 21)	**170,342**	718,434
Other operating expenses (Note 21)	**1,187,162**	1,997,017
	1,357,504	2,715,451

As at 31 March 2018, the net book value of motor vehicle acquired under finance leases amounted to $12,376 (2017 - $296,002).

As at 31 March 2018, the Group's leasehold properties and factory buildings with carrying amounts of $4,012,444 (2017 - $6,046,363) and $Nil (2017 - $771,316) respectively are mortgaged to financial institutions to secure bank borrowings (Note 14).

In the last financial period ended 31 March 2017, the title deeds relating to the factory building of a subsidiary with carrying amount $7,512,123 was detained by the local government as the subsidiary is in the process of staff retrenchment. The subsidiary was disposed off during the year.

During the financial year, part of the leasehold properties and factory building were reclassified and transferred to investment property (Note 5) as the properties were tenanted out to third parties at the reporting date.

The details of the leasehold properties are as follows:

	Location	Type	Floor Area
1.	No. 54, Jalan BT U5/BT, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan	Leasehold 99 years expiring December 2096.	948 sq m
2.	No. 33, Jalan BR U5/BR, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan	Leasehold 99 years expiring December 2096.	491 sq m
3.	No. 16-1, 16-2, 16-3, Jalan PJU 5/8, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan	Leasehold 99 years expiring November 2100.	460 sq m
4.	No. 18-1, 18-2, 18-3, Jalan PJU 5/8, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan	Leasehold 99 years expiring November 2100.	460 sq m
5.	No. 21, Jalan TSB 8, Taman Industri Sungai Buloh, 47000 Sungai Buloh, Selangor Darul Ehsan	Leasehold 99 years expiring March 2091.	8,346 sq m
6.	No. 13, Jalan Bulan U5/BN, Section U5, Sungai Buloh, Batu 3, 40170 Shah Alam, Selangor Darul Ehsan	Leasehold 99 years expiring March 2096.	312 sq m
7.	No. 19, Jalan Tiara 2D/KU1, Bandar Baru Klang, 41150 Klang Selangor Darul Ehsan	Leasehold 99 years expiring May 2093	440 sq m
8.	No. 21, Jalan Tiara 2D/KU1, Bandar Baru Klang, 41150 Klang Selangor Darul Ehsan	Leasehold 99 years expiring May 2093	440 sq m
9.	No. 23, Jalan Tiara 2D/KU1, Bandar Baru Klang, 41150 Klang Selangor Darul Ehsan	Leasehold 99 years expiring May 2093	440 sq m

4 Property, plant and equipment (Cont'd)

Impairment testing of property, plant and equipment, investment property, land use rights and cost of investments in subsidiaries (Note 4, Note 5, Note 6 and Note 7)

The Group's cash-generating units ("CGUs") were identified according to the operating subsidiaries in the retail, export, licensing retail systems, leasing of properties and building materials businesses (namely the "Retail", "Leasing" and "Building Materials" businesses). The Retail business can be further segregated into the Retail CGU (Singapore), Retail CGU (Malaysia) and Retail CGU (Taiwan) since each of the CGU is able to generate cash inflows independently from its business in the three regions.

As at 31 March 2018, under the requirements of FRS 36, Impairment of Assets, the losses for the past few years and negative operating cash flows for the current year were indicators of impairment which requires management to perform impairment testing of the property, plant and equipment, investment property, land use rights and cost of investments in subsidiaries (the "Assets"). The carrying amounts of the Assets are set out in Note 4, Note 5, Note 6 and Note 7.

The Group carried out a review of the recoverable amount of the Assets.

2018 The Group	Retail CGU Singapore $	Retail CGU Malaysia $	Retail CGU Taiwan $	Buildings Materials CGU $	Leasing CGU $	Total $
Property, plant and equipment (net) (Note 4)	7,637	4,225,873	515,160	-	485,080	5,233,750
Investment property (net) (Note 5)	1,531,550	-	-	-	7,188,717	8,720,267
Land use rights (net) (Note 6)	-	-	-	-	946,426	946,426
The Company						
Subsidiaries (at cost) (Note 7)	11,107,835	-	-	9,616,732	14,263,793	34,988,360

The recoverable amount is the higher of fair value less costs to sell and value-in-use. The review led to the recognition of an impairment loss of $306,834 (2017 - $1,320,338) mainly for plant and equipment at the Group level and $25,371,628 (2017 - $Nil) for the cost of investments at the Company level.

There was no indicator of impairment for Retail CGU (Taiwan).

Impairment loss on the Building Materials CGU

Plant and equipment (other than leasehold properties)

In financial year ended 31 December 2015, the value-in-use calculation was adopted which was a discounted cash flow model using cash flow projections based on the most recent financial budgets approved by the Board of Directors covering the five-year year ending 31 December 2020. Cash flows for the five-year period are extrapolated using the estimate rates stated below.

The Group	Building Materials CGU %
Average growth rate	0 to 2
Discount rate (Pre-tax)	11.0
Terminal growth rate	1.5

These assumptions were used for the analysis of Building Materials CGU within the business segment. Management determined budgeted gross margin based on past performance and its expectations of the market developments. The weighted average growth rates used were consistent with the forecasts included in industry reports. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments. The terminal growth rate used for the CGU does not exceed management's expectation of the long term average growth rate of the industry and country in which the CGU operates.

The five year period ending 31 December 2020 resulted in net losses, net cash outflows and accordingly, $Nil in value in use.

4 Property, plant and equipment (Cont'd)

Impairment loss on the Building Materials CGU (Cont'd)

Plant and equipment (other than leasehold properties) (Cont'd)
As there were no indications that the impairment losses previously recognised for the Building Materials CGU no longer exist, and that the carrying value of the plant and equipment under the Building Materials CGU had been fully impaired, the management considered that the recoverable amount of $Nil determined for this CGU was still considered appropriate as at 31 March 2018 and 31 March 2017.

Subsidiaries
The investment in subsidiary at the Company level in relating to Building Materials CGU amounted to $9,616,732 was fully impaired in prior years. However, no recoverable amount was determined for the investment in subsidiaries relating to Building Materials CGU based on the higher of fair value less costs to sell and value in use computation.

Impairment testing on the Retail CGU (Malaysia)

Leasehold properties
Management determined the recoverable amounts for leasehold properties under the property, plant and equipment in relation to the above CGU using fair value less cost to sell.

The fair value less cost to sell of the leasehold properties in respect of the CGU were determined based on the direct market comparison method. The valuation was determined by independent professional valuer with recognised and relevant professional qualifications and experience with the local market and category of properties to be valued. The determination of fair values include use of unobservable inputs.

The direct market comparison approach estimates the value of the properties by comparing it to the prices of similar properties in the same location. Appropriate adjustments have been made to account for any differences between the properties and the comparable in terms of location, time, size and other relevant factors.

Plant and equipment (other than leasehold properties)
The recoverable amounts for Retail CGU (Malaysia) have been estimated to be lesser than the carrying amounts of the operational CGU, an impairment loss of $8,005 (period from 1 January 2016 to 31 March 2017 - $1,116,004) on plant and equipment at the Group level is required as at 31 March 2018. No recoverable amount was determined for the plant and equipment (other than leasehold properties) based on the higher of fair value less costs to sell and the value in use computation.

Impairment testing on the Retail CGU (Singapore)

Investment property
Management determined the recoverable amounts for the investment property in relation to the above CGU using fair value less cost to sell.

The fair value less cost to sell of the investment property in the CGU were determined based on the direct market comparison method. The valuation was determined by independent professional valuer with recognised and relevant professional qualifications and experience with the local market and category of properties to be valued. The determination of fair values include use of unobservable inputs.

The direct market comparison approach estimates the value of the properties by comparing it to the prices of similar properties in the same location. Appropriate adjustments have been made to account for any differences between the properties and the comparable in terms of location, time, size and other relevant factors. The recoverable amount of the investment property at Group level of the Retail CGU (Singapore) have been estimated to be higher than the carrying amounts of the operational CGU, therefore, no impairment was required for the financial year ended 31 March 2018.

4 Property, plant and equipment (Cont'd)

Impairment testing on the Retail CGU (Singapore) (Cont'd)

Plant and equipment (other than leasehold properties)
The recoverable amounts for Retail CGU (Singapore) have been estimated to be lesser than the carrying amounts of the operational CGU. An impairment loss of $298,829 (period from 1 January 2016 to 31 March 2017 - $204,334) on plant and equipment at the Group level is required as at 31 March 2018. No recoverable amount was determined for the plant and equipment (other than leasehold properties) based on the higher of fair value less costs to sell and the value in use computation.

Subsidiaries
The investment in subsidiary at the Company level in relating to Retail CGU (Singapore) amounting to $11,107,835 was fully impaired during the financial year. However, no recoverable amount was determined for the investment in subsidiary relating to Retail CGU (Singapore) based on the higher of fair value less costs to sell and value in use computation.

Impairment testing on the Leasing CGU

Investment property and land use rights
Management determined the recoverable amounts for the investment property and land use rights in relation to the above CGU using fair value less cost to sell.

The fair value less cost to sell of the investment property and land use rights in the CGU were determined based on the direct market comparison method. The valuation was determined by independent professional valuer with recognised and relevant professional qualifications and experience with the local market and category of properties to be valued. The determination of fair values include use of unobservable inputs.

The direct market comparison approach estimates the value of the properties by comparing it to the prices of similar properties in the same location. Appropriate adjustments have been made to account for any differences between the properties and the comparable in terms of location, time, size and other relevant factors. The recoverable amount of the investment property and land use rights at Group level of the Leasing CGU have been estimated to be higher than the carrying amounts of the operational CGU, therefore, no impairment was required for the financial year ended 31 March 2018.

