SETTING
NEW STANDARDS

ANNUAL REPORT 2019

VISION

To become Asia's premium brand name, leading the fashion in tech-savvy products and services.

MISSION

To lead, create and shape the trend of tech-savvy products by presenting quality, innovative, user-focused products and services through a perfect blend of Chinese Philosophy and Western Management.

To grow and nurture our people.

To operate in a socially and environmentally responsible manner whilst maintaining economic growth.

CORE VALUES

As an ancient saying goes; without honesty and good faith, a man cannot make his stand; a government cannot command power; a business operation cannot prosper. In the eyes of Confucianism, 诚信, honesty is the principle of conducting self and sets the fundamentals of all business operations. At Ban Leong Technologies Ltd., we uphold to this virtue in everything we do and this is also the very same core values that support our company mission and vision.

CONTENTS

COMPANY PROFILE

Ban Leong is a brand name in the technology products distribution industry for 26 years. From a traditional IT products distributor, Ban Leong Technologies Limited has successfully transformed into a new-generation technology-driven specialist distributor under the leadership of our Managing Director, Ronald Teng, who spearheaded the transformation since it was incorporated in 1993.

Leveraging on our 26-year brand history, we successfully re-positioned and strengthened our brand as a name synonymous with innovative, fashionable and user-focused tech-savvy products through regular marketing activities.

Ban Leong Technologies Limited has been listed on the SGX Main Board since 23 June 2005 and distributes a diverse range of IT accessories, multimedia and data storage products. Multimedia products primarily consist of audio and visual products ranging from earphones, speakers and cameras to commercial and consumer displays. IT accessories includes consumer IT products such as computer systems, components, peripherals, printers and mobile products from wearables, accessories and powerpacks. New categories includes smart home solutions and Robotics. Data storage products consists of portable and cloud drives, HDD enclosures, Blu-Ray and portable DVD-RW.

We are constantly focused on identifying innovative IT products in both commercial and consumer segments to enhance and expand our range of products. Over the years, we have gathered the brands of AVLABS and eGear under our wings and developed them as our in-house brands, focusing on specific range of products.

Master & Dynamic

MW07

DESIGNED TO LOOK AS GOOD AS THEY SOUND

The latest addition to our growing audio portfolio, New York City-based premium audio company Master & Dynamic has focused on offering the most beautifully appointed, sonically sophisticated audio products on the market.

Featuring premium materials such as handcrafted acetate and stainless steel as well as 10mm Beryllium drivers, the MW07 demonstrates that high tech can also be high design. Two patent-pending technologies ensure best-in-class Bluetooth 4.2 connectivity, superior comfort and personalized fit. This is all accomplished in a slim, close to the ear form factor.

COMPANY **PROFILE**

AVLABS' core focus is on the research of markets and trends and subsequent sourcing of innovative, high quality audio/visual consumer products for the Asia Pacific region. AVLABS strives to be a market leader in the PC, Mac peripherals and consumer electronics market segments. Through the use of leading edge packaging design and manufacturing methods, we aim to achieve excellence in product value perception and brand recognition. eGear has evolved over the years to focus on traveler portable accessories such as Bluetooth speakers and cables.

Till date, we have authorized distributorships for over 178 types of products under 52 brand names. This allows endless bundling possibilities of different products to cater to our customers' varied needs.

With an experienced management team with over 30 years of combined experience in the IT industry, we are able to identify and establish strong relationships with our vendors who have a track record of developing innovative products.

We distribute our products through three channels, e-commerce via online retailers and Ban Leong e-store; brick and mortar retailers and chain stores; and directly to commercial resellers and system integrators. To complement our distribution services, we provide after-sales support services and offer out-of-box replacement warranty to our customers. We have our own service centre with in-house technicians to handle all the hardware and technical problems as well as onsite repairing for certain products. By going the extra mile to serve our customers, we have established our name as a "reliable and trustworthy" partner.

Today, we are based in Singapore and have regional offices in Malaysia and Thailand.

Samsung
Space Monitor

SPACE MAXIMIZING SOLUTION

The Samsung Space Monitor leverages its sleek design and functionality to allow users to focus on what's on the screen and not what's around it. Its unique built-in space saving solution, a minimalist fully-integrated arm, clamps to the desk and frees up desk space for ultimate user productivity.

Through easy ergonomic adjustment, port access and a discreet cable management system, Space Monitor improves the form and function of any workstation or home office. Minimalized stand design reduces dead space occupied by existing monitors by 93% and increases desk space by 40%.

OUR GROWTH JOURNEY

2007

Ban Leong Chin Inter Co Ltd

Expansion into Thailand through merger with Chin International Holdings Co., Ltd, renamed the entity as Ban Leong Chin Inter Co, Ltd

2008

Set up BLC (China) Ltd

2019

Managing over 50 authorized distributorships

2006

Expanded into Australia as Ban Leong Technologies Australia Pty Ltd

audion

Acquired Audion, gaining foothold into Australia

AVLABS

AV Labs International Pte Ltd brought under Ban Leong along with Audion acquisition

2005

eGear

Incorporated eGear Technologies (HK) Co Ltd in Hong Kong to design and develop powerbanks and media players

Set up representative office in Vietnam

SGX

Listed on SGX Main Board

2003

Expanded into Malaysia as Ban Leong Technologies Sdn Bhd

Awarded in 2003 Singapore Enterprise 50 (E50) awards

Awarded in 2003 Singapore Fastest growing 50 award

DIGITAL HUB

Established Digital Hub Pte Ltd, a subsidiary distribution company in Singapore

2004

Established Ban Leong Technologies Thailand Co., Ltd

Awarded for the 3rd consecutive year at the Singapore Enterprise 50 (E50) awards

Awarded in 2004 Singapore Fastest growing 50 award

2002

Awarded in 2002 Singapore Enterprise 50 (E50) awards

1993

Ban Leong Technologies Limited

Founded by Ronald Teng, MD Ban Leong Technologies

WHAT **WE DO**

IT DISTRIBUTION

With over 26 years in the IT distribution business – we curate, procure and distribute a wide range of tech products across the region.

Business-to-Consumer: Our B2C team covers customers across IT retail channels, e-commerce platforms and direct end-users. With the expansion of our product portfolio, we have also penetrated Mobile and Consumer Electronics divisions in the retail market

Business-to-Business: We service over 1,350 System Integrators with coverage across Government, Hospitality, Education and Telco sectors amongst others.

LOGISTICS

With an integrated inventory management system as well as warehouse storage facilities and our fleet of delivery vehicles, we provide end-to-end logistic solutions for our vendors and customers.

Our shipping department also manages inbound and outbound shipments from our network of vendors around the world.

Thrustmaster

T. Flight Hotas 4 Ace Combat 7 Limited Edition

JOYSTICK WITH BANDAI NAMCO ACE COMBAT OFFICIAL LICENSE. Thrustmaster united with publisher Bandai Namco to release this new, limited-edition T.Flight Hotas joystick featuring the landmark game Ace Combat 7. The close collaboration with the game developers behind Ace Combat allows for a full integration of the Thrustmaster joysticks that is more obvious, more precise, and more fun than ever in this latest release from the Japanese publisher.

This release is a bonanza for fans of the franchise and other flight game players and Thrustmaster has kept its whole community in mind by releasing the two versions of the joystick – T.Flight Hotas 4 (for PlayStation®4) and T.Flight Hotas One (for Xbox One®).

WHAT **WE DO**

TECH SUPPORT

Leveraging on our expertise and knowledge on IT products, we offer aftersales services in terms of repairs and replacement according to warranties offered by manufacturers.

Our technical support team operates hotlines and walk-in service centers at our office locations regionally to fulfil product support queries.

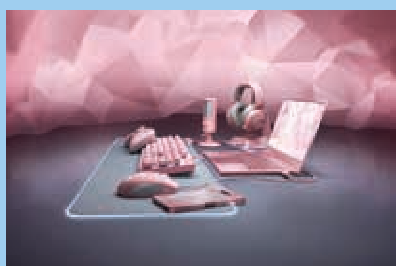
PRODUCT MARKETING

Going beyond traditional distribution models of "box-moving" services. Our marketing and product teams are key drivers in delivering vendor objectives and managing brand portfolios in-country.

With a focus on demand generation, we actively seek opportunities in brand building and in-country marketing. Covering multi-channel approach in events, PR, channel marketing, digital marketing and social media.

Razer

Quartz gaming peripherals



STYLED TO STAND OUT

Razer's Quartz Pink colorway was first launched in 2018 to the delight of gamers, streamers and influencers worldwide. With a humble lineup of 4 peripherals to choose from, it was the beginning of a 'pink phenomenon'.

Today a full range of high-performance gaming gear and accessories have been given the popular Quartz Pink treatment. Including a limited run of its Razer Blade Stealth ultraportable laptop.

Designed for both work and gaming, the Quartz Pink limited edition Razer Blade Stealth is available with NVIDIA® GeForce® MX 150 4GB graphics and a Full HD (1920 x 1080) display. The new side bezel design provides for a visually stunning edge-to-edge picture at only 4.9mm thin. The display provides up to 100% sRGB color space for vivid colors, and improved power efficiency for longer battery life.

CHAIRMAN'S **MESSAGE**

"IT IS OUR BELIEF THAT TECHNOLOGY CAN IMPROVE OUR DAY TO DAY LIFE AND PROVIDE BETTER EFFICIENCIES IN THE THINGS WE DO. AT THE SAME TIME, THESE EFFICIENCIES SHOULD TRANSLATE TO BETTER USE OF THE RESOURCES AROUND US, AND HENCE BETTER SUSTAINABILITY CAPABILITIES."

DEAR SHAREHOLDERS,

I am pleased to present to our shareholders the annual report for the financial year ending 31 March 2019. We have been listed since 2005 and I am proud that management and staff have delivered a respectable set of financial results for this financial year. I am further pleased that together with the recommendation of the final dividend payout of 1 cent per share, we will be paying a total dividend of 1.5 cents per share for this financial year.

With the record profit recorded in the last financial year, we started this year on many uncertainties at the global stage and in the markets that we operate in. Operations in Singapore remained our largest within the Group, and uncertainties in trade relations between the major economies have dampened sentiments. Malaysia has just gone through their elections and the change in government have also brought uncertainties. Nevertheless, the slow start in the first half of the financial year have spurred the team to labour harder in the second half of the FY and overall, we have reported a profit before tax of about S$4.5 million for the financial year.