Plant and equipment (other than leasehold properties)
No recoverable amount was determined for the plant and equipment of Leasing CGU based on the higher of fair value less cost to sell and the value-in-use computation.

Subsidiaries
The investment in subsidiary at the Company level in relating to Leasing CGU amounting to $14,263,793 was fully impaired during the financial year. However, no recoverable amount was determined for the investment in subsidiaries relating to the Leasing CGU based on the higher of fair value less costs to sell and value in use computation.

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for the financial year ended 31 March 2018

5 Investment property

The Group	2018 $	2017 $
Cost		
Reclassification (Note 4)	14,247,167	-
At end of year	14,247,167	-
Accumulated depreciation		
Reclassification (Note 4)	5,526,900	-
At end of year	5,526,900	-
Net book value		
At end of year	8,720,267	-
Comprising net book value of:		
Retail CGU (Singapore)	1,531,550	-
Leasing CGU	7,188,717	-
	8,720,267	-

As at 31 March 2018, the Group's investment properties with carrying amounts of $1,531,550 (2017 - $Nil) is mortgaged to financial institutions to secure bank borrowings (Note 14).

The details of the investment properties are as follows:

	Location	Type	Floor Area
1.	27 Kaki Bukit Place, Singapore	Leasehold 60 years expiring November 2055	1,218 sq m
2.	9 Dongyuan Road, Dianshan Hu Town, Kunshan City, Jiangsu Province, People's Republic of China	Leasehold 50 years expiring March 2057	45,458 sq m

The fair value of the investment property located in Singapore is of $5,250,000 based on the independent valuation by Teho Property Consultants Pte Ltd on 28 August 2018. The fair value is a Level 3 in the hierarchy of the fair value measurement.

The fair value of the investment property located in China is $14,849,120 based on the independent valuation by Justice Construction Consultation Real Estate Appraisal Co., Ltd on 20 August 2018. The fair value is a Level 3 in the hierarchy of the fair value measurement.

Impairment testing of investment properties

There were indicators of impairment as the Group's subsidiaries incurred losses for the past few years. No impairment was required based on impairment assessment of the above investment properties by management where the recoverable amount was determined based on the fair value less costs to sell. The net carrying book value as at the reporting date is below the fair value less costs to sell of the investment properties. See Note 4 for details of impairment testing as at 31 March 2018.

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6 Land use rights

The Group	2018 $	2017 $
Cost:		
At beginning of year/period	**1,535,809**	1,630,800
Disposal of subsidiary (Note 7)	**(337,093)**	-
Translation differences	**40,157**	(94,991)
At end of year/period	**1,238,873**	1,535,809
Accumulated amortisation:		
At beginning of year/period	**416,887**	387,841
Amortisation (Note 21)	**31,034**	39,304
Disposal of subsidiary (Note 7)	**(166,861)**	-
Translation differences	**11,387**	(10,258)
At end of year/period	**292,447**	416,887
Net book value:		
At beginning of year/period	**1,118,922**	1,242,959
At end of year/period	**946,426**	1,118,922
Represented by:		
Current	**24,777**	30,716
Non-current	**921,649**	1,088,206
	946,426	1,118,922

As at 31 March 2018, the Group's land use rights with carrying amount of $Nil (2017 - $172,465) is mortgaged to financial institutions to secure bank borrowings (Note 14).

In the last financial period ended 31 March 2017, the land use rights of a subsidiary with carrying amount of $946,457 was held by the local government due to some unpaid staff costs. The subsidiary was disposed during the year.

The fair value of the land use rights located in China is $12,785,760 based on the independent valuation by Justice Construction Consultation Real Estate Appraisal Co., Ltd on 20 August 2018. The fair value is a Level 3 in the hierarchy of the fair value measurement.

Impairment testing on land use rights

There were indicators of impairment as the Group's subsidiaries incurred losses for the past few years. No impairment was required based on the impairment assessment by management for land use rights based on the fair value less cost to sell. The net carrying book value as at the reporting date is below the fair value less costs to sell of the land use rights. See Note 4 for details of impairment testing as at 31 March 2018.

7 Subsidiaries

The Company	2018 $	2017 $
Unquoted equity investments, at cost	**34,988,360**	34,988,360
Accumulated impairment losses:		
At beginning of year/period	**(9,616,732)**	(9,616,732)
Impairment loss	**(25,371,628)**	-
At end of year/period	**(34,988,360)**	(9,616,732)
	-	25,371,628
Comprising carrying amount of:		
Retail CGU (Singapore)	**-**	11,107,835
Leasing CGU	**-**	14,263,793
Building Materials CGU	**-**	-
	-	25,371,628

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7 Subsidiaries (Cont'd)

Impairment testing of investment in subsidiaries

The recoverable amount of the subsidiary, as a cash-generating unit, should be determined based on the higher of fair value less costs to sell and the value-in- use calculation. During the financial year, the Group made additional impairment of $25,371,628. However, no recoverable amount was determined by management for the Building Material CGU, Retail CGU (Singapore) and Leasing CGU based on the higher of fair value less cost to sell and the value-in-use computation.

	Building Materials CGU $	Retail CGU (Singapore) $	Leasing CGU $	Total $
Cost of investment in a subsidiary	9,616,732	11,107,835	14,263,793	34,988,360
Recoverable amount	-	-	-	-
Impairment required	9,616,732	11,107,835	14,263,793	34,988,360
Allowance for impairment:				
At beginning of year/period	9,616,732	-	-	9,616,732
Allowance for the year/period	**-**	**11,107,835**	**14,263,793**	**25,371,628**
At end of year/period	**9,616,732**	**11,107,835**	**14,263,793**	**34,988,360**
Net carrying amount at end of year	-	-	-	-

Disposal of subsidiary

In March 2018, the Group disposed of the 100% equity interest of Supreme Furniture (Kunshan) Co., Ltd to a third party purchaser, namely Kunshan Gao Er Garment Co., Ltd. Please refer to the Company's announcement with respect to the Disposal of subsidiary dated 13 June 2017.

All the revenue and expenses of the subsidiary were accounted for in the current financial year. The subsidiary was de-consolidated from the Group on 31 March 2018.

The sales consideration for the disposal was RMB19 million (equivalent to $3,890,915). The carrying amounts of identifiable assets and liabilities of the subsidiary as at 31 March 2018 were:

	2018 $
Property, plant and equipment	741,027
Land use rights	170,232
Trade and other receivables	703
Cash and cash equivalents	1,521
Trade and other payables	(4,652)
Net assets disposed (100%)	908,831
Realisation of foreign exchange translation reserve	(161,254)
Gain on disposal (Note 19)	3,143,338
Purchase consideration	3,890,915
Satisfied by:	
Cash	3,278,915
Consideration receivable (included in other receivables under Note 10)	612,000
	3,890,915
Analysis of net flow of cash and cash equivalent arising on disposal:	
Cash consideration received	3,278,915
Cash and cash equivalent on the disposed subsidiary	(1,521)
Net cash inflow on disposal of subsidiary	3,277,394

7 Subsidiaries (Cont'd)

Acquisition of subsidiary

On 23 November 2017, Ginova Marketing Sdn. Bhd. ("GMSB") entered into a Sales and Purchase Agreement to acquire Brezza Living Sdn. Bhd. ("Brezza") from a third party for a purchase consideration of RM1,200,000 (equivalent to $404,040). The payment consideration is to be payable in 3 instalments as follows:

(i) RM300,000 (equivalent to $97,679) within 12 months from the date of the acquisition;
(ii) RM450,000 (equivalent to $146,520) upon the GMSB and Brezza achieving a consolidated net profit after tax ("NPAT") of at least RM600,000 (equivalent to $195,360) in any financial year after the acquisition (the "1st Achievement Year"); and
(iii) RM450,000 (equivalent to $146,520) upon the GMSB and Brezza achieving a second year of consolidated NPAT of at least RM600,000 (equivalent to $195,360), which occurrence need not be consecutive 1st Achievement Year.

GMSB has recognised the cost of investment at fair value of RM300,000 (equivalent to $97,679) upon acquisition as the management was of the view that they are unable to achieve the consolidated results as mentioned above.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	2018 $
Net assets acquired:	
Property, plant and equipment	100,927
Inventories	292,852
Group's share of net assets (100%) at date of acquisition	393,779
Negative goodwill on acquisition (Note 19)	(296,100)
Purchase consideration	97,679
Satisfied by:	
Cash	-
Consideration payable (included in other payables under Note 17)	97,679
	97,679
Analysis of net flow of cash and cash equivalent using on acquisition:	
Cash consideration paid	-
Cash and cash equivalent on the acquired subsidiary	-
Net cash inflow on acquisition of subsidiary	-

At the date of acquisition of the subsidiary, no intangible assets had been identified and recognised in the financial statements. Negative goodwill was measured as the excess of the carrying amount of net assets acquired over the purchase consideration.

At the date of this statement, the purchase price allocation ("PPA) exercise and the fair value of the contingent consideration are still in progress.