We believe that over the years, we have managed to continue to strengthen our core competitive advantages, and in line with our vision, we are able to stay ahead of competition by continuously bringing the most fashionable tech-savvy products to the markets at reasonable prices. The products that we distribute have evolved, but these products have a common identity, which is information technology based. With the accessibility to technology by the mass market consumers, products can be linked via different communication technologies and equipment. We have facilitated the changes and provide consumers with the best solutions for their IT needs. Despite the challenging market conditions, we are able to record a revenue of S$$157.6 million, which is almost similar to the revenue in the previous FY.

The recent situation and developments with regard to technological advances have brought more questions to trade matters. While we do not expect to experience any direct impact, any slowdown in the 2 largest world economies will likely to have spill-over effect on consumers spending. We intend to focus on what we do best, bringing the best value products to the markets that we operate in. The strong relationships built with our principals and customers will allow us to weather the uncertainties going forward. Competition will be inevitable, and with the experience over the years, we are confident that we will be able to give the right value proposition to both our suppliers and customers.

Over the years, we have managed our inventories and receivables reasonably well, and this has allowed us to continue to declare dividends to reward our shareholders. As the competition gets tougher, we will be reviewing our

Polycom

TRIO 8800

ONE SOLUTION. MANY POSSIBILITIES.

Further complementing our B2B solutions, we obtained distribution rights to Polycom's range of communication products in 2019.

Incorporating a modern design and intuitive interface, the Polycom Trio 8500 is a great new addition to our portfolio of collaboration solutions. It is instantly recognisable as a sharp new interpretation of the well-known three-legged shape and is the perfect communication tool for mid-sized conference rooms. The Trio 8500 is a future-proof solution that delivers all the latest Polycom innovations today, including HD voice audio quality, Polycom NoiseBlock and multi-line registration and will be expandable to include video and content sharing in the future.

CHAIRMAN'S **MESSAGE**

internal processes and software to further improve on them, with the aim of improving productivity and hence, hopefully better margins. At the same time, we will also try to grow our sales channels and to improve on our sales to commercial resellers.

Our online platform sales growth have been relatively slow, as our main market, Singapore, has consumers who are comfortable in browsing the stores for IT gadgets and products. However, we intend to have this sales channel open to our customers as a form of service to the IT community.

On the expansion front, we will continue to explore potential opportunities especially in PR China and Hong Kong. We will remain very prudent and take a cautious approach to any expansion plans, in view of more uncertainties in this financial year.

The landscape in the IT industry has evolved and changed. In barely just a few years, we are deliberating about 5G technologies, artificial intelligence, higher capabilities smart phones etc. These changes will shape the behavior of the younger generation and their approach to the use of technology. Naturally, newer products and solutions will have to match and serve their needs.

One example is the gaming and esports industry. The growth in popularity in the gaming and esports industry will fuel growth in the demand for products directly. There are likely to increase sales of related IT products that the esports and gaming industry promote. For the SEA games to be held in the Philippines this year, esports will now be a medal sports. In 2020, Singapore will host the world's largest gaming festival and tradeshow, Gamescom. These developments clearly present opportunities for us as we are well positioned to bring in the best tech products to the consumers and also to the gaming industry in the region.

In the technology products front, we aim to be able to continue to stay relevant and ahead of competition by leveraging on the existing platform built up painstakingly over the years and by building on our reputation as a high value added brand manager and distributor.

DIVIDENDS

The Group had made a dividend payout of 0.5 cents during our half year announcement. In addition to that, the board has recommended a dividend payout of 1.0 cents per share, which would bring the payout for this financial year to 1.5 cents. Since our public listing in 2005, this will be our 14th consecutive year of paying dividends to our shareholders. I am pleased to be able to share the success of the company with our shareholders, and also as an appreciation of our shareholders' support.

The cumulative dividends payout would be 17.45 cents from 2005. The total dividend payout this financial year represents a yield of 6.3% based on the share price of S$0.25.

SUSTAINABILITY MATTERS

As a technology related company, it is our belief that technology can improve our day to day life and provide better efficiencies in the things we do. At the same time, these efficiencies should translate to better use of the resources around us, and hence better sustainability capabilities. We strive to be a responsible corporate citizen in wherever we operate in, and pledge our full support to sustainability initiatives.

Please refer to our section on this in pages 17 to 25.

APPRECIATION

On behalf of our Board of Directors, I would like to thank all our stakeholders in your continuous unwavering support throughout all these years. Our directors understand the vision of the company, and have provided valuable advice to management. Our principals share with us their passion, and together with them, we have the support from the customers whom understood the value proposition of the products that we bring to the markets. Our bankers have also been most supportive in our financing needs.

And of course, many thanks to the dedicated and industrious Ban Leong Team!

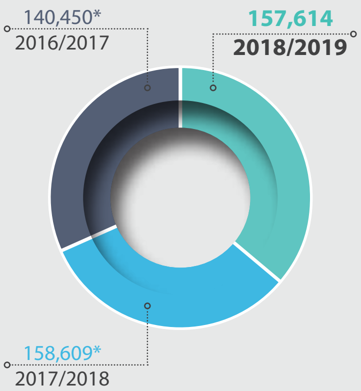
And to our shareholders, do continue to support us and we look forward to sharing our success with you!

RONALD TENG
Chairman and Managing Director

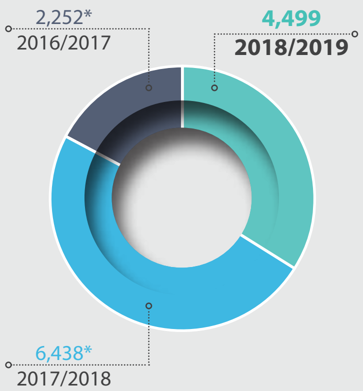
CORPORATE **STRUCTURE**

FINANCIAL HIGHLIGHTS

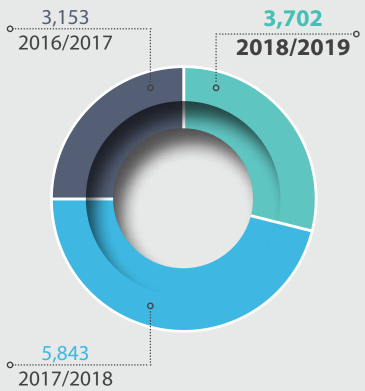
REVENUE
(IN THOUSANDS)



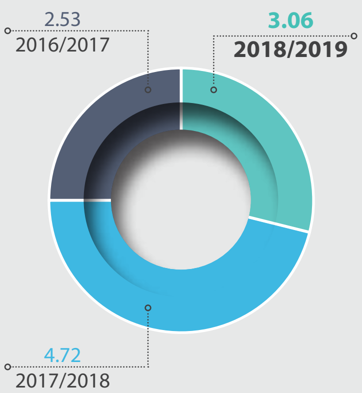
PROFIT BEFORE TAXATION
(IN THOUSANDS)



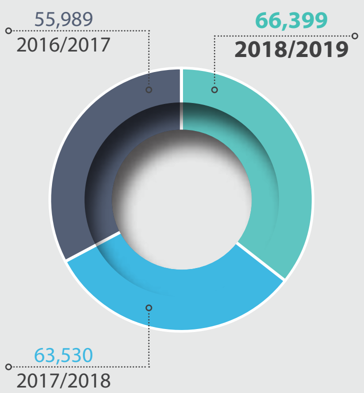
PROFIT FOR THE YEAR
(IN THOUSANDS)



EARNINGS PER SHARE
(IN CENTS)



TOTAL ASSETS
(IN THOUSANDS)



RESULT OF OPERATION IN THOUSANDS	2018/2019	2017/2018	2016/2017
Revenue	**157,614***	158,609*	140,450*
Profit Before Taxation	**4,499***	6,438*	2,252*
Profit for the Year	**3,702**	5,843	3,153
Earnings Per Share (Cents)	**3.06**	4.72	2.53
Net Assets	**32,079**	30,813	26,423
Total Assets	**66,399**	63,530	55,989

*from continuing operations

BOARD OF **DIRECTORS**

RONALD TENG WOO BOON

MANAGING DIRECTOR

Ronald Teng Woo Boon is our Managing Director and was appointed as a Director of our Company on 18 June 1993. He is the founder of our Group and plays an important role in managing the overall business operations and profitability of our Group. His responsibilities include formulating and executing our Group's business strategies and policies as well as charting the growth of our Group. He also spearheads the sales and marketing function of our Group. In 2004, he received the Rotary ASME Top Entrepreneur Of Year 2004 award presented by the Association of Small and Medium Enterprises (Singapore). He graduated from the National University of Singapore in 1993 with a Bachelor of Science degree in Computer and Information Science.

LOH YIH

LEAD INDEPENDENT DIRECTOR

Mr Loh Yih is the Lead Independent Director of our Company. He was appointed as an Independent Director of our Company on 12 May 2005. Mr Loh was also appointed as the executive chairman of Acesian Partners Limited on 30 September 2013, one of the Catalist listed companies in Singapore Exchange Securities Trading Limited ("SGX-ST"), and was subsequently re-designated as managing director in August 2018. He also serves as an independent director of International Press Softcom Ltd, another SGX-ST listed company in Singapore. Mr Loh completed his directorship term in June 2018 with Weichai Power Co. Ltd ("Weichai") (a company listed on Hong Kong Exchange and Shenzhen Stock Exchange) but was subsequently appointed by the State Owned Assets Supervision and Administration Commission of Shandong Provincial Government, China (SASAC), as a foreign director of Shandong Heavy Industry Group (which is the parent company of Weichai) in September 2018. Mr Loh has been the managing partner of MGF Capital Group since 19 July 2006. From January 2005 to July 2006, he was the managing director of Netplus Communications Pte Ltd, an internet service provider. Between 2001 and 2004, he was involved in managing his personal private equity investment. From 1998 to 2000, he managed an independent institutional marketing team in OSK Securities Berhad in Malaysia. Between 1995 and 1998, he headed the equities department of West Merchant Bank. Prior to that, he was a senior manager of the capital market department at Standard Chartered Merchant Bank where he managed equities trading and emerging market bonds investments. Mr Loh graduated with a Bachelor of Accountancy (Honours) degree from National University of Singapore in 1988.

BOARD OF **DIRECTORS**

NEO GIM KIONG

INDEPENDENT DIRECTOR

Neo Gim Kiong is re-designated as our Independent Director on 15 June 2015. He was in charge of our listing on SGX-Mainboard and assisted the Group in our strategic planning and business expansion plans. Mr Neo is the chief executive officer of Sen Yue Holdings Ltd, a company listed on SGX-Catalist formerly known as PNE Micron Holdings Ltd, where he is responsible for the strategic growth of the company. He is also the founding director of Dollar Tree Inc Pte Ltd, a business advisory firm incorporated in Singapore in 2004. Mr Neo holds directorships in Astaka Holdings Ltd, International Press Softcom Ltd and Acesian Partners Ltd, all of which are listed on the SGX-Catalist. He holds a Bachelor of Science Degree in Mathematics with Honours from the National University of Singapore.