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for the financial year ended 31 March 2018

7 Subsidiaries (Cont'd)

The subsidiaries are:

Name	Country of incorporation	Ownership interest 31 March 2018 %	31 March 2017 %	Principal activities
Held by the Company				
Uhin Holding Pte Ltd #	Singapore	**100**	100	Investment holding and trading of sofa sets, wood-based furniture and accessories
Lorenzo International (Kunshan) Co., Ltd. **	People's Republic of China	**100**	100	Manufacturing and sale of wood-based furniture
Builders Shop Pte Ltd #	Singapore	**100**	100	Investment holding and trading of building materials and contractors for construction
Held by Uhin Holding Pte Ltd				
Uhin Sofa Sdn. Bhd. *	Malaysia	**100**	100	Investment holding and manufacturing and sale of sofa sets
Supreme Furnishing Centre Pte Ltd #	Singapore	**100**	100	Retail sale of furniture
Uhin International Co., Ltd. **	Republic of China	**100**	100	Retail sale of furniture
Lorenzo Furniture (Shanghai) Co., Ltd. ***	People's Republic of China	**100**	100	Retail sale of furniture
Held by Supreme Furnishing Centre Pte Ltd				
Supreme Furniture (Kunshan) Co., Ltd. ***	People's Republic of China	**-**	100	Manufacturing and sale of sofa sets
Held by Uhin Sofa Sdn Bhd				
Ginova Furnishing Sdn. Bhd. *	Malaysia	**100**	100	Investment holding and provision of management services
Monica Design Sdn. Bhd. *	Malaysia	**100**	100	Inactive
Uhin Wood Industries Sdn. Bhd. *	Malaysia	**100**	100	Manufacturing and supply of wooden frames
Held by Ginova Furnishing Sdn. Bhd.				
Ginova Marketing Sdn. Bhd. *	Malaysia	**100**	100	Retail sale of furniture
Held by Ginova Marketing Sdn. Bhd.				
Brezza Living Sdn. Bhd. *	Malaysia	**100**	-	Retail sale of furniture

Audited by Foo Kon Tan LLP
* Audited by other firms of auditors – Grant Thornton Malaysia
** Audited by other firms of auditors – Grant Thornton Taiwan
*** Audited by Foo Kon Tan LLP for consolidation purposes

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for the financial year ended 31 March 2018

8 Intangible assets

The Group	2018 $	2017 $
Customer lists and relationships:		
Cost		
At beginning of year/period	-	1,051,329
Written-off	-	(1,051,329)
At end of year/period	-	-
Accumulated amortisation and impairment losses:		
At beginning of year/period	-	(1,051,329)
Written-off	-	1,051,329
At end of year/period	-	-
Net book value		
At end of year/period	-	-

9 Inventories

The Group	2018 $	2017 $
Raw materials, at cost	**782,633**	1,930,735
Work-in-progress, at cost	**165,136**	623,568
Finished goods, at cost	**4,859,327**	7,235,263
Finished goods, at net realisable value	**1,359,042**	2,140,946
	7,166,138	11,930,512

The cost of inventories recognised as an expense and included in cost of sales amounted to $9,379,322 (period from 1 January 2016 to 31 March 2017 - $16,599,873) for the year ended 31 March 2018.

During the current financial year, included in other operating expenses, was an allowance made for write-down of obsolete/slow-moving inventories to net realisable value amounted to $3,010,535 (period from 1 January 2016 to 31 March 2017 - $1,125,964) (Note 21).

During the current financial year, included in other operating expenses, was inventories written off that were no longer used in production amounted to $345,957 (period from 1 January 2016 to 31 March 2017 - $79,216) (Note 21).

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

10 Trade and other receivables

	The Company		The Group	
	2018	2017	**2018**	2017
	$	$	**$**	$
Current				
Trade receivables				
- third parties	**-**	-	**7,355,095**	8,012,808
Gross (A)	**-**	-	**7,355,095**	8,012,808
Less: Allowance for impairment				
At beginning of year/period	**-**	-	**(2,891,833)**	(2,690,953)
Impairment loss recognised (Note 21)	**-**	-	**(1,760,494)**	(200,880)
Add: Translation differences	**-**	-	**(231)**	
At end of year/period (B)	**-**	-	**(4,652,558)**	(2,891,833)
Net trade receivables (A)-(B)	**-**	-	**2,702,537**	5,120,975
Current				
Other receivables:				
Retention sums receivables	**-**	-	**-**	241,023
Amounts due from customers for contracts work-in-progress (Note 23)	**-**	-	**-**	21,288
Other receivables	**2,806,509**	2,840,222	**5,833,504**	4,060,316
Less: Allowance for impairment on other receivables				
At beginning of year/period	**(2,800,000)**	(2,800,000)	**(3,658,642)**	(2,800,000)
Impairment loss recognised (Note 21)	**-**	-	**(916,571)**	(876,902)
Amounts utilised	**-**	-	**460,941**	-
Add: Translation differences	**-**	-	**(41,996)**	18,260
At end of year/period	**(2,800,000)**	(2,800,000)	**(4,156,268)**	(3,658,642)
Net other receivables	**6,509**	40,222	**1,677,236**	663,985
Lease deposits	**8,200**	107,200	**8,200**	1,063,955
Other deposits	**14,980**	16,910	**1,040,960**	169,690
Amounts due from subsidiaries (non-trade)	**3,852,310**	5,141,886	**-**	-
Total loans and receivables	**3,881,999**	5,306,218	**5,428,933**	7,018,605
Prepayments	**18,658**	40,281	**326,309**	464,283
Advances to suppliers	**-**	-	**751,401**	16,699
Tax recoverable	**-**	-	**642,104**	560,413
Total current trade and other receivables	**3,900,657**	5,346,499	**7,148,747**	8,060,000
Non-current				
Other receivables:				
Retention sums receivables	**-**	-	**121,179**	143,539
Total non-current other receivables	**-**	-	**121,179**	143,539

Non-trade amounts due from subsidiaries, comprising mainly advances, are unsecured, interest-free and are to be settled in cash on demand.

Trade and other receivables of $144,808 (2017 - $82,429) of the Group are amounts due from firms of which a director of the Company is a member.

Trade and other receivables of $1,406,396 (2017 - $Nil) of the Group is in relation to outstanding proceeds from disposal of properties and motor vehicles.

10 Trade and other receivables (Cont'd)

Impairment testing of amounts due from subsidiaries

As at the reporting date, there were indicators of impairment as the Company's subsidiaries incurred losses for the past few years. Management did not determine the amount and timing of future cash flows based on historical loss experiences for assets with similar credit risk using the effective interest rate.

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	2018	2017	**2018**	2017
	$	$	**$**	$
Current				
Singapore dollar	**3,900,657**	5,346,499	**3,067,040**	4,896,843
United States dollar	**-**	-	**50,479**	288,166
Malaysian ringgit	**-**	-	**3,176,092**	1,818,214
New Taiwan dollar	**-**	-	**777,840**	804,672
Renminbi	**-**	-	**77,296**	252,105
	3,900,657	5,346,499	**7,148,747**	8,060,000
Non-current				
Singapore dollar	**-**	-	**121,179**	143,539

Trade receivables are granted credit terms ranging from 30 to 60 days (2017 - 30 to 60) days.

The credit risk for loan and receivables based on the information provided by key management is as follows:

	The Company		The Group	
	2018	2017	**2018**	2017
	$	$	**$**	$
By geographical area				
Singapore	**3,878,941**	5,303,304	**3,108,666**	5,193,737
People's Republic of China	**-**	-	**65,252**	289,563
Malaysia	**3,058**	2,914	**1,912,686**	1,125,457
Other countries	**-**	-	**463,508**	553,387
	3,881,999	5,306,218	**5,550,112**	7,162,144

The ageing analysis of loans and receivables are as follows:

The Company		**2018**			2017	
	Gross	**Impairment losses**	Net	Gross	Impairment losses	Net
	$	**$**	$	$	$	$
Not past due and not impaired	**29,670**	**-**	**29,670**	180,198	-	180,198
Past due less than 30 days	**-**	**-**	**-**	143,622	-	143,622
Past due 31 to 60 days	**2,310**	**-**	**2,310**	1,728,135	-	1,728,135
Past due over 60 days	**6,650,019**	**(2,800,000)**	**3,850,019**	6,054,263	(2,800,000)	3,254,263
	6,681,999	**(2,800,000)**	**3,881,999**	8,106,218	(2,800,000)	5,306,218

Impairment loss – other receivables

The Company paid a refundable deposit of $2.8 million to a third party (the "Vendor") for the proposed acquisition of a new medical business during the year ended 31 December 2015. The proposed acquisition plan did not materialise and as the Vendor was facing financial difficulties, the Company has provided for the entire deposit outstanding and recognised an impairment loss of $2.8 million since prior years.

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for the financial year ended 31 March 2018

10 Trade and other receivables (Cont'd)

The Group	2018 Gross	2018 Impairment losses	2018 Net	2017 Gross	2017 Impairment losses	2017 Net
	$	$	$	$	$	$
Not past due and not impaired	**4,408,935**	**-**	**4,408,935**	3,225,821	-	3,225,821
Past due less than 30 days	**174,237**	**-**	**174,237**	2,569,932	-	2,569,932
Past due 31 to 60 days	**118,051**	**-**	**118,051**	92,637	-	92,637
Past due over 60 days	**9,657,715**	**(8,808,826)**	**848,889**	7,824,229	(6,550,475)	1,273,754
	14,358,938	**(8,808,826)**	**5,550,112**	13,712,619	(6,550,475)	7,162,144

Financial assets that are neither past due nor impaired (the Group)
Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade and other receivables not past due or past due up to 60 days as they mainly arise from customers that have a good credit record with the Group.

Financial assets that are past due but not impaired (the Group)
As of 31 March 2018, loans and receivables of $292,288 (2017 - $2,662,569) are past due but not impaired. Based on historical records, the Group believes that no impairment allowance is necessary in respect of trade and other receivables past due up to 60 days. These receivables are mainly arising by customers that have a good credit record with the Group.

Financial assets that are past due and impaired (the Group)
As of 31 March 2018, loans and receivables of $9,657,715 (2017 - $7,824,229) are past due and impaired. For the year ended 31 March 2018, the Group assessed the recoverability of trade and other receivables past due and recognised an impairment loss of $1,760,494 (2017 - $200,880) for trade receivables and $916,571 (2017 - $876,902) for other receivables (see note below) respectively. The impaired trade and other receivables arise mainly due to those balances which are not considered to be collectible.

Please refer to Note 29 for details of credit risk and foreign currency risk exposures.

11 Cash and bank balances

	The Company 2018	The Company 2017	The Group 2018	The Group 2017
	$	$	$	$
Fixed deposits	**-**	-	**49,156**	49,156
Cash on hand	**1**	1	**58,150**	76,319
Cash at bank	**3,159**	8,121	**1,478,907**	4,467,439
Less: Cash deposit from an executive director	**-**	-	**-**	(3,000,000)
	3,160	8,122	**1,586,213**	1,592,914

Cash and bank balances are denominated in the following currencies:

	The Company 2018	The Company 2017	The Group 2018	The Group 2017
	$	$	$	$
Singapore dollar	**3,160**	8,122	**186,123**	82,547
United States dollar	**-**	-	**4,447**	1,813
Malaysian ringgit	**-**	-	**76,414**	364,709
New Taiwan dollar	**-**	-	**1,086,031**	1,101,745
Renminbi	**-**	-	**233,064**	41,969
Other currencies	**-**	-	**134**	131
	3,160	8,122	**1,586,213**	1,592,914

11 Cash and bank balances (Cont'd)

The weighted average interest rates of fixed deposits are as follows:

The Group	**2018** **% per annum**	2017 % per annum
Singapore dollar	**0.3%**	0.3%

Please refer to Note 29 for details of foreign currency risk exposures.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

The Group	**2018** **$**	2017 $
Fixed deposits	**49,156**	49,156
Cash on hand	**58,150**	76,319
Cast at bank	**1,478,907**	4,467,439
Less: Bank overdrafts (secured) (Note 14.3)	**(5,917,086)**	(6,003,176)
Less: Cash deposit from an executive director	**-**	(3,000,000)
	(4,330,873)	(4,410,262)

In the last financial period ended 31 March 2017, cash deposit from an executive director of the Company whose use is conditional upon matching cash advance from a controlling shareholder of the Company.

12 Share capital

The Company	**2018**	2017	**2018**	2017
	Number of ordinary shares		**$**	$
Issued and fully paid, with no par value				
At beginning of the year/period	**439,400,466**	313,800,466	**39,948,675**	36,554,325
Issuance of ordinary shares	**-**	125,600,000	**-**	3,394,350
At end of year/period	**439,400,466**	439,400,466	**39,948,675**	39,948,675

In previous financial period, the Company issued 125,600,000 new placement shares for a total cash consideration of $3,496,000 shares to current shareholders. 60,000,000 and 65,600,000 shares were issued at $0.02 and $0.035 per share respectively.

The Company set-off share issue expenses of $101,650 against share capital as part of above placement shares.

All shares rank pari passu in all respects with the previously issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

13 Reserves

	The Company		The Group	
	2018	2017	**2018**	2017
	$	$	**$**	$
Translation reserve	**-**	-	**(5,207,365)**	(5,144,821)
Merger reserve	**-**	-	**(3,282,141)**	(3,282,141)
Statutory common reserve	**-**	-	**-**	68,256
Capital reserve	**-**	-	**838,050**	838,050
Fair value reserve	**-**	-	**-**	-
Accumulated losses	**(39,939,285)**	(12,113,006)	**(33,846,124)**	(23,102,753)
	(39,939,285)	(12,113,006)	**(41,497,580)**	(30,623,409)

Translation reserve
Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Merger reserve
Merger reserve arises from the difference between the nominal value of shares issued by the Company and the net asset values of the subsidiaries acquired under the restructuring exercise in 2006 involving a business combination under common control.

Statutory common reserve
The statutory common reserve represents the amount transferred from profit after taxation of the subsidiaries incorporated in the People's Republic of China ("PRC") in accordance with the PRC requirement. The statutory common reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off the accumulated losses or increasing capital.

Capital reserve
Under the provisions of the Company Law of the Republic of China ("ROC"), companies in ROC are required to set aside a capital reserve equal to 10% of its annual net profit (less losses of prior years, if any), before it declares any part of such net profit as dividends and bonuses, until the accumulated reserve equals the total capital stock. This reserve shall be used exclusively to offset losses or, if the balance of the reserve exceeds 50% of paid-in capital, to increase capital not exceeding 50% of the reserve balance.

Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

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for the financial year ended 31 March 2018

14 Borrowings

The Group	Note	**2018** $	2017 $
Non-current			
Finance lease liabilities	14.1	**35,707**	75,525
Current			
Finance lease liabilities	14.1	**51,314**	121,328
Bank loans (secured)	14.2	**3,740,630**	4,388,298
Other borrowings (secured)	14.3	**8,827,959**	10,089,802
		12,619,903	14,599,428
Total		**12,655,610**	14,674,953

14.1 Finance lease liabilities

The Group	**2018** $	2017 $
Future minimum lease payments:		
Within one year	**53,341**	133,431
Between one and five years	**41,472**	75,141
More than five years	**1,710**	12,078
	96,523	220,650
Future finance charges on finance leases	**(9,502)**	(23,797)
Present value of minimum lease payments	**87,021**	196,853
Present value of minimum lease payments:		
Within one year	**51,314**	121,328
Between one and five years	**34,296**	65,540
More than five years	**1,411**	9,985
	87,021	196,853
Represented by:		
Current liabilities	**51,314**	121,328
Non-current liabilities	**35,707**	75,525
	87,021	196,853

14.2 Bank loans (secured)

The Group

Loan	Currency	Year of maturity	**2018** $	2017 $
(a)	SGD	*2019	**421,651**	421,651
(b)	SGD	#2016	**3,000,000**	3,000,000
(c)	RM	*2022	**318,979**	358,547
(d)	RMB	2017	**-**	608,100
			3,740,630	4,388,298

(a) Interest is charged at the Local Enterprise Finance Scheme ("LEFS") lending rate of 2.84% (2017 - 2.87%) per annum. The bank loan is secured by:

(i) a mortgage over the Group's leasehold property and investment property (Note 4 and Note 5);
(ii) a corporate guarantee by the Company; and
(iii) a corporate guarantee by a subsidiary.

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for the financial year ended 31 March 2018

14 Borrowings (Cont'd)

14.2 Bank loans (secured) (Cont'd)

(b) Interest is charged at 2.45% (2017 - 3.90%) per annum. The bank loan is secured by a joint guarantee by the Company and a subsidiary.

(c) Interest is charged at 4.50% (2017 - 4.45%) per annum. The bank loan is secured by a corporate guarantee by a subsidiary and a mortgage over certain leasehold properties of the Group (Note 4).

(d) The loan was acquired in 2016. Interest is charged at Nil% (2017 - 6.80%) per annum. The bank loan is secured by mortgage over one of the Group's factory buildings (Note 4) and land use rights (Note 6).

The current interest rates charged by the lenders on the loans to subsidiaries are at market rates and are consistent with the borrowing costs of the subsidiaries without any corporate guarantees.

* As at 31 March 2018, the Group's bank loans amounting to $402,680 (2017 - $448,412), comprising Loan (a) of $153,139 (2017 - $153,139) and Loan (c) of $249,541 (2017 - $295,273), due to be settled more than 12 months after the end of the reporting period are included in current liabilities because the bank loan agreements incorporate an overriding repayment on demand clause, which gives the lenders the right to demand repayment at any time, at their sole discretion and irrespective of whether a default event has occurred.

\# The bank loan has expired on 31 December 2016. Consequently, the bank has sent out multiple payment reminders.

14.3 Other borrowings

The Group	2018 $	2017 $
Trust receipts (secured)	**1,160,033**	1,966,344
Bills payable (secured)	**1,750,840**	2,120,282
	2,910,873	4,086,626
Bank overdrafts (secured) (Note 11)	**5,917,086**	6,003,176
	8,827,959	10,089,802

Other bank borrowings are secured by:

(a) a first legal mortgage of the Group's leasehold properties and investment property (Note 4 and Note 5);
(b) a debenture over a subsidiary's present and future fixed and floating assets for $3,679,030 (2017 - $3,442,220);
(c) a guarantee given by a subsidiary; and
(d) a guarantee given by the Company.

14.4 Currency risk

Borrowings are denominated in the following currencies:

The Group	2018 $	2017 $
Singapore dollar	**8,683,478**	8,693,548
United States dollar	**397,672**	1,575,399
Euro	**108,664**	103,049
Malaysian ringgit	**3,465,796**	3,694,857
Renminbi	**-**	608,100
	12,655,610	14,674,953

14 Borrowings (Cont'd)

14.5 Weighted average interest rates

The weighted average interest rates of borrowings at the reporting date are as follows:

The Group	2018 % per annum	2017 % per annum
Finance lease liabilities	**2.6%**	2.4%
Bank loans (secured)	**5.5%**	4.2%
Trust receipts (secured)	**3.8%**	3.5%
Bills payable (secured)	**4.9%**	4.6%
Bank overdrafts (secured)	**5.4%**	5.3%

Please refer to Note 29 for details of liquidity, interest rate and foreign currency risks exposures.

14.6 Carrying amounts and fair values

The carrying amounts of current borrowings approximate their fair value. The carrying amounts and fair values of non-current borrowings are as follows:

The Group	Carrying amounts $	Fair values $
31 March 2018		
Finance lease liabilities	**87,021**	**78,351**
31 March 2017		
Finance lease liabilities	196,853	185,052

15 Deferred income

The Group	2018 $	2017 $
Current liabilities		
Rental income	**1,097,143**	-
Membership subscription fees	**22,201**	40,766
	1,119,344	40,766
Non-current liabilities		
Rental income	**1,737,143**	-
Membership subscription fees	**27,955**	41,535
	1,765,098	41,535

The Group offers memberships to customers under the "Lorenzo Friends" membership program which enable the customers to purchase goods at a discount at its retails outlets. The memberships are valid for a period of five years. The membership subscription fees, recognised as deferred income, are being amortised over the qualifying year of the membership.