TAN ENG BOCK

INDEPENDENT DIRECTOR

Tan Eng Bock has been a member of the Board since 12 May 2005. He also serves on the board of several private companies. Since 1970, Mr Tan has been instrumental in the growth of sports in Singapore. Some of his appointments in the sporting arena include committee member of Singapore National Olympic Council, chairman of Delta Sports Complex Advisory Committee and was deputy president of the Singapore Swimming Association. He was also the chairman of River Valley Constituency Sports Club. He was a member of the Technical Water Polo Committee of the World Swimming Body FINA as well as the vice chairman of the Asian Amateur Swimming Federation. From 1956 to 1991, Mr Tan's career saw him spent close to four decades in the Singapore Police Force where he held various appointments including Commander Detachments, Director Logistics, Director of Public Affairs and Director of Criminal Investigations Department (CID). He retired from the Singapore Police Force as an Assistant Police Commissioner. For his many contributions to the nation, Mr Tan was awarded The Public Service Star (BBM) in 1986.

LO YEW SENG

NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

Lo Yew Seng was appointed as the Non-Executive Director of the Company on 12 May 2015. He was also the independent director of Jackspeed Corporation Ltd, a company listed on the SGX mainboard from July 2010 to 2017. Mr Lo is the founder and director of Capella Capital Pte Ltd and Capella Management Pte Ltd, providing venture fund and financial advisory services since 2006. His position encompasses the strategic responsibility of managing the investments of the company as well as sourcing for further opportunities. Prior to founding the Capella group, Mr Lo was employed by a Swedish listed multi-national company, AXIS Communications in 1996. He was then appointed the Asia Pacific sales and marketing director where he stayed on for 9 years. He has concurrently held the company's chief representative position in the China subsidiary located in Shanghai and the director position of the subsidiary/branch in Korea and Taiwan. Mr Lo has a Bachelor's Degree in Arts and Social Sciences from National University of Singapore (NUS), majoring in Economics. He has also attended the General Management Program at NUS Business School.

KEY MANAGEMENT

TAN YOU HONG

DEPUTY MANAGING DIRECTOR

Tan You Hong is our Deputy Managing Director of the Group, who supervises the overall operations of Singapore and Malaysia. Prior to that, he was the Sales Director of the Group. Before joining the Group, he was the country sales manager of Intranet (S) Pte Ltd where he was responsible for overseeing the company's operations. He graduated from the National University of Singapore in 1993 with a Bachelor of Science degree in Computer and Information Science.

KHOO SOO FANG

GROUP FINANCIAL CONTROLLER

Khoo Soo Fang is the Financial Controller of our Group, responsible for overseeing and supervising the Finance Department as well as monitoring the performance of our subsidiaries. Prior to joining the Group in 2007, she was the financial controller of Jackspeed Corporation Limited, a SGX-ST listed company, from 2001 to 2006. Khoo Soo Fang obtained a Bachelor of Accountancy degree from the Nanyang Technological University and is also a member of the Institute of Singapore Chartered Accountants.

JENNY TEO SU CHING

HUMAN RESOURCE DIRECTOR

Jenny Teo Su Ching was re-designated to Human Resource Director in November 2017. She is in charge of all human resource related matters including policies, training and development programs. She has assumed different roles in Ban Leong Technologies Ltd since 1993, including Head of Operations of the Group. Prior to that, she was a personal assistant to the managing director of Ban Leong Bros Pte Ltd. She graduated with a Diploma in Commerce (Business Administration).

AWARDS AND **ACCOLADES**

J5create Distributor Appreciation Award 2017/2018

Best Achievement

Singapore SME 1000 2019

Singapore 1000 Company
(Public Listed Companies 2019)

Ecovacs Partner Award

Most Valuable Distribution Partner 2018

ASUS Partner Award 2019

Distributor Silver Award 2019
(Open Platform Business Group)

Nvidia Partner Award 2017

Partner of Excellence

Samsung Partnership Appreciation

20 Years of Partnership

Logitech Appreciation Night 2018

Logitech Authorised Distributor

Ultimate Ears Appreciation Night 2018

Ultimate Ears Authorised Distributor

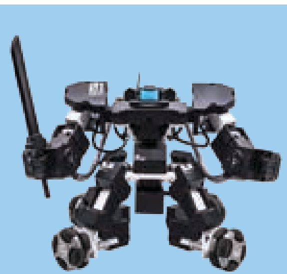
ASUS Partner Award 2019

ASUS Authorised Distributor
(Systems Business Group)

GJS

Geio and Ganker gaming robots

CREATING THE FUTURE OF FUN



GJS ROBOT, a global leader in gaming robots and a global pioneer in battle robots, introduced the GEIO robot. It features first person view, visual recognition, motion sensors, high-performance servos and electronic scoring system, the gaming robot gives players a more pleasurable experience by playing both in virtual and authentic scenarios like never before. With 8 different modes for playing and learning, it will be a whole new pleasure experience, both physically and psychologically.

In 2019, GJS Ganker Arena was also introduced as a competitive segment at the World Cyber Games, marking a first for robotics in an international gaming event.

PRODUCT **SEGMENTS**

IT ACCESSORIES

Consumer I.T products such as Computer Systems, Components, Peripherals, Printers and Mobile products from Wearables, Accessories and Powerpacks. New categories include Smart Home solutions and Robotics.

MULTIMEDIA

Audio and Video products ranging from Earphones, Speakers and Cameras to Commercial and Consumer Displays.

DATA STORAGE

Data storage devices such as Portable and Cloud drives, HDD enclosures, Blue Ray and portable DVD-RW.

BRAND LISTINGS

ALIENWARE	AOC	ASUS IN SEARCH OF INCREDIBLE	AVLABS	B&O
belkin	beyerdynamic	Bitspower	COOLER MASTER Make It Yours.	CORSAIR
DELL	ECOVACS ROBOTICS	EDIFIER	fitbit	GIGABYTE
GJS ROBOT	GRIFFIN	Hercules	hotway	IK Multimedia
iWALK	j5create	KEF	LEADTEK	LG
LINKSYS	logitech	logitech G	MASTER & DYNAMIC	RACING
NOKIA	NVIDIA	Parallels	PHILIPS	PLT
poly	PowerColor	RAZER	SAMSUNG	ScreenBeam wireless display
SENNHEISER	SENSIBO	SHARP	Targus	Thermaltake
THRUSTMASTER	tp-link	TUCANO TECH&STYLE MILANO	UBTECH	ULTIMATE EARS
VERTAGEAR	withings			

COMMUNITY EVENTS

MINDS CHARITY EVENT

As a company, we actively engage in charity events to give back to the society and for the annual charity event this year, we worked with MINDS by bringing their young clients to SEA Aquarium as well as cleaning and painting the facility to ensure a clean and conducive environment for the children.

CHILDREN-IN-NEED PROGRAMME

Ban Leong Technologies has been presented as one of the participating enterprises for Children-In-Need Programme in 2018 organise by Singapore Children's Society.

Singapore Children's Society is a non-profit organization that helps protect and nurture children and youth of all races and religions, especially children, youth and families in need. Established in 1952, it offers services in the four categories of: Vulnerable Children and Youth, Children and Youth Services, Family Services, and Research and Advocacy.

WALK FOR RICE

Walk for Rice aims to raise "rice" for the elderly and needy families in Singapore. For every 200m walked, NTUC Fairprice will donate a bowl of white and brown rice to the beneficiaries. Held at Bukit Timah Nature Reserve, a total of 40 employees participated and clocked 7km, which then translates to 4092 bowls of rice donated.

RED CROSS CARE PACK DISTRIBUTION

"Power up their lives" is a joint initiative between Belkin, Analogue+, Red Cross Singapore and Ban Leong, where the public donated their old powerbanks and the accumulated weight of powerbanks received equates to the weight of rice donated in care packs to the Red Cross beneficiaries in Singapore.

EARN AND LEARN PROGRAMME

The SkillsFuture Earn and Learn Programme is a work-learn programme that gives fresh graduates from polytechnics and the Institute of Technical Education (ITE) a head-start in careers related to their discipline of study. It provides them with more opportunities, after graduation, to build on the skills and knowledge they acquired in school, and better supports their transition into the workforce.

SUSTAINABILITY REPORT

1. BOARD STATEMENT

As a technology related company, it is our belief that technology can improve our day to day life and provide better efficiencies in the things we do. At the same time, these efficiencies should translate to better use of the resources around us, and hence better sustainability capabilities. We strive to be a responsible corporate citizen in wherever we operate in, and pledge our full support to sustainability initiatives.

We present this year's report based on the Global Reporting Initiative ("GRI") Standards: Core option. For this Report, we provide insights into the way we do business, while highlighting our environmental, social, governance ("ESG") and economic performance.

The framework of Ban Leong Technologies Limited's sustainability reporting is in line with the Singapore Exchange ("SGX") Sustainability Reporting Guide and the Global Reporting Initiative Standards.

Our sustainability strategy continues to focus on growth, profitability, governance, environment, the development of our people and well-being of our communities. These will continue to guide our people, policies and processes to ensure the long-term interests of our stakeholders are met and the performance of Ban Leong Technologies Limited is sustained.

A sustainability policy ("SR Policy") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material ESG factors has been established and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material ESG factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, organizational and external developments.

2. VISION, MISSION AND CORE VALUES

Our path to sustainability is closely aligned with our vision, mission and driven by our core values presented in this Annual Report. We believe our sustainability factors and strategies will bring us to where we envision ourselves to be. Refer to Section 8 for more details on the alignment our material sustainability factors with our vision, mission and core values.

3. REPORTING FRAMEWORK

In preparing this sustainability report, we were guided by the Global Reporting Initiative ("GRI") Standards: Core option.

4. REPORTING PERIOD AND SCOPE

This Report is applicable for our financial year from 1 April to 31 March 2019 ("FY2019"). A sustainability report will be published annually thereafter in accordance with our SR Policy.

This Report covers the key operating entities within the Group which contributed to all of our total revenue for the reporting period.

5. FEEDBACK

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: irexecutive@banleong.com.sg

6. STAKEHOLDER ENGAGEMENT

Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise communities, customers, employees, regulators, shareholders and suppliers. Key stakeholders are determined for each material factor identified, based on the extent of which they can affect or are affected by our operations.

SUSTAINABILITY **REPORT**

We actively engage our key stakeholders through the following channels:

S/N	KEY STAKEHOLDER	ENGAGEMENT CHANNEL
1	Community	We focus on continuous community engagement and has initiated various events to help the communities.
2	Customer	Customers are encouraged to provide their feedback obtained through various touchpoints such as sales teams, service centre and social media to gather valuable insights on current and future customer requirements. Insights gathered are discussed during the management meetings to drive product and service improvements, enhance operational level and provide inputs for strategies.
3	Employee	Senior management holds regular communication sessions with employees to obtain feedback and alignment of business goals across all levels of workforce. Such communication channels include emails and staff evaluation sessions where employees can pose questions in person.
4	Regulator	We participate in consultations and briefing organised by key regulatory bodies such as SGX-ST so as to furnish feedback on proposed regulatory changes that impact our business.
5	Shareholder	We convey timely, full and credible information to shareholders through announcements on SGXNET, our website (http://www.banleong.com/sg/), investor relations email account (irexecutive@banleong.com.sg), annual general meetings, annual reports, and other channels such as business publications and investors' relation events.
6	Supplier	We work closely with suppliers to ensure smooth delivery of products. In general, new and existing suppliers are assessed by respective work teams based on specified criteria. The feedback shall be provided to suppliers to ensure standards of products or services delivered by suppliers.

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

7. POLICY, PRACTICE AND PERFORMANCE REPORTING

7.1 REPORTING STRUCTURE

Our sustainability strategy is developed and directed by the senior management in consultation with the Board of Directors. The Group's Sustainability Committee, which includes senior management executives, is led by the Group's Managing Director, and tasked to develop the sustainability strategy, review our material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.

7.2 SUSTAINABILITY REPORTING PROCESSES

Under our SR policy, our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritized as material factors which are then validated. The end result of this process is a list of material factors disclosed in this Report. Processes involved are as shown in the chart below:

IDENTIFICATION
Identification of the material factors that are relevant to our activities and data points for performance reporting

VALIDATION
Validation involves the verification of information and data gathered on material factors and to perform an assessment on the completeness of material sustainability factors to finalize the sustainability report content

PRIORITIZATION
Prioritization of the material factors and identification of material sustainability factors to be reported

REVIEW
Monitor, review and update our material factors from previous reporting period, taking into account the feedback received from engagement with stakeholders, organizational and external developments

7.3 MATERIALITY ASSESSMENT

Under our SR Policy, each sustainability factor is assigned a reporting priority that determines the actions required as illustrated in the table below:

REPORTING PRIORITY	DESCRIPTION	CRITERIA
I	High	Factors with high reporting priority are reported on in detail.
II	Medium	Factors with medium reporting priority are considered for inclusion in the Report. They may not be included in this Report if not material.
III	Low	Factors with low reporting priority may be reported to fulfil regulatory or other reporting requirements. They are not included in this Report if not material.

The reporting priority is supported by a material factor matrix which considers the level of concern to external stakeholders and potential impact on business.

8 MATERIAL FACTORS

Our materiality assessment performed for FY2019 involved the Group's' Senior Management in identifying sustainability factors deemed material to our businesses and our stakeholders so as to allow us to channel our resources judiciously to create sustainable value for our stakeholders. Presented below are a list of material sustainability factors applicable to our Group:

S/N	MATERIAL FACTOR	MISSION	REPORTING PRIORITY	KEY STAKEHOLDER
GENERAL DISCLOSURE				
1	Total customer satisfaction	Present quality, innovative, user-focused products and services	I	• Customer • Supplier
SOCIAL				
2	Employee retention	Grow and nurture people	I	• Employee
3	Spirit of giving	Social responsibility	II	• Community
4	Equality and diversity in the workplace	Grow and nurture people	II	• Employee
ENVIRONMENTAL				
5	Responsible waste management	Environmental responsibility	II	• Community • Shareholder
ECONOMIC				
6	Sustainable business performance	Maintain economic growth	I	• Shareholder
GOVERNANCE				
7	Robust corporate governance framework	Maintain economic growth	II	• Shareholder • Regulator

We will update the material factors on an annual basis to reflect changes in business operations, environment, stakeholder's feedback and sustainability trends. The details of each material sustainability factor are presented as follows:

SUSTAINABILITY **REPORT**

8.1 TOTAL CUSTOMER SATISFACTION

In line with our mission to lead, create and shape the trend of tech-savvy products, we believe that ensuring customer satisfaction is key to achieve this mission and ensure our business sustainability. We sell mainly to retailers and also via e-commerce market places. Our strategies towards customer satisfaction are as follows:

a. Offer comprehensive product range that meets market's needs and demand

We offered more than 178 product types under 52 brand names as at 31 March 2019. This allows our customers to select from a wide range of products and also create bundling possibilities of different products to meet customers' varied needs. Refer to brand listings disclosed on page 15 of this Annual Report for more details.

b. Offer quality and safe products

Our procurement team works closely with suppliers to ensure strict compliance with our quality requirements and relevant safety regulations. We also ensure products sold in Singapore comply with the Consumer Protection (Safety Requirements) Registration Scheme (CPS Scheme) and are certified with the applicable SAFETY mark. With a strong focus on the quality of products, there was no incident of substandard products resulting in electrical accidents to customers during the reporting period.

c. Offers competitive pricing

With long established relationships with vendors and through bulk purchases, we are able to secure competitive pricing through discounts, rebates or pricing support from vendors which can then be passed on our customers. Customers are also constantly engaged by the sales teams and management to understand the market price trends in order for us to offer competitive selling prices.

d. Proactively gather customer feedback to formulate strategies

Customer feedback collected from various touchpoints such as sales teams, service centre and social media are mined to gather valuable insights into current and future customer requirements. Insights gathered are discussed during regular management meetings to drive product and service improvements, enhance operational level and provide inputs for strategies. For example, we see the smart home solutions as an emerging trend in Singapore with more home owners gravitating towards controlling their home appliances remotely. We therefore added smart home solutions and robotics to our product range to cater to this trend.

e. Render good customer service

We operate our own service centre with in-house technicians to handle hardware and technical problems as well as onsite repairing for certain products. By providing such value-added services to our customers, we have established a reputation as a "reliable and trustworthy" partner.

We have increased our online stores at various third party e-commerce platforms from 21 in FY2018 to 40 at the point of publishing this report. Customer satisfaction is measured by feedback rating provided by customers. Under the strategy of continuous improvement to meet customer needs, 95% of the online stores have positive feedback ratings of 80% and above.

8.2 EMPLOYEE RETENTION

Our core values are abbreviated as HONEST, comprising the values of **H**ardworking and humble, **O**ptimistic, **N**ever give up and determined, **E**nergetic and passionate, **S**elf-driven with initiative and **T**eamwork and trustworthy. The continual success of our business pivots on a team of motivated, experienced and qualified staff, driven by the core values to achieve our missions and vision.

Key initiatives taken by us to grow and nurture our employees are as follows:

a. Build a strong corporate culture

We adopt the culture of Chinese philosophy with Western management principles, whereby trust and integrity form the basis of all our business dealings. We also believe corporate culture conveys the core values to our employees and motivates them to work for the good of the Group. Key initiatives to foster strong corporate culture amongst our employees are as follows:

- Senior Management leads by example in business and operations.
- A buddy system is in place to help new employees immerse into and practise the organization's culture.
- Team building activities such as company trips, staff outing and training courses are organised regularly for employee interaction and bonding.

b. Establish a quality team

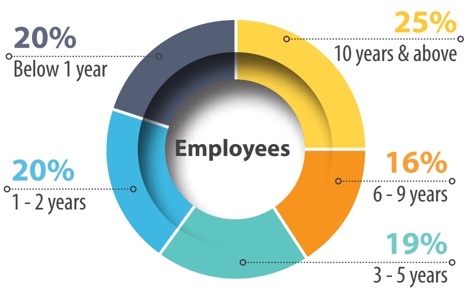
We encourage continual learning and leadership quality improvements in the Group by offering sponsorships to upgrade employees' skillsets. A Further Education Sponsorship Program was set up in 2017 to groom employees at the managerial levels. The program aims to provide managerial staff with a clear and forward-looking career path to greater responsibilities and better prospects. Under this program, we co-sponsor trainings for managerial staff who meet the criteria.

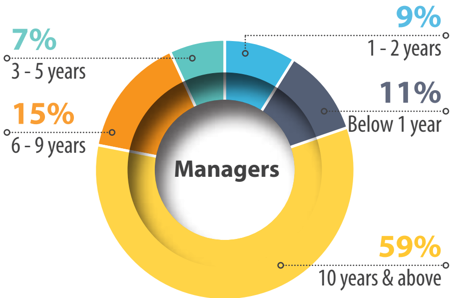
c. Engage employees constantly

Employees are engaged regularly via various channels such as the appraisal exercise which allows employees to gain feedback on their career progress. During the reporting period, 100% of our employees received performance and career development reviews to aid their personal development.

A low turnover improves the sustainability of operations and allows us to contribute positively to the development of social and human capital in a wider community. As at 31 March 2019, approximately 60% of the employees and 80% of the managers have more than 3 years of service in the Group. As at 31 March 2018, our ratio was 59% and 83% respectively.

Employee distribution by years of service (as at 31 March 2019)





8.3 SPIRIT OF GIVING

In line with our mission to be socially responsible, we recognise that long-term success of the business is closely related with the health and prosperity of the communities it operates in. On this front, various events were initiated and you may refer to the community events disclosed on page 16 of this Annual Report for more details.

Our continuous efforts in cultivating a spirit of giving have encouraged employees to volunteer in community works which also help in their personal development. During the reporting period, more than 700 volunteer hours were clocked amongst our employee (FY2018:300 volunteer hours).

8.4 EQUALITY AND DIVERSITY IN THE WORKPLACE

To achieve our vision of becoming Asia's premium brand name leading the fashion in tech savvy products and services, we are committed to provide a work environment for employees that fosters fairness, equity and respect for social and cultural diversity.

On gender diversity, we view diversity as an important component in supporting sustainable development and the percentage of female to total full-time employees is 35% and about 33% of managers are females as at 31 March 2019 (As at 31 March 2018, we recorded 34% and 36% respectively)

On age diversity, matured workers are valued for their experience knowledge and skills. As at 31 March 2019, 35% of the workforce is at least 40 years old (As at 31 March 2018:36%).