During the financial year, the Group received 3-years rental income in advances from the tenant for the leasing of investment property.

The Company has deferred income of $Nil (2017 - $10,000) as at 31 March 2018.

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16 Deferred taxation

The Group	2018 $	2017 $
Deferred tax assets		
Balance at beginning of year/period	**12,169**	7,145
Translation differences	**(410)**	755
Recognised in profit or loss (Note 22)	**32,728**	4,269
Balance at end of year/period	**44,487**	12,169

The balances are attributable to the following:

The Group	2018 $	2017 $
Property, plant and equipment	**44,487**	12,169

Deferred tax assets are classified as recoverable within one year when it expects to utilise within 12 months after the reporting date.

The Group	2018 $	2017 $
Deferred tax liabilities		
Balance at beginning of year/period	**159,352**	190,422
Translation differences	**68**	174
Recognised in profit or loss (Note 22)	**5,223**	(31,244)
Balance at end of year/period	**164,643**	159,352

The balances are attributable to the following:

The Group	2018 $	2017 $
Property, plant and equipment	**9,957**	12,168
Unremitted earnings of subsidiary	**154,686**	147,184
	164,643	159,352

17 Trade and other payables

	The Company		The Group	
	2018 $	2017 $	2018 $	2017 $
Trade payables to third parties	**-**	-	**3,225,222**	4,118,515
Other payables	**1,023,489**	552,790	**7,814,837**	4,871,974
Amounts due to customers for contracts work-in-progress (Note 23)	**-**	-	**109,993**	-
Amounts due to subsidiaries - non-trade	**2,190,082**	1,858,258	**-**	-
Accrued employee benefits	**177,814**	57,443	**1,114,489**	1,173,305
Accrued expenses	**507,537**	415,840	**1,962,956**	1,352,915
	3,898,922	2,884,331	**14,227,497**	11,516,709
Advances from customers	**-**	-	**2,455,126**	2,986,175
	3,898,922	2,884,331	**16,682,623**	14,502,884

Non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

17 Trade and other payables (Cont'd)

Trade and other payables of $772,674 (2017 - $759,167) of the Group and $325,279 (2017 - $10,031) of the Company are amounts due from firms of which a director of the Company is a member.

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	2018	2017	**2018**	2017
	$	$	**$**	$
Singapore dollar	**3,898,922**	2,884,331	**6,662,582**	6,560,904
United States dollar	**-**	-	**929,725**	453,487
Euro	**-**	-	**18,465**	-
Malaysian ringgit	**-**	-	**3,407,403**	2,947,325
New Taiwan dollar	**-**	-	**2,122,951**	2,317,654
Renminbi	**-**	-	**3,541,497**	2,223,514
	3,898,922	2,884,331	**16,682,623**	14,502,884

Further details of liquidity risks and foreign currency risk on trade and other payables are disclosed in Note 29.

18 Amount due to directors

In the last financial period ended 31 March 2017, the non-trade amounts due to directors, comprise of amounts paid on behalf of the Group of $151,715 and advances of $130,000 granted to certain subsidiaries of the Group. These amounts due to directors are denominated in Singapore dollar, interest-free, unsecured and repayable on demand.

Further details of the Group's financial risk management of liquidity risk exposures are set out in Note 29.

19 Other income

The Group	**Year ended 31 March 2018**	Period from 1 January 2016 to 31 March 2017
	$	$
Government grants	**22,401**	167,572
Interest income	**3,182**	39,783
Rental income	**1,557,182**	793,399
Sundry income	**196,358**	400,464
Gain on disposal of property, plant and equipment	**994,716**	352,449
Gain on disposal of subsidiary (Note 7)	**3,143,338**	-
Sales of scrap materials	**-**	26,410
Transportation income	**391,956**	675,550
Exchange gain, net	**290,100**	-
Negative goodwill (Note 7)	**296,100**	-
Membership subscription fees	**30,028**	38,885
	6,925,361	2,494,512

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for the financial year ended 31 March 2018

20 Finance costs

The Group	Year ended 31 March 2018 $	Period from 1 January 2016 to 31 March 2017 $
Interest expense		
- finance leases	**14,323**	46,823
- bank loans	**254,596**	255,636
- trust receipts and bills payable	**189,962**	314,547
- bank overdrafts	**386,711**	489,777
	845,592	1,106,783
Trade financing charges	**52,091**	36,595
	897,683	1,143,378

21 Loss before taxation

The following items have been included in arriving at loss before taxation:

The Group	Note	Year ended 31 March 2018 $	Period from 1 January 2016 to 31 March 2017 $
Included under "cost of sales"			
Cost of inventories included in cost of sales	9	**9,379,322**	16,599,873
Depreciation of property, plant and equipment	4	**170,342**	718,434
Operating lease expense		**-**	79,216
Staff costs (A)		**1,388,878**	3,759,047
Included under "distribution cost and administrative expenses"			
Operating lease expense		**6,332,589**	7,197,498
Workers retrenchment cost		**1,444,380**	-
Directors' fees		**81,300**	99,448
Staff costs (A)		**8,441,657**	7,549,892
Audit fees:			
- auditors of the Company		**302,020**	302,020
- other auditors		**47,961**	76,946
Non-audit fees:			
- auditors of the Company		**63,100**	38,945
Included under "other operating expenses"			
Allowance for inventory obsolescence	9	**3,010,535**	1,125,964
Amortisation of land use rights	6	**31,034**	39,304
Bad debts written off		**35,497**	-
Depreciation of property, plant and equipment	4	**1,187,162**	1,997,017
Inventories written off	9	**345,957**	79,216
Impairment loss on property, plant and equipment	4	**306,834**	1,320,338
Property, plant and equipment written off		**240,492**	101,312
Impairment loss on trade receivables	10	**1,760,494**	200,880
Impairment loss on other receivables	10	**916,571**	876,902
Exchange loss, net		**-**	1,139,327

21 Loss before taxation (Cont'd)

The Group	Year ended 31 March 2018 $	Period from 1 January 2016 to 31 March 2017 $
A) Staff costs		
Key management personnel - directors:		
Directors' remuneration other than fees		
- salaries and other related costs	**373,953**	892,046
- Contributions to defined contribution plans	**20,902**	33,279
Key management personnel - other than directors		
- salaries and other related costs	**248,873**	386,887
- Contributions to defined contribution plans	**16,010**	50,767
	659,738	1,362,979
Other than key management personnel		
- salaries, wages and other related costs	**8,122,384**	9,310,583
- Contributions to defined contribution plans	**1,048,413**	635,377
	9,170,797	9,945,960
	9,830,535	11,308,939

Two directors of the Company do not draw any remuneration for the financial period from 1 January 2016 to 31 March 2017.

22 Tax expense

The Group	Year ended 31 March 2018 $	Period from 1 January 2016 to 31 March 2017 $
Current tax expense		
Current year	**176,371**	147,455
Adjustments for prior years	**7**	129,249
	176,378	276,704
Deferred tax (credit)/expense		
Movements in temporary differences	**(21,779)**	(33,201)
Adjustment for prior years	**(5,726)**	(2,312)
	(27,505)	(35,513)
Withholding tax on overseas income	**274,710**	626,611
	423,583	867,802

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on profits as a result of the following:

The Group	Year ended 31 March 2018 $	Period from 1 January 2016 to 31 March 2017 $
Loss before taxation	**(10,388,044)**	(8,312,834)

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22 Tax expense (Cont'd)

	Year ended 31 March 2018 $	Period from 1 January 2016 to 31 March 2017 $
Tax at domestic rates applicable to individual group entities	**(1,905,426)**	(1,797,485)
Tax effect on non-deductible expenses	**1,175,538**	307,646
Tax effect on non-taxable income	**(28,576)**	(221,025)
Deferred tax assets on temporary differences not recognised	**1,335,948**	2,220,290
Utilisation of deferred tax assets on temporary differences not recognised in prior years	**(418,392)**	(346,716)
Adjustment for prior years for current tax	**7**	129,249
Adjustment for prior years for deferred taxation	**(5,726)**	(2,312)
Tax incentives	**(4,500)**	(48,456)
Withholding tax on overseas income	**274,710**	626,611
	423,583	867,802

The domestic tax rates applicable to the profit of the following companies are as follows:

	Country	Rate	Basis
Lorenzo International Limited	Singapore	17.0%	Full tax
Builders Shop Pte Ltd	Singapore	17.0%	Full tax
Uhin Holdings Pte Ltd	Singapore	17.0%	Full tax
Supreme Furnishing Centre Pte Ltd	Singapore	17.0%	Full tax
Lorenzo International (Kunshan) Co., Ltd.	People's Republic of China	25.0%	Full tax
Lorenzo Furniture (Shanghai) Co., Ltd.	People's Republic of China	25.0%	Full tax
Supreme Furniture (Kunshan) Co., Ltd.	People's Republic of China	25.0%	Full tax
Uhin Sofa Sdn. Bhd.	Malaysia	24.0%	Full tax
Uhin International Co., Ltd.	Republic of China	17.0%	Full tax

Expenses not deductible for tax purposes mainly include impairment losses, depreciation of non-qualifying assets, private car expenses, excess entertainment and staff welfare for PRC subsidiaries and penalties.

In February 2018, Republic of China announced that it amended the Income Tax Law of the Republic of China and adjusted the income tax rate of Profit-seeking Enterprise Income Tax from 17% to 20%. In addition, the tax rate applicable to the undistributed surplus earnings in the Republic of China will be adjusted from 10% to 5%.

Unrecognised deferred tax assets

At the reporting date the Group had unabsorbed tax losses of approximately $33 million (2017 - $25 million) attributable to certain subsidiaries.

These unabsorbed tax losses of the Group are available for carry forward and set-off against future taxable income, subject to agreement by the tax authorities and compliance with certain provisions of the tax legislations of the respective countries in which the subsidiaries operate. Unabsorbed tax losses of approximately $10 million (2017 - $15 million) related to certain subsidiaries expire from 2018 through 2024.

Deferred tax assets of approximately $6.5 million (2017 - $5.1 million) have not been recognised in respect of these tax losses because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

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22 Tax expense (Cont'd)

22.1 Other comprehensive income for the year, net of tax

Disclosure of tax effect relating to each component of other comprehensive income:	**Year ended 31 March 2018** Before tax $	Tax expense $	Net of tax $	Period from 1 January 2016 to 31 March 2017 Before tax $	Tax expense $	Net of tax $
Net change in fair value reclassified to profit or loss	**-**	**-**	**-**	(11,468)	-	(11,468)
Currency translation differences	**98,710**	**-**	**98,710**	515,557	-	515,557
	98,710	**-**	**98,710**	504,089	-	504,089

23 Contracts work-in-progress

The Group	Note	**2018 $**	2017 $
Contracts work-in-progress at end of the reporting period:			
Contract costs incurred		**5,879,299**	4,300,774
Attributable profits		**1,441,635**	1,247,808
Less: Progress billings		**(7,430,927)**	(5,527,294)
		(109,993)	21,288
Presented as:			
Amounts due (to)/from customers (included in trade and other payable or receivables)	10, 17	**(109,993)**	21,288
Retentions on construction contracts (Note 10)			
- Current		**-**	241,023
- Non-current		**121,179**	143,539
		121,179	384,562
Contract revenue recognised during the year/period		**-**	2,004,146

24 Loss per share

The Group	**Year ended 31 March 2018 $**	Period from 1 January 2016 to 31 March 2017 $
Loss attributable to owners of the Company	**(10,811,627)**	(9,180,636)
Weighted average number of ordinary shares issued during the year/period	**439,400,466**	373,391,694
Loss per share (cents):		
- basic	**(2.46)**	(2.46)
- diluted	**(2.46)**	(2.46)

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for the financial year ended 31 March 2018

24 Loss per share (Cont'd)

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

There is no dilutive loss per share as the Group incurred losses; the Company did not have any stock options or dilutive potential ordinary shares during the financial year ended 31 March 2018 and financial period from 1 January 2016 to 31 March 2017.

25 Related party transactions

Other than those disclosed elsewhere in the financial statements, the following are related party transactions entered into by the Group with related parties on terms agreed between the parties during the financial year:

The Group	Year ended 31 March 2018 $	Period from 1 January 2016 to 31 March 2017 $
Purchases from a firm of which a director of the Company is a member	**140,278**	22,917
Sales to		
- a firm of which a director of the Company is a member	**40,498**	75,212
Expenses charged to a firm of which a director of the Company is a member	**4,030**	-
Expenses charged by a firm of which a director of the Company is a member	**408,415**	67,473
Rental expense paid and payable to a firm of which a director of the Company is a member	**1,957,873**	197,788
Advances from a firm of which a director of the Company is a member	**-**	307,472

26 Commitments

Operating lease commitments (non-cancellable)

A Where the Group is a lessee

At the end of the reporting period, the Group was committed to making the following payments in respect of non-cancellable operating leases of showrooms and warehouse premises:

The Group	2018 $	2017 $
Not later than one year	**1,896,398**	2,669,987
Later than one year and not later than five years	**1,224,633**	913,099
Later than five years	**-**	-

These operating leases expire between September 2018 and December 2019 and contain renewal options.

26 Commitments (Cont'd)

B Where the Group is a lessor

At the reporting date, the Group had the following rental receivables under non-cancellable operating leases in respect of sub-let of office premises:

The Group	2018 $	2017 $
Not later than one year	**300,000**	1,001,265
Later than one year and not later than five years	**-**	1,664,475
Later than five years	**-**	-

These non-cancellable leases have remaining lease terms of between 1 to 3 years and contain renewal options.

27 Operating segments

In the last financial period, the Group decided to monitor the operating results based on the nature of its business. Consequently, the Group has changed its presentation of segment reporting into 2 main segments, which the Group is primarily engaged in:

(i) Furniture business; and
(ii) Building Materials

The Group Chief Executive Officer ("Group CEO"), who is designated as the Chief Operating Decision Maker, monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and gross profit, as included in the internal management reports that are reviewed by the Group CEO.

Group financing, corporate expenses and income taxes are managed on a group basis and are not allocated to operating segments.

The allocation of group assets and liabilities attributable to individual segments is not presented as the information is not provided to the Group CEO.

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27 Operating segments (Cont'd)

	Furniture business		Building materials		Unallocated		Total	
	Year ended 31 March 2018 $'000	Period from 1 January 2016 to 31 March 2017 $'000	**Year ended 31 March 2018 $'000**	Period from 1 January 2016 to 31 March 2017 $'000	**Year ended 31 March 2018 $'000**	Period from 1 January 2016 to 31 March 2017 $'000	**Year ended 31 March 2018 $'000**	Period from 1 January 2016 to 31 March 2017 $'000
Revenue	**31,085**	51,308	**761**	2,831	**-**	-	**31,846**	54,139
Gross profit	**14,036**	24,101	**379**	462	**-**	-	**14,415**	24,563
Segment results	**(5,262)**	(4,674)	**(1,794)**	(729)	**(2,434)**	(1,767)	**(9,490)**	(7,170)
Finance costs	**(700)**	(967)	**(177)**	(176)	**(21)**	-	**(898)**	(1,143)
Loss before taxation	**(5,962)**	(5,641)	**(1,971)**	(905)	**(2,455)**	(1,767)	**(10,388)**	(8,313)
Tax expense							**(424)**	(868)
Loss for the year/period							**(10,812)**	(9,181)
Other information								
Segment assets	**27,897**	35,006	**4,507**	5,616	**3,908**	30,482	**36,312**	71,104
Segment liabilities	**25,162**	23,427	**6,157**	5,295	**3,899**	2,647	**35,218**	31,369
Additions of property, plant and equipment	**555**	404	**-**	-	**3**	4	**558**	408
Depreciation of property, plant and equipment	**1,356**	2,699	**-**	-	**2**	16	**1,358**	2,715
Amortisation of land use rights	**31**	39	**-**	-	**-**	-	**31**	39
Gain on disposal of property, plant and equipment	**(995)**	(240)	**-**	(112)	**-**	-	**(995)**	(352)
Impairment loss on property, plant and equipment	**307**	1,320	**-**	-	**-**	-	**307**	1,320
Allowance for inventory obsolescence	**2,171**	1,126	**840**	-	**-**	-	**3,011**	1,126
Inventory written off	**346**	79	**-**	-	**-**	-	**346**	79
Property, plant and equipment written off	**240**	56	**-**	-	**-**	45	**240**	101
Impairment loss on trade and other receivables	**2,612**	972	**65**	106	**-**	-	**2,677**	1,078

27 Operating segments (Cont'd)

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

The Group	Year ended 31 March 2018 $'000	Period from 1 January 2016 to 31 March 2017 $'000
Revenue		
Singapore	**4,144**	14,665
Malaysia	**11,067**	18,580
Taiwan	**15,147**	15,900
China	**589**	1,796
Others	**899**	3,198
	31,846	54,139

The Group	31 March 2018 $'000	31 March 2017 $'000
Non-current assets		
Singapore	**1,657**	1,956
Malaysia	**4,225**	4,528
Taiwan	**560**	576
China	**8,599**	10,451
	15,041	17,511

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities:

The Group	Year ended 31 March 2018 $'000	Period from 1 January 2016 to 31 March 2017 $'000
Revenue		
Total revenue for reportable segments	**31,846**	54,139
Consolidated revenue	**31,846**	54,139
Profit or loss		
Total loss for reportable segments	**(9,490)**	(7,170)
Finance costs	**(898)**	(1,143)
Consolidated loss before tax	**(10,388)**	(8,313)

The Group	31 March 2018 $'000	31 March 2017 $'000
Segment assets		
Total assets for reportable segments	**36,312**	71,104
Elimination	**(6,031)**	(32,551)
Tax recoverable	**642**	560
Deferred tax assets	**44**	12
Consolidated total assets	**30,967**	39,125
Segment liabilities		
Total liabilities for reportable segments	**35,218**	31,369
Elimination	**(2,996)**	(1,827)
Current tax payable	**129**	98
Deferred tax liabilities	**165**	159
Consolidated total liabilities	**32,516**	29,799

There is no revenue from any single customer contributing over 10% of total sales of the Group.

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28 Contingencies

The Company

Contingent liability
In August 2013, a suit was brought against the Company's subsidiary, Builders Shop Pte Ltd, together with several other defendants, including the main contractor and sub-contractor of the subsidiary, in respect of injuries allegedly caused by debris from a fallen granite slab from a building in 2011. The subsidiary's main contractor and sub-contractor completed installation of granite slabs on the facade of the building in 1997. The plaintiff is seeking damages of $2.4 million from the subsidiary and other defendants jointly and severally. In accordance with the agreement, the main contractor and sub-contractor should be responsible for work defects. The Company is contesting the claim rigorously. The former shareholder of the subsidiary has provided an undertaking in writing to the Company for an amount of up to $5 million for all actual and proven damages arising from the claim by the plaintiff. Based on the confirmation received from the legal counsel of the Company, the legal case has been concluded but no judgement has been passed. The sum of damages to be paid and the timing of the liability remains uncertain.

Based on a review of the matter and in the light of the advice of the Company's legal counsel, the directors are of the view that no material losses will arise in respect of the legal suit.