On diversity in educational background, we seek to create an inclusive environment for employees from different educational background. As at 31 March 2019, the breakdown of employees by education level is as follows:

EDUCATION QUALIFICATION	31 MARCH 2019 %	31 MARCH 2018 %
Tertiary	56%	58%
Non-tertiary	44%	42%
TOTAL	**100%**	**100%**

To promote equal opportunity, we established various human resource related processes as follows:

- A wage policy is in place to guide management on assessing employees based on merit and competency
- Staff recruitment advertisements do not state age, race, gender or religion preferences as requirement

SUSTAINABILITY **REPORT**

8.5 RESPONSIBLE WASTE MANAGEMENT

In line with our mission to be environmentally responsible, we are committed to environmental preservation through efficient waste management such as reuse and recycling to allow us to operate in a sustainable environment. Key initiatives include the following:

a. Moving towards a paperless working environment

We constantly enhance our operating systems to move towards a paperless working environment. Such enhancements include documents are scanned and stored in a centralized digital location to avoid overprinting. In addition, electronic version of documents are issued to customers and suppliers. We will continuously work towards a paperless office.

b. Recycle and reuse electronic waste and packaging materials

We recognize that products sold or distributed by us often contains components such as plastics and metals, which could be recycled and reused. Electronic waste recycling is environmentally responsible and promotes the conservation of natural resources. During the reporting period, all disposals of our e-waste were handled by waste collectors. In addition, used carton boxes are collected at a centralized location for reuse in local deliveries.

8.6 SUSTAINABLE BUSINESS PERFORMANCE

We believe in creating long-term economic value for shareholders by striking a balance between rewarding shareholders by way of consistent profits, dividend payments and maintaining a robust balance sheet with strong operating cash flows.

Details of the Group's economic performance can be found in the financial contents and audited financial statements of this Annual Report.

8.7 ROBUST CORPORATE GOVERNANCE FRAMEWORK

We are committed to high standards of corporate governance and believes a high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interests and maximizing long-term shareholder's value.

The overall Singapore Governance and Transparency Index ("SGTI") score assessed by National University of Singapore Business School is 63 for year 2018, which saw us improving 19 places from 193 to 179 in terms of total companies assessed. This placed us within the top 35 percentile of the public companies listed that were assessed.

We have implemented a whistle blowing policy to provide a mechanism for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others. In FY2019, no serious offence[1] complaint was received via the whistle blowing channel (FY2018: zero incident).

Refer to the Corporate Governance Report of the Annual Report for details for our corporate governance practices.

9. TARGET SETTING

For our material factors identified, we have set qualitative targets for FY2020 as follows:

S/N	MATERIAL FACTOR	TARGET FOR FY2020
1	Total customer satisfaction	Improve or maintain our customer review rate
2	Employee retention	Improve or maintain employee retention rate
3	Spirit of giving	Continue with existing community engagement campaigns
4	Equality and diversity in the workplace	Move towards a more balanced gender, age and educational diversity ratio
5	Responsible waste management	Minimize waste generated in operations
6	Sustainable business performance	Improve our financial performance whist maintaining our dividend rate where practicable
7	Robust corporate governance framework	Improve or maintain our SGTI score

1 A serious offence is defined as one that involves fraud or dishonesty amounting to not less than SGD 100,000 and punishable by imprisonment for a term of not less than 2 years which is being or has been committed against the company by officers or employees of the company.

10 GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURE		SECTION REFERENCE	PAGE
ORGANISATION PROFILE			
102-1	Name of the organization	Cover Page	–
102-2	Activities, brands, products, and services	Company Profile What We Do	01-02 04-05
102-3	Location of headquarters	Corporate Directory Financial Content>Notes to Financial Statements>Corporate Information	Back of front page 68
102-4	Location of operations	Company Profile Financial Content>Notes to Financial Statements>Investment in Subsidiaries	01-02 95
102-5	Ownership and legal form	Corporate Structure Financial Content>Notes to Financial Statements>Investment in Subsidiaries	08 95
102-6	Markets served	Company Profile Financial Content>Notes to Financial Statements>Segmental Information	01-02 118
102-7	Scale of the organization	Company Profile Financial Content>Consolidated Statement of Comprehensive Income and Balance Sheet	01-02 62-63
102-8	Information on employees and other workers	Sustainability Report>Material Factors>Employee Retention Sustainability Report>Equality and Diversity in the Workplace	20-21 21
102-9	Supply chain	Company Profile	01-02
102-10	Significant changes to the organization and its supply chain	None	–
102-11	Precautionary Principle or approach	Not applicable	–
102-12	External initiatives	None	–
102-13	Membership of associations	None	–
STRATEGY			
102-14	Statement from senior decision-maker	Chairman Statement Sustainability Report>Board Statement	06-07 17

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GENERAL STANDARD DISCLOSURE		SECTION REFERENCE	PAGE
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behaviour	Report of Corporate Governance	27-49
GOVERNANCE			
102-18	Governance structure of the organization	Sustainability Report>Material Factor>Robust Corporate Governance	22
		Report of Corporate Governance	27-49
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Sustainability Report>Stakeholder Engagement	17-18
102-41	Collective bargaining agreements	Not applicable as we are not a unionised company	–
102-42	Identifying and selecting stakeholders	Sustainability Report>Stakeholder Engagement	17-18
102-43	Approach to stakeholder engagement	Sustainability Report>Stakeholder Engagement	17-18
102-44	Key topics and concerns raised	Sustainability Report>Stakeholder Engagement	17-18
		Sustainability Report>Material Factor>Total Customer Satisfaction	20
REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	Corporate Structure	08
		Sustainability Report>Reporting Period and Scope	17
		Financial Content>Notes to Financial Statements>Investment in Subsidiaries	95
102-46	Defining report content and topic Boundaries	Sustainability Report>Sustainability Reporting Process	18
102-47	List of material topics	Sustainability Report>Material Factors	19-22
102-48	Restatements of information	Not applicable	–
102-49	Changes in reporting	Not applicable	–
102-50	Reporting period	Sustainability Report>Reporting Period and Scope	17
102-51	Date of most recent report	Annual Report 2018>Sustainability Report	–
102-52	Reporting cycle	Sustainability Report>Reporting Period and Scope	17
102-53	Contact point for questions regarding the report	Sustainability Report>Feedback	17

GENERAL STANDARD DISCLOSURE		SECTION REFERENCE	PAGE
102-54	Claims of reporting in accordance with the GRI Standards and GRI content index	Sustainability Report>Reporting Framework Sustainability Report>GRI Content	17 22-25
102-55	GRI content index	Sustainability Report>GRI Content	22-25
102-56	External assurance	We may seek external assurance in the future	–
MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its Boundary	Sustainability Report>Material Factors	19-22
103-2	The management approach and its components	Sustainability Report>Material Factors	19-22
103-3	Evaluation of management approach	Sustainability Report>Material Factors	19-22
CATEGORY: ECONOMIC			
201-1	Direct economic value generated and distributed	Financial Highlights Sustainability Report>Material Factor>Robust Corporate Governance Financial Content>Consolidated Statement of Comprehensive Income and Balance Sheet	09 22 62-63
CATEGORY: ENVIRONMENTAL			
306-2	Waste by type and disposal method	Sustainability Report>Material Factors>Responsible Waste Management	22
CATEGORY: SOCIAL			
401-1	New employee hires and employee turnover	Sustainability Report>Material Factors>Employee Retention	20-21
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report>Material Factors>Employee Retention	20-21
413-1	Operations with local community engagement, impact assessments, and development programs	Community Events Sustainability Report>Material Factors>Spirit of Giving	16 21
405-1	Diversity of governance bodies and employees	Sustainability Report>Material Factors>Equality and Diversity in the Workplace	21

FINANCIAL **CONTENTS**

REPORT OF CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of Ban Leong Technologies Limited (the "**Company**" together with its subsidiaries, the "**Group**") continues to be committed to ensuring and maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholders' value.

This report describes the corporate governance framework and practices of the Company with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**") that were in place throughout the financial year ended 31 March 2019 ("**FY2019**"). The Board noted the revised Code of Corporate Governance issued on 6 August 2018 ("Revised Code") which is only effective from the Company's financial year commencing 1 April 2019 and will endevour to comply with the Revised Code once it is effective. The Board also believes that the Group has complied in all material aspects with the principles and guidelines as set out in the Code, except where otherwise stated.

BOARD MATTERS

Principle 1: The Board's Conduct of its affairs

Besides carrying out its statutory responsibilities, the Board meets regularly to oversee the business affairs, corporate affairs and the overall performance of the Group and works with the management ("**Management**") to take objective decisions in the interest of the Group. Board members are expected to act in good faith and exercise independent judgment in the best interests of the Group. The Management also plays a pivotal role in providing Board members with complete, adequate and timely information to assist the Board in the fulfilment of its responsibilities.

The Board recognises that its principal duties include:

- Providing entrepreneurial leadership, setting the strategic directions and the long-term goals of the Group and ensuring that adequate resources are available to meet these objectives;

- Reviewing and approving, *inter alia*, the approval for the release of the half-year and full year results announcements, approval of the annual report and financial statements, material acquisitions and disposals of assets, interested person transactions, corporate strategies, annual budgets and investment proposals of the Group;

- Reviewing and evaluating the adequacy and integrity of the Group's internal controls, compliance, risk management and financial report systems;

- Reviewing and monitoring management performance towards achieving organisational goals;

- Overseeing succession planning for management;

- Setting corporate values and standards for the Group to ensure that the obligations to shareholders and other stakeholders are understood and met;

- Ensuring accurate and timely reporting in communication with shareholders; and

- Considering sustainability issues including environmental and social factors in the Group's strategic formulation.

In order to be in line with the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") relating to the sustainability reporting, the Group presents its Sustainability Report for the financial year ended 31 March 2019 on pages from 17 to 25 in this Annual Report.

REPORT OF
CORPORATE GOVERNANCE

The Group has adopted internal guidelines setting forth matters that require Board's approval. Matters specifically reserved for the approval by the Board are those relating to the strategy and business plan/budget of the Group, material acquisitions and disposal of assets, capital related matters including corporate or financial restructuring, investment or expenditure exceeding certain threshold limits, share issuances, interim dividend and other returns to shareholders and interested person transactions.

The Management is responsible for day-to-day operations/administration of the Group and they are accountable to the Board. Clear directions have been given out to the Management that such reserved matters must be approved by the Board.

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

The Board has established and delegated specific authority to the committees of the Board, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "**Board Committees**") to assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. These Board Committees are made up of Non-Executive Directors and each chaired by Independent Director. Each Board Committee has its own specific Terms of Reference setting out the scope of its duties and responsibilities, rules and regulations, and procedures governing the manner in which it is to operate and how decisions are to be taken.

All the Board Committees are actively engaged and NC plays an important role in ensuring good corporate governance in the Company and within the Group.

The Board meets regularly on a half-yearly basis with two (2) scheduled meetings held within each financial year to approve, among others, announcements of the Group's half-year and full year financial results. Additional meetings are also convened to discuss and deliberate on urgent substantive matters or issues. The Board may also have informal discussions on matters requiring urgent attention which would then be formally approved by circular resolutions in writing. The Company's Constitution provides for the Board to convene meetings via telephone conferencing and electronic means in the event when Directors were unable to attend meetings in person.

While the Board considers Directors' attendance at Board meetings as important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms, including periodical reviews and the provision of guidance and advice on various matters relating to the Group. The number of meetings of Board and Board Committees held during FY2019 and the attendance of each Director at those meetings are set out as follows:

Name of Directors	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meeting		No. of meeting		No. of meeting		No. of meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ronald Teng Woo Boon	2	2	–	–	–	–	–	–
Neo Gim Kiong	2	1	–	–	1	1	1	1
Loh Yih	2	2	2	2	1	1	1	1
Tan Eng Bock	2	2	2	2	1	1	1	1
Lo Yew Seng	2	2	2	2	–	–	–	–

REPORT OF CORPORATE GOVERNANCE

The Board ensures that incoming new Directors are given comprehensive and tailored induction on joining the Board including onsite visits, if necessary, to get familiarised with the business of the Group and corporate governance practices upon their appointment and to facilitate the effectiveness in discharging their duties. Newly appointed Directors will be provided a formal letter setting out their duties and obligations. They will be given briefings by the Management on the business activities of the Group and its strategic directions as well as its corporate governance practices. The newly appointed Directors who have no prior experience as a director of a listed company in Singapore will undergo training organised by Singapore Institute of Directors in relation to the roles and responsibilities of a director of a listed company. There was no new Director appointed during FY2019. All Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in the relevant training courses, seminars and workshops as relevant and/or applicable. The Directors are also provided with updates on the relevant new laws and regulations relevant to the Group's operating environment through emails and regular meetings. They also have the opportunity to visit the Group's operational facilities and meet with management to obtain a better understanding of the business operations. Below are some of the updates have been provided to the Directors in FY2019:

- the external auditors, Ernst & Young LLP, had briefed the AC members on the latest developments in accounting and corporate governance standards at their attendance in the AC meetings held half-yearly;
- information on new audit quality indicators framework;
- Executive Chairman has updated the Board at half-yearly meetings on the business outlook and the direction of the Group; and
- Financial Controller has also updated the Board at half-yearly meetings on each segmental business operation and development of the Group along with the financial results.

Principle 2: Board Composition and Guidance

As at the date of this report, the Board comprises five (5) Directors, four (4) of whom are Non-Executive Directors, of which three (3) are independent. The current members of the Board and their membership on the Board Committees of the Company are as follows: –

Name of Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Ronald Teng Woo Boon	Managing Director	–	–	–
Neo Gim Kiong	Independent Non-Executive Director	–	Member	Member
Loh Yih	Lead Independent Director	Chairman	Member	Chairman
Tan Eng Bock	Independent Non-Executive Director	Member	Chairman	Member
Lo Yew Seng	Non-Independent Non-Executive Director	Member	–	–

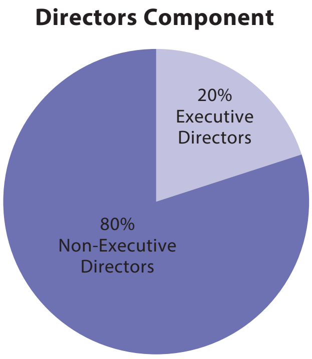
The Directors bring with them a broad range of business and financial experience, skills and expertise in finance, industry, business, management and general corporate matters. The profiles of the Directors are set out on pages 10 to 11 of this Annual Report.

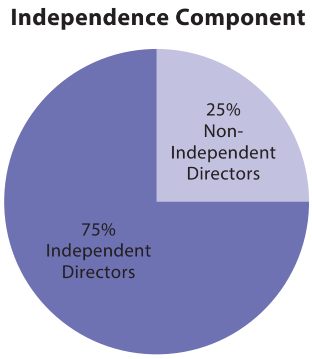
REPORT OF
CORPORATE GOVERNANCE

As Independent and Non-Executive Directors make up more than one-third of the Board, there is a strong independent element on the Board and no individual or groups of individuals are able to dominate the Board's decision-making process. The Independent and Non-Executive Directors have the necessary experience to assist the Board in decision making and to provide a check and balance to the Board as they are not involved in the day-to-day operations of the Company.

The Board's size and composition are reviewed annually by the NC to ensure that the Board has the appropriate mix of expertise and experience as well as appropriate balance of independent directors. The NC is of the view that the current Board comprises persons whose diverse skills, experience and attributes provide for an effective Board. The Board members also collectively possess the necessary core competencies for the effective functioning of the Board and an informed decision making process. During FY2019, the NC conducted its annual review of the Directors' independence and was satisfied the Company has complied with the guidelines of the Code, including at least one-third of the Board is made up of Independent Directors.

As the Chairman of the Board is not an Independent Director, the NC will also review the composition of Independent Directors on the Board and was satisfied that the Independent Directors make up at least half of the Board provides the Board with independent and objective judgment on the corporate affairs of the Group.





To assist the NC in its annual review of the Directors' mix of skills and experiences that the Board requires to function competently and efficiently, the Directors have completed their assessment forms and provide additional information (if any) in their respective areas of specialisation and expertise.

The NC, having conducted its reviews, was satisfied that members of the Board possess the relevant core competencies in areas such as accounting and finance, business and management experience, and strategic planning. In particular, the Executive Director, also the Managing Director of the Company, possess good industry knowledge while the Non-Executive Directors, who are mostly professionals in their own fields, are able to take a broader view of the Group's activities, contribute their valuable experiences and provide independent judgment during Board deliberations. Details of the Directors' qualifications, background and working experience, principal commitments and shareholdings in related corporations are set out on pages 10 to 11, 34 and 55 of this Annual Report.

Each of the Independent Directors has also confirmed that he does not have any relationship with the Company or its related corporations, its substantial shareholders or its officers including confirming not having any relationships and circumstances provided in Guideline 2.3 of the Code, that could interfere, or be reasonably perceived to interfere, with the exercise of independent judgment in carrying out the functions as an Independent Director with a view to the best interests of the Group.

The independence of each Independent Director is assessed at least annually by the NC. Particular scrutiny is applied in assessing the continued independence of Directors having served beyond nine (9) years from the date of his first appointment, with attention to ensuring their allegiance remains clearly aligned with the shareholders' interest.

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In respect of each of the three Independent Directors, namely Mr. Loh Yih, Mr. Neo Gim Kiong and Mr. Tan Eng Bock, having served more than 9 years, have voluntarily submitted themselves for assessment by Directors separately. During the process, each of the Directors have excused themselves on their respective own assessment. A comprehensive questionnaire has been provided to rigorously review the independence of Independent Directors who have served more than 9 years. Having considered the assessment made by each Director on the independence status of Independent Directors and other contributing factors, the Board has considered specifically their length of service and their continued independence. The Board has determined that the Directors concerned remained independent of character and judgement and there were no relationships or circumstances which were likely to affect, or could appear to affect, the Directors' judgement. The independence of character and judgement of each of the Directors concerned was not in any way affected or impaired by the length of service. The Board has also conducted a review of the performance of each of the three Independent Directors and considers that each of these Directors brings invaluable expertise, experience and knowledge to the Board and that they continue to contribute positively to the Board and Board Committee deliberations. Therefore, the Board is satisfied as to the performance and continued independence of judgement of each of these Directors.

The Board does not consider it to be in the interests of the Company or shareholders to require all Directors who have served more than 9 years or longer to retire and favours ensuring continuity and stability.

During the year, the Non-Executive Directors constructively challenged and helped develop the Group's proposals on business strategies. Management's progress in implementing such agreed business strategies were monitored by the Non-Executive Directors.

The Independent and Non-Executive Directors communicated without the presence of Management as and when the need arose. The Company also benefited from the Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board Committees' meetings.

Principle 3: Chairman and Chief Executive Officer

The Code advocates that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business and no one individual should represent a considerable concentration of power.

Mr Ronald Teng Woo Boon ("**Mr Teng**") is the Chairman of the Board and Managing Director ("**MD**") of the Company. He assumes responsibility for the smooth functioning of the Board and ensures timely flow of information between Management and the Board; sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues; promotes a culture of openness and debate at the Board; and promotes high standards of corporate governance. In addition, he also assumes responsibility for running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the management team; and leads the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses. Mr Teng communicates with the Board regularly to update the corporate issues and developments.

Taking into account the current corporate structure, size, nature and scope of the Group's operation, the Board is of the view that it is presently not necessary to separate the roles of the Chairman and MD, and there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence. Given that the Chairman is not an Independent Director, Mr Loh Yih has been appointed as the Lead Independent Director of the Company for the shareholders in situations where there are concerns or issues which communication with the Executive Chairman and MD and/or Financial Controller has failed to resolve or where such communication is inappropriate. Mr Loh Yih will also take the lead in ensuring compliance with the Code.

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Led by the Lead Independent Director, the Independent Directors meet periodically without the presence of the Executive Director, and the Lead Independent Director will provide feedback to the Chairman after such meetings as appropriate.

Board Membership

Principle 4: Formal and Transparent Process for the Appointment and Re-appointment of Directors to the Board

The NC consists of three (3) Directors, all of whom, including the NC Chairman, being Independent Directors. They are:

Mr Tan Eng Bock, Chairman	(Independent)
Mr Loh Yih	(Lead Independent)
Mr Neo Gim Kiong	(Independent)

The NC, which meets at least once a year, carries out its duties in accordance with a set of written Terms of Reference which includes, mainly, the following: –

- reviewing and recommending to the Board on all Board appointments, including the nomination or re-nomination of the Directors having regard to the Directors' contribution and performance;

- developing a process for selection, appointment and re-appointment of Directors (including alternate directors, if applicable) to the Board;

- reviewing orientation programs for new Directors and training and professional development programs for the continuing training of the Directors;

- determining on an annual basis whether or not a Director is independent bearing in mind the salient factors set out in the Code;

- deciding whether or not a Director is able to and has been adequately carrying out his duties as a director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards;

- assessing the effectiveness of the Board as a whole and Board Committees as well as the contribution of each individual Director to the effectiveness of the Board;

- reviewing the size and composition of the Board with the objective of achieving a balanced Board in terms of the mix of experience and expertise and make recommendations to the Board with regard to any changes; and

- reviewing and approving any new employment of related persons and the proposed terms of their employment.