29 Financial risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, interest rate risk, foreign currency risk, market price risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

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

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial asset, the Group adopt the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

Credit exposure to an individual corporate counterparty is restricted by credit limits that are approved by the executive directors based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the group level by the executive directors. In addition, receivable balances and payment profile of the debtors are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant. The Group obtains advances from customers.

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

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for the financial year ended 31 March 2018

29 Financial risk management (Cont'd)

Credit risk (Cont'd)

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

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

The carrying amounts of financial assets in the statements of financial position represent the Group and the Company's respective maximum exposure to credit risk, before taking into account any collateral held.

The Group's trade receivables comprise 2 debtors (2017 - 2 debtors) that represent 71% (2017 - 79%) of trade receivables.

<u>Exposure to credit risk</u>

As the Company and the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

(i) At 31 March 2018, the Company has provided guarantees to banks in respect of loan facilities granted to subsidiaries amounting to $7.3 million (2017 - $6.2 million).

(ii) At 31 March 2018, the Company and a subsidiary have provided a joint guarantee to a bank in respect of a loan facility granted to a subsidiary amounting to $5.3 million (2017 - $6.1 million).

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. The maximum exposure of the Company in respect of the intra-group financial guarantee at the reporting date is if the facility is drawn down by the subsidiary in the amount of $12.6 million (2017 - $12.3 million). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

The Company's and the Group's major classes of financial assets are bank deposits and trade receivables. The cash and cash equivalents are held with banks of good credit ratings. Further details of credit risks on trade and other receivables are disclosed in Note 10.

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29 Financial risk management (Cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its variable rate bank balances, fixed deposits and borrowings which are contractually repriced at intervals of less than 6 months (2017 - less than 6 months).

The Group's policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

Sensitivity analysis for interest rate risk

A 30 (2017 - 30) basis points (bp) change in the interest rate of variable rate bank balances and fixed deposits and a 75 (2017 - 75) basis points (bp) change in the interest rate of variable rate borrowings at the reporting date would have increased/decreased equity and profit or loss before tax by the amounts shown below. The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

The Group	Profit before tax - increase/(decrease) 30bp/75bp Increase $	Profit before tax - increase/(decrease) 30bp/75bp Decrease $	Equity - increase/(decrease) 30bp/75bp increase $	Equity - increase/(decrease) 30bp/75bp decrease $
31 March 2018				
Variable rate bank balances and fixed deposits	**147**	**(147)**	**147**	**(147)**
Variable rate borrowings	**(28,055)**	**28,055**	**(28,055)**	**28,055**
	(27,908)	**27,908**	**(27,908)**	**27,908**
31 March 2017				
Variable rate bank balances and fixed deposits	147	(147)	147	(147)
Variable rate borrowings	(32,912)	32,912	(32,912)	32,912
	(32,765)	32,765	(32,765)	32,765

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group is exposed to foreign currency risk on borrowings that are denominated in a currency other than the respective functional currencies of Group entities.

The Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

29 Financial risk management (Cont'd)

Foreign currency risk (Cont'd)

The Group	US Dollar 2018 $'000	US Dollar 2017 $'000	Renminbi 2018 $'000	Renminbi 2017 $'000	Malaysian Ringgit 2018 $'000	Malaysian Ringgit 2017 $'000	New Taiwan Dollar 2018 $'000	New Taiwan Dollar 2017 $'000	Euro 2018 $'000	Euro 2017 $'000	Total 2018 $'000	Total 2017 $'000
Financial Assets												
Loans and other receivables	50	288	61	229	1,913	1,123	464	554	-	-	2,488	2,194
Cash and bank balances	4	2	233	42	76	365	1,086	1,102	-	-	1,399	1,511
	54	290	294	271	1,989	1,488	1,550	1,656	-	-	3,887	3,705
Financial Liabilities												
Trade and other payables*	930	416	3,529	2,192	2,691	1,926	1,027	1,061	18	-	8,195	5,595
Borrowings	398	1,575	-	608	3,466	3,695	-	-	109	103	3,973	5,981
	1,328	1,991	3,529	2,800	6,157	5,621	1,027	1,061	127	103	12,168	11,576
Net currency exposure on financial assets and (financial liabilities)	(1,274)	(1,701)	(3,235)	(2,529)	(4,168)	(4,133)	523	595	(127)	(103)	(8,281)	(7,871)

* excluding advances from customers

29 Financial risk management (Cont'd)

Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk
A 5% strengthening/weakening of the above currencies against the respective functional currencies of the Group entities at year/period ended would have increased/decreased loss before tax and increased/decreased equity by the amounts shown below. Similarly, a 5% weakening would have the equal but opposite effect. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular interest rates, remain constant.

	Increase/(Decrease)			
	------- 2018------		------2017-------	
	Loss before tax $'000	Equity $'000	Loss before tax $'000	Equity $'000
The Group				
United States dollar	**64**	**(64)**	85	(85)
Renminbi	**162**	**(162)**	126	(126)
Malaysian Ringgit	**208**	**(208)**	207	(207)
New Taiwan Dollar	**(26)**	**26**	(30)	30
Euro	**6**	**(6)**	5	(5)

Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Group does not hold any quoted or marketable financial instruments, hence, is not exposed to any movement in market prices.

Liquidity risk

Liquidity risk is the risk that the Company and the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company's and the Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's and the Group's objective are to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Company's and the Group's and financial liabilities based on contractual undiscounted cash flows, including estimated interest payments:

		-----------Contractual undiscounted cash flows----------			
The Group	**Carrying amount $**	**Total $**	**Less than 1 year $**	**Between 1 and 5 years $**	**Over 5 years $**
At 31 March 2018					
Trade and other payables (excluding advances from customers)	**14,227,497**	**14,227,497**	**14,227,497**	**-**	**-**
Borrowings	**12,655,610**	**12,701,618**	**12,379,128**	**320,780**	**1,710**
	26,883,107	**26,929,115**	**26,606,625**	**320,780**	**1,710**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

29 Financial risk management (Cont'd)

Liquidity risk (Cont'd)

The Group	Carrying amount $	Total $	Less than 1 year $	Between 1 and 5 years $	Over 5 years $
		-----------Contractual undiscounted cash flows----------			
At 31 March 2017					
Trade and other payables (excluding advances from customers)	11,516,709	11,516,709	11,516,709	-	-
Amount due to directors	281,715	281,715	281,715	-	-
Borrowings	14,674,953	14,771,739	14,351,101	408,560	12,078
	26,473,377	26,570,163	26,149,525	408,560	12,078

The Company	Carrying amount $	Total $	Less than 1 year $	Between 1 and 5 years $	Over 5 years $
		-----------Contractual undiscounted cash flows----------			
At 31 March 2018					
Financial guarantee contracts	**12,600,000**	**12,600,000**	**12,600,000**	**-**	**-**
Trade and other payables	**3,898,922**	**3,898,922**	**3,898,922**	**-**	**-**
	16,498,922	**16,498,922**	**16,498,922**	**-**	**-**
At 31 March 2017					
Financial guarantee contracts	12,300,000	12,300,000	12,300,000	-	-
Trade and other payables	2,884,331	2,884,331	2,884,331	-	-
	15,184,331	15,184,331	15,184,331	-	-

Subject to the going concern assumption in Note 2(a), the Company and the Group ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Company and the Group maintains sufficient level of cash and cash equivalents and has available adequate amount of committed credit facilities from financial institutions to meet its working capital requirements.

30 Financial instruments

30.1 Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

The Group	2018 $	2017 $
Financial assets		
Loans and receivables (carried at amortised cost)		
Trade and other receivables (current)	**5,428,933**	7,018,605
Other receivables (non-current)	**121,179**	143,539
Cash and bank balances	**1,586,213**	1,592,914
	7,136,325	8,755,058

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

30 Financial instruments (Cont'd)

30.1 Accounting classifications of financial assets and financial liabilities (Cont'd)

	2018	2017
The Group	**$**	$
Financial liabilities		
Other liabilities (carried at amortised cost)		
Borrowings	**12,655,610**	14,674,953
Amount due to directors	**-**	281,715
Trade and other payables*	**14,227,497**	11,516,709
	26,883,107	26,473,377
The Company		
Financial assets		
Loans and receivables (carried at amortised cost)		
Other receivables	**3,881,999**	5,306,218
Cash and bank balances	**3,160**	8,122
	3,885,159	5,314,340
Financial liabilities		
Other liabilities (carried at amortised cost)		
Trade and other payables	**3,898,922**	2,884,331

* excluding advances from customers

31 Fair value measurement

Definition of fair value
FRSs define fair value as 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.

Fair values of financial instruments

Fair value hierarchy
Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurements, as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and

Level 3 : inputs for the asset or liability that are not based on observable market date.

Financial instruments measured at amortised cost

Borrowings
The carrying amounts of borrowings approximate their fair values as they bear interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements, refer to Note 14.5.

31 Fair value measurement (Cont'd)

Financial instruments measured at amortised cost (Cont'd)

Other financial assets and liabilities
The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and bank balances and trade and other payables approximate their fair values because of the short year to maturity.

Fair value measurement of non-financial assets

Investment properties
The fair value of investment properties included in Level 3 is determined as follows:-

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Direct comparison method	- Price per square meter - Expected average rental growth - Capitalisation rate	The estimated fair value would increase /(decrease) if: - Price per square meter was higher/(lower); - Expected average rental growth was higher/(lower); - Capitalisation rate was lower/(higher).

32 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;
(b) To support the Group's stability and growth;
(c) To provide capital for the purpose of strengthening the Group's risk management capability; and
(d) To provide an adequate return to shareholders.

The Group defines capital as shareholders' equity. The Group regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

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

Except for compliance with the statutory common reserve and capital reserve requirement by subsidiaries in PRC and ROC (Note 13), the Company and its subsidiaries are not subject to externally imposed capital requirements.

The directors monitor capital based on the net debt to total equity ratio. Net debt comprises total external borrowings less cash and bank balances. Net asset comprises total equity.