During FY2019, the NC held one scheduled meeting with full attendance.

The Board, through the NC, reviews annually the effectiveness of the Board as a whole and its required mix of skills and experience and other qualities, including core competencies, which Directors should bring to the Board.

The key responsibilities of the NC include making recommendations to the Board on relevant matters such as the process for evaluating the performance of the Board and each Director as well as succession planning which form a critical part of corporate governance process for MD and board members. It seeks to refresh the board membership as it thinks fit in an orderly and progressive manner so as to keep institutional memory intact. It also ensures compliance with the requirements of the Company's Constitution which provides that at each AGM, one-third of the Board is required to retire and provided always that every director shall retire from office at least once every 3 years. In addition, the Directors, by the recommendation of

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NC, shall have the power to appoint any person to be the Director either to fill a casual vacancy or as an additional Director. All new Directors who are appointed by the Board are subject to re-election at the next AGM but shall not be taken into account in determining the numbers of Directors who are retire by rotation at such meeting. In this respect, the NC has recommended and the Board has agreed for the following Directors to retire and seek re-election at the forthcoming AGM:

Pursuant to Articles 107 and 108 of the Company's Constitution:

(i) Mr. Ronald Teng Woo Boon; and
(ii) Mr. Lo Yew Seng

In making the recommendations, the NC considers the overall contribution and performance of the Directors as well as the internal guideline set for rotation of independent directors.

The NC reviewed the independence of the Directors as mentioned under Guideline 2.3 and 2.4. The NC has affirmed that Mr Loh Yih, Mr Tan Eng Bock and Mr Neo Gim Kiong are independent and free from any relationship outlined in the Code. Each of the Independent Directors has also confirmed his independence.

Each Director of the Company will annually confirm his independence (or otherwise) based on a checklist. The checklist is drawn up based on the guidelines provided in the Code. The NC has reviewed the independence of the Directors as mentioned under guidelines 2.3 and 2.4 above, based on, *inter alia*, their declarations as aforesaid. As and when circumstances require, the NC will also assess and determine a Director's independence.

The NC has also in place a formal process for the selection of new Directors and re-appointment of Directors to increase transparency of the nominating process in identifying and evaluating nominees or candidates for appointment or re-appointment. In selecting potential new Directors, the NC will seek to identify the competencies and expertise required to enable the Board to fulfill its responsibilities. The NC will evaluate the suitability of the nominee or candidate based on his qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board, before making its recommendation to the Board. In recommending a candidate for re-appointment to the Board, the NC considers, amongst other things, his contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Company's or Group's business and affairs) and his independence. The Board is to ensure that the selected candidate is aware of the expectations and the level of commitment required. Directors are encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors, SGX-ST, and other business and financial institutions and consultants.

In assisting the NC to determine whether Directors who are on multiple boards have committed adequate time to discharge their responsibilities towards the Company's affairs, internal guidelines have been established to address the competing time commitments faced by Directors serving on multiple boards. To address the competing time commitments that are faced when Directors serve on multiple boards, the NC has reviewed and made recommendation to the Board accordingly on the maximum number of listed company board appointments which any Director may hold. Based on the recommendation, the Board has determined and set the maximum number of listed company board appointments at not more than five (5) other listed companies after reviewing the capabilities and background of each Director as well as the nature of the business of the Group. Currently, none of the Directors hold more than five (5) directorships in other listed companies.

The NC, having reviewed each of the other Director's directorships in other companies as well as each of the other Director's attendance and contribution to the Board. In FY2019, the NC is satisfied that the Directors have spent adequate time on the Company's affairs and have duly discharged their responsibilities. All Independent Non-Executive Directors are required to declare their Board representations at the Board meeting whenever there is change and at the end of each financial year.

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Presently, the Company does not have any alternate Director as the Board does not encourage the appointment of alternate Director unless it an in exceptional case.

Key information of each member of the Board is set out below:

Name of Directors	Date of First Appointment	Date of Last Re-election	Present Directorships and Chairmanships in Other Listed Companies	Directorships and Chairmanships in Other Listed Companies over the preceding three years
Ronald Teng Woo Boon	18 June 1993	25 July 2017	–	–
Neo Gim Kiong	1 July 2004	25 July 2017	1. Astaka Holdings Limited 2. International Press Softcom Limited 3. Sen Yue Holdings Limited 4. Acesian Partners Limited	–
Loh Yih	12 May 2005	25 July 2018	1. International Press Softcom Limited 2. Acesian Partners Limited	Trek 2000 International Ltd (retired on 8 May 2018) Weichai Power Co., Limited (retired on 14 June 2018)
Tan Eng Bock	12 May 2005	25 July 2018	–	Ho Bee Land Limited (retired on 25 April 2017)
Lo Yew Seng	12 May 2015	25 July 2016	–	Jackspeed Corporation Limited (retired on 27 June 2017)

BOARD PERFORMANCE

Principle 5: Assessment of the Effectiveness of the Board

The NC has in place a framework for annual Board performance evaluation to assess the effectiveness of the Board as a whole and its ability to discharge to facilitate discussion to discharge its responsibilities in providing stewardship, corporate governance and oversight of Management's performance duties more effectively.

For the year under review, all Directors participated in the evaluation by updating their respective feedbacks in their completed Board Performance Evaluation questionnaire relating to the size and composition of the Board, information flow to the Board, Board procedures and accountability, matters concerning MD/key management personnel and standards of conduct of Board members being completed by each individual Director which is the prescribed form established for this purpose. To ensure confidentiality, the updated evaluation returns by Directors were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the Board's performance for the year.

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 assesses the performance and effectiveness of the Board as a whole as well as the contribution of individual Directors to the effectiveness of the entire Board. The qualitative measures include the effectiveness of the Board in its monitoring and the attainment of the strategic objectives set by the Board.

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The evaluation exercise is carried out annually by way of a Board Assessment Checklist, which is circulated to the Board members for completion and thereafter the NC to review and determine the actions required to ensure continuous improvement of the corporate governance of the Company and effectiveness of the Board as a whole.

Board performance criteria

(i) The Board's effectiveness in its monitoring role and attainment of the strategic and long-term objectives;
(ii) The Board's ability to ensure information flow and accountability; and
(iii) The Board's ability to ensure respective committees' performance.

The evaluation of individual Director's performance is performed on an annual basis at the same time as evaluation of the performance of the Board as a whole based on, amongst others, the Director Assessment questionnaire to assess Directors' respective areas of specialisation and expertise, and general consideration of such other factors as mentioned below.

ACCESS TO INFORMATION

Principle 6: Board Members should be provided with Complete, Adequate and Timely Information

To enable the Board to fulfill its responsibilities, it obtains information it deems adequate, complete and in a timely manner from the Management so as to make informed decisions. A system of communication between the Management, the Board and its Committees has been established and improved over time.

The Board, its Committees and every director have separate and independent access to the Management and are free to request additional information as needed to make informed decisions.

In addition to the annual budget and business plans submitted to the Board for approval, the Board was provided with half-yearly financial management report which contains key performance indicators informing the Directors of the Group's performance, position and prospects. The Management also kept the Board apprised of material variances between the actual results, corresponding period of last year and the budget, with appropriate explanation on such variances. Further, additional information is circulated to the Board on a regular basis as and when there is material development in the Group's business operations.

The role of the Company Secretary is, *inter alia*, advising the Board on all governance matters and ensuring that all Board procedures are followed.

Under the direction of the Chairman, the Company Secretary ensures good information flow to and within the Board and its Committees and between the Management and Non-Executive Directors. Directors have separate and independent access to the Company Secretary through e-mail, telephone and face-to-face meetings. During FY2019, the Company Secretary attended all meetings of the Board and its Board Committees and the minutes of such meetings were promptly circulated to all Board and Board Committees as appropriate.

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

In the furtherance of their duties, the Independent Directors may seek independent professional advice, where appropriate, with such expense borne by the Company.

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REMUNERATION MATTERS

Matters concerning remuneration of the Board, senior executives and other employees who are related to the controlling shareholders and/or the Directors (if any) are handled by the RC whose primary function is to develop formal and transparent policies on remuneration matters in the Company. The RC also reviews and ensures that the Company's remuneration system is appropriate to attract, retain and motivate the required talents to run the Company successfully.

Matters which are required to be disclosed in the annual remuneration report have been sufficiently disclosed in this Report under Principles 7, 8 and 9; and in the Financial Statements of the Company and of the Group.

Principle 7: Procedures for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

The RC comprises the following three (3) Directors, all of whom including the RC Chairman, are Non-Executive being independent:

Loh Yih, Chairman	(Lead Independent)
Tan Eng Bock	(Independent)
Neo Gim Kiong	(Independent)

The RC, which meets at least once a year, carries out its duties in accordance with a set of written Terms of Reference which includes, mainly, the following:

- reviewing and recommending to the Board, in consultation with the Executive Chairman and MD, for endorsement, a framework of remuneration policies to determine the specific remuneration packages and terms of employment for each Director and key management personnel, including employees related to the Directors and controlling shareholders, and the implementation of appropriate performance-related elements to be incorporated in the remuneration framework;

- reviewing and recommending the remuneration of the Non-Executive Directors, taking into account factors such as their effort, time spent and their responsibilities;

- reviewing and administering the award of shares to Directors and employees under the employee performance share plan adopted by the Company;

- reviewing and determining the contents of any service contracts for any Directors or key management personnel; and

- carrying out other duties as may be agreed by the RC and the Board, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

During FY2019, the RC held one scheduled meeting with full attendance.

The RC is responsible for ensuring a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors, key management personnel and related employees. All aspects of remuneration, including but not limited to, directors' fees, salaries, allowances, bonuses, awards to be granted under the performance share plan as well as other benefits-in-kind are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the Board. Such frameworks are reviewed periodically to ensure that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also considers and recommends the MD's remuneration package including fixed salary, guaranteed bonus plus an annual incentive bonus calculated based on the consolidated net profit before tax and extraordinary items.

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The RC also ensures that the Independent Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised. Each member of the RC abstains from voting on any resolutions in respect of his own remuneration package. Directors' fees are further subject to the approval of shareholders at the AGM.

The remuneration of related employees is reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of the RC. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review. The RC also takes into account of the current market circumstances and the need to attract and retain experienced/outstanding Directors and key management personnel.