The Group	**2018** **$**	2017 $
Total external borrowings	**12,655,610**	14,674,953
Less: Cash and bank balances	**(1,586,213)**	(1,592,914)
Net debt	**11,069,397**	13,082,039
Total equity	**(1,548,905)**	9,325,266
Net debt to total equity ratio (times)	**n.m.**	1.40

n.m. – not meaningful

FINANCIAL STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2018

33 Comparatives

In the last financial period, the Company changed its financial year end from 31 December to 31 March and accordingly, the comparative figures stated in the financial statement covered a period of 15 months from 1 January 2016 to 31 March 2017, and as a result, the comparative figures stated in the statement of comprehensive income, statement of changes in equity, statement of cash flow and the related notes are not comparable.

SHAREHOLDING STATISTICS

As at 30 November 2018

ISSUED AND FULLY PAID CAPITAL: $41,737,570
TOTAL NUMBER OF SHARES IN ISSUE: 439,400,466
CLASS OF SHARES: Ordinary shares fully paid
VOTING RIGHTS: One vote for each ordinary share
NO. OF TREASURY SHARES AND PERCENTAGE: There are no treasury shares held in the issued share capital of the Company.
NO. OF SUBSIDIARY HOLDINGS HELD AND PERCENTAGE: Nil

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-99	130	11.27	1,739	0.00
100-1,000	104	9.01	86,012	0.02
1,001-10,000	217	18.80	1,319,046	0.30
10,001-1,000,000	668	57.89	83,011,304	18.89
1,000,001 and above	35	3.03	354,982,365	80.79
TOTAL	1154	100.00	439,400,466	100.00

Top 20 largest shareholders as at 30 November 2018

No.	Name	No. of Shares	%
1	DING LEI	125,600,000	28.58
2	BD CORPORATION PTE LTD	45,579,800	10.37
3	CHIANG TIN TIAH	21,000,000	4.78
4	HUANG SHUZHEN	21,000,000	4.78
5	CHUNG KIM YEW	20,493,200	4.66
6	PHILLIP SECURITIES PTE LTD	18,313,150	4.17
7	LYE KIM CHYE	17,933,800	4.08
8	GOH SOON KHIAN	8,695,600	1.98
9	RAFFLES NOMINEES (PTE) LTD	6,691,400	1.52
10	JI YANPENG	6,200,000	1.41
11	TOH SOON HUAT	5,923,000	1.35
12	TAN KENG KOK	5,815,000	1.32
13	CHENG YE	5,309,200	1.21
14	GOH AH LEE	4,217,000	0.96
15	CHEN MEI YING	3,548,054	0.81
16	SIOW CHEE MENG	3,450,500	0.79

SHAREHOLDING STATISTICS

As at 30 November 2018

No.	Name	No. of Shares	%
17	SEE MEI LI	3,255,900	0.74
18	CHUNG YOOK FONG	3,248,000	0.74
19	YAN XIU YUN	2,812,600	0.64
20	CHUNG KAM SENG	2,695,000	0.61
	TOTAL	331,781,204	75.51

Substantial Shareholders (other than Directors)

No.	Name	No. of Shares	%	Deemed Interest (No. of shares)	%
1	DING LEI	125,600,000	28.58	-	-
2	BD CORPORATION PTE LTD	45,579,800	10.37	-	-
3	LIM PANG HERN[(i)]	959,500	0.22	45,579,800	10.37

Notes:
i. Lim Pang Hern is deemed to be interested in the 45,579,800 Shares held by BD Corporation Pte Ltd as he holds 100% shareholding interest in BD Corporation Pte Ltd

Shareholdings held in the hand of public
Based on information available to the Company at 30 November 2018, approximately 55.35% of the issued ordinary shares of the Company is held by the public. Accordingly, Rule 723 of the SGX-ST Listing Manual has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of the Company will be held at **23 Neythal Road, Blk B, #04-03 Singapore 628588** on **31 December 2018, Monday** at **10.30 a.m**. to transact the following business:

No.	Ordinary Businesses	Resolution
1	To receive and adopt the Audited Accounts for the financial year ended 31 March 2018 together with the Directors' Statement and the Auditors' Report of the Company.	**Resolution 1**
2	To re-elect as a Director, Mr Lim Pang Hern, who is retiring under Article 90 of the Company's Constitution: *Mr Lim Pang Hern will, upon re-election as a Director of the Company, remain as an Executive Director and Deputy Chairman of the Company.*	**Resolution 2**
3	To note the retirement of Mr Yeow See Onn, who is retiring under Article 90 of the Company's Constitution: *Mr Yeow See Onn will not be seeking re-election and will retire as a Director of the Company at the close of the Annual General Meeting.*	
4	To approve the payment of directors' fees of S$81,000 for the financial year ending 31 March 2019 to be paid quarterly in arrears.	**Resolution 3**
5	To re-appoint Messrs Foo Kon Tan LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.	**Resolution 4**
6	To transact any other business that may be transacted at an Annual General Meeting.	
	Special Businesses	
7	To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications: "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to: (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or (ii) make or grant offers, agreements or options (collectively "**Instruments**") that might or would require shares to be issued, including but not limited to the creation or issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions, for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided always that:	

NOTICE OF ANNUAL GENERAL MEETING

Special Businesses (Cont'd)

7 (i) the aggregate number of shares (including shares to be issued in pursuant of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of 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 the Shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

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

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

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

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

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles in the Company's Constitution; and

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

[See Explanation Note 1] **Resolution 5**

Special Businesses (Cont'd)

8 To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

"That the Board of Directors be and is hereby authorised to:

(a) grant awards ("**Awards**") in accordance with the provisions of the Lorenzo Share Performance Share Plan ("**Lorenzo SPP**"); and

(b) pursuant to Section 161 of the Singapore Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of Awards under the Lorenzo SPP,

provided that the total number of new shares to be issued pursuant to the Awards granted under the Lorenzo SPP shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanation Note 2] **Resolution 6**

By Order of the Board
Lim Pang Hern
Executive Director and Deputy Chairman
14 December 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. The Ordinary Resolution 5 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

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

2. The Ordinary Resolution 6 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant award of shares in accordance with the provisions of the Lorenzo SPP and pursuant to Section 161 of the Singapore Companies Act, Cap. 50 to allot and issue shares under the Lorenzo SPP, provided that the total number of new shares issued under the Lorenzo SPP shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time. The Lorenzo SPP was first approved by the Shareholders of the Company at the Company's Extraordinary General Meeting held on 9 December 2009 and subsequently renewed at the Company's Twelfth Annual General Meeting held on 25 October 2017.

Notes:

1) A member entitled to attend and vote at the Thirteenth Annual General Meeting is entitled to appoint a proxy or proxies (not more than two) to attend and vote on his/her behalf, save that no limit shall be imposed on the number of proxies for nominee companies. A proxy need not be a member of the Company.

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

3) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 23 Neythal Road Blk B #04-03 Singapore 628588 at least forty-eight (48) hours before the time fixed for the Thirteenth Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, or by attending the Annual General Meeting, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 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) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for any of the Purposes.

PROXY FORM

THIRTEENTH ANNUAL GENERAL MEETING

LORENZO INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200508277C)

Proxy Form No.
_______ OF _______

I/We ______________________________
(Name) of ______________________________
(Address) ______________________________
being a member/ members of Lorenzo International Limited (the "**Company**") hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of my/ our shareholding (%)	
			No. of Shares	%

and/ or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of my/ our shareholding (%)	
			No. of Shares	%

or failing *him/her, the Chairman of the Thirteenth Annual General Meeting (the "**Meeting**"), as my/our proxy/proxies to vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company, to be held at **23 Neythal Road, Blk B, #04-03 Singapore 628588** on **31 December 2018, Monday** at **10.30 a.m.**, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/ they will on any other matter arising at the Meeting.

No	Ordinary Resolutions Relating To: Ordinary Businesses	For	Against
1	Adoption of Accounts		
2	Re-election of Mr Lim Pang Hern		
3	Approval of directors' fees		
4	Re-appointment of Auditors		
	Ordinary Resolutions Relating To: Special Businesses	**For**	**Against**
5	Authority to allot and issue new shares		
6	Authority to allot and issue new shares pursuant to the Lorenzo Share Performance Share Plan		

PROXY FORM

THIRTEENTH ANNUAL GENERAL MEETING

LORENZO INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200508277C)

(If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

Dated this ______ day of __________ 2018.

Number of Shares held in	
CDP Register	
Member's Register	
TOTAL	

____

Signature of Shareholder(s) or Common Seal
Important: Please read notes overleaf.

IMPORTANT:

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. This Proxy Form is therefore, 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. If you are **a member of this company having a share capital who is a relevant intermediary (a nominal company)**, you may appoint more than 2 proxies to attend or vote in your stead. If you wish to appoint more than 2 proxies, you may complete, number and attach additional copies of this form. You must on each form state the number of shares the proxy is representing. If no number is inserted, the appointment would be considered to be invalid.

PROXY FORM

THIRTEENTH ANNUAL GENERAL MEETING

LORENZO INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200508277C)

Notes:

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

2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at **23 Neythal Road Blk B #04-03 Singapore 628588**, not less than forty-eight (48) hours before the time set for the Meeting.

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

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of 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 which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the Annual General Meeting if he is able to do so.

9. The Company shall be entitled to reject a Proxy Form 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 Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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

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

LORENZO
GROUP

LORENZO

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Supreme Furnishing Centre Pte Ltd
Lorenzo Concept Pte Ltd
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Builders Shop Pte Ltd
23 Neythal Road Blk B #01-01 Singapore 628588
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Uhin Wood Industries Sdn Bhd
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Monica Design Sdn Bhd
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