Where necessary, the RC will consult external professionals on remuneration matters of Directors and key management personnel. For FY2019, the Company engaged external consultant to advise on the Company's structure and remuneration matters to align to industry standard.

The MD, being an Executive Director, has a service agreement with the Company with a validity period of three (3) years and subject to renewal after expiry of every three (3) years. There was no onerous removal clauses contained in the service agreement and will be reviewed to reflect the strategic importance to the Group. The review of the service contract of the MD comes under the purview of the RC to ensure fairness and reasonable terms of service is tied with his performance.

Having reviewed and considered the salary components of the Executive Director and the key management personnel which is considered reasonable and commensurate with their respective job scope and level of responsibilities, the RC is of the view that there is no requirement to use contractual provisions to allow the Company to reclaim incentive components of the remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

Remuneration Policy of Executive Director and Other Key Management Personnel

The Company's remuneration structure for its Executive Director and Key Management Personnel comprises mixture of three key components (fixed and variable):

(a) annual fixed cash;
(b) annual performance incentive; and
(c) long-term incentive.

The annual fixed cash component comprises the annual fixed salary plus other fixed allowances. The variable component is performance related and is linked to the Company's performance as well as individual performance. This is designed to align remuneration interests with the shareholders' and link rewards to corporate and individual performance so as to promote long term success of the Group. To remain competitive and relevant, the Company aims to benchmark its annual fixed salary at market median with variables being strictly performance driven.

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Principle 9: Disclosure on Remuneration

Details on the remuneration of Directors and key management personnel for the year under review are presented below. During FY2019, there was no termination, retirement and post-employment benefits granted to any Director and key management personnel. A summary of each Non-Executive Directors' and Executive Director's remuneration paid or payable by the Company for FY2019 is set out below:

Name of Directors	Breakdown of Remuneration in Percentage (%) Fees[1] (%)	Salary[2] (%)	Performance bonus (%)	Other benefits (%)	Total (%)	Total Remuneration in Compensation Bands
Ronald Teng Woo Boon	–	65	35	–	100	S$250,000 – S$500,000
Loh Yih	100	–	–	–	100	< S$250,000
Tan Eng Bock	100	–	–	–	100	< S$250,000
Neo Gim Kiong	100	–	–	–	100	< S$250,000
Lo Yew Seng	100	–	–	–	100	< S$250,000

Notes:
1. The Directors' Fees are subject to the approval of the shareholders at the AGM.
2. The salary amount shown is inclusive of allowances and CPF.

Remuneration of Key Management Personnel (Other than the Company's Executive Director)

The table below sets out the remuneration received by key management personnel that the Company considers senior enough and appropriate for disclosure purpose. The ranges of gross remuneration received by the top three (3) key management personnel in the Company and its subsidiaries, but do not include any associated companies, are presented as follows:

Name of Top 3 Key Management Personnel	Position	Breakdown of Remuneration in Percentage (%) Salary[1] (%)	Variable Bonus (%)	Other benefits (%)	Total (%)	Total Remuneration in Compensation Bands
Tan You Hong	Deputy Managing Director	65	30	5	100	$250,000 – $500,000
Khoo Soo Fang	Financial Controller	73	24	3	100	< $250,000
Jenny Teo Su Ching[2]	Human Resource Director	77	19	4	100	< $250,000

Notes:
1. The salary amount shown is inclusive of CPF.
2. Jenny Teo Su Ching is the spouse of the MD, Mr Teng.

Save for Mr Tan You Hong, no other key management personnel receive remuneration exceeding S$250,000. In aggregate, the total remuneration (including CPF contribution thereon and bonus) paid to the top 3 key management personnel in financial year ended 31 March 2019 is approximately S$734,812.

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To maintain confidentiality on the remuneration policies of the Company and sensitivity reasons, the Board is of the view that it is in the best interests of the Company to keep the disclosure of remuneration of each individual Director and key management personnel in salary bands.

Pursuant to guideline 9.4 of the Code, the details of the remuneration (which comprises salaries, bonuses and benefits-in-kind only) of employee who are immediate family members of a director or the CEO, and whose remuneration exceeded S$50,000 during the year is disclosed below. The following immediate family member of the Executive Chairman and the MD is the employee of the Company whose remuneration exceeded S$50,000 in FY2019:–

Name	Family relationship	Designation	Total Remuneration in Compensation Bands
Teo Wee Chong	Brother-in-law	Senior Manager, Operations	Band B

Band A: Compensation from S$50,001 to S$100,000 per annum
Band B: Compensation from S$100,001 to S$150,000 per annum

Save as disclosed above, the Group does not have any other full-time employee who is an immediate family member of a Director or MD of the Company, and whose remuneration exceeded S$50,000.00 for FY2019.

In determining the remuneration of the Executive Director and the key management personnel, the RC reviewed their respective KPIs achievements and assessed their performance for the financial year under review.

Details of Ban Leong Performance Share Plan

The Ban Leong Performance Share Plan ("**PSP**") which was approved by the shareholders of the Company at the Extraordinary General Meeting of the Company held on 23 July 2009 was designed to reward persons who are in the employment of the Group and also the Non-Executive Directors (including Independent Directors) who are not employed by the Group but who nevertheless work closely with the Group and/or are in the position to contribute their experience, knowledge and expertise to the development and success of the Group ("**Participants**").

The PSP is designed to reward Participants by the issue and/or transfer of fully-paid shares free of consideration ("**Shares**"), according to the extent to which they complete certain time-based service conditions or achieve their performance targets over set performance periods.

The aggregate number of new shares over which the Awards Committee may grant awards on any date, when added to the number of new shares issued and issuable in respect of all Shares granted under the PSP and any other existing share schemes implemented or to be implemented by the Company shall not exceed 15% of the issued share capital of the Company on the day preceding that date.

With regard to Controlling Shareholders and their Associates, the aggregate number of new Shares which may be granted to all Controlling Shareholders and their Associates will not exceed 25% of all the new Shares available under the PSP, and that the number of new Shares issued and issuable to each of the Controlling Shareholders and their Associates shall not exceed 10% of all the new Shares available under the PSP. The PSP is to be administered by the Awards Committee which shall be the RC. The PSP is expiring at the conclusion of the forthcoming AGM to be held on 26 July 2019. The Company would seek shareholders' approval to adopt a new PSP via an Extraordinary General Meeting scheduled to be held on 26 July 2019 immediately after the AGM held on the even date.

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ACCOUNTABILITY AND AUDIT

The Board recognises the importance of providing accurate and relevant information on a timely basis. In this respect, the AC reviews all financial statements and recommends them to the Board for approval. In addition, the AC ensures that the Company maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets as well as to manage potential risks.

Principle 10: Accountability

Principle 11: Risk Management and Internal Controls

In discharging its responsibility of providing accurate relevant information on a timely basis to shareholders in compliance with statutory and regulatory requirements, the Board strives to ensure the timely release of the Group's financial results and that the results provide a balanced and understandable assessment of the Group's performance, position and prospects.

The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Manual, where appropriate. The Independent Directors in consultation with Management will request for Management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.

On a half-yearly basis, the Management will furnish an overall presentation to the AC and the Board confirming, *inter alia*, that the financial processes and controls as well as the integrity of the Group's financial statements are in place, highlighting material financial risks and impacts and providing updates on status of significant financial issues of the Group, if any. During the year, all the unaudited half-yearly and full year results of the Group have been announced within the respective deadlines.

The Management updated the Board on the Group's business activities and financial performance by providing updates on any business, operations and financial related matters on a half-yearly basis as well as upon advance request. Such reports compared the Group's actual performance against the approved budget and result of the previous year. They also highlighted key business indicators and major issues that are relevant to the Group's performance from time to time in order for the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Prior to the release of financial result to the public, the Management will present the Group's financial performance together with notes explaining in detail the operations and trends to the AC, which will review and recommend the same to the Board for approval and adopt for the release of the results.

In accordance with the SGX-ST's requirements, the Board issued negative assurance statements in its half-yearly financial results announcement, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

The Board is responsible for the governance of risk. It ensures that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group'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 Management is responsible to the Board for the design, implementation and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies. The Board acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, compliance and information technology controls. The Board also recognises its responsibilities in ensuring a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

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In FY2019, the Company engaged Yang Lee & Associates ("**YLA**") as its internal auditor to the Board and the AC in their review of the Group's risk management and internal control systems focusing on financial, operational, compliance and information technology controls. The Board believes that adequate internal controls within the Group are crucial to ensure that the Group continues to meet or exceed its standards in all key aspects along with safeguarding the shareholder's interests and the Group's assets through effective risk management.

On an annual basis, the AC reviews and reports to the Board the Group's risk profile, evaluates results and counter-measures to mitigate or transfer identified potential risks so as to assure itself and the Board that the process is operating effectively as planned. The Group recognises risk management as a collective effort beginning with the individual subsidiaries and business units, followed by the operating segments and ultimately the management and the Board, working as a team. The process identifies relevant potential risks across the Group's operations with the aim to bring them to within acceptable cost and tolerance parameters.

The Management regularly reviews and updates the Board on the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology controls and continues to apply appropriate measures to control and mitigate these risks. All significant matters are highlighted to the Board and the AC for further discussion. The Board and the AC also work with the internal auditors, external auditors and Management on their recommendations to institute and execute relevant controls with a view to manage such risks.

The Board notes that no cost effective system of internal controls could provide absolute assurance against the occurrence of material errors, losses, fraud or other irregularities. No significant risk on the internal control system was brought to the attention of AC during FY2019. In view of the above and based on the internal controls established and maintained by the Group, work performed by the internal auditors, statutory audits conducted by the external auditors, and reviews performed by the Management, various board committees and the Board so far, the AC and the Board are of the opinion that the Group's risk management and internal control systems, addressing the financial, operational, compliance and information technology risks, put in place during the financial year were adequate and effective. This is in turn supported by the assurance from the MD and the Financial Controller (including back-to-back assurance from Management) that (a) 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 are in accordance with the relevant accounting standards; and (b) an effective risk management and internal control systems have been put in place.

Furthermore, the Board believes its responsibility of overseeing the Group's risk management framework and policies are well supported. The Board will look into the need for establishment of a separate board risk committee at the relevant time.

Principle 12: Audit Committee

The Board recognises the importance of providing accurate and relevant information on a timely basis. To ensure that the corporate governance is effectively practiced, the Board has established self-regulatory and monitoring mechanisms, including the establishment of the AC to ensure that the Company maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets as well as to manage potential risks. The AC consists of two (2) Independent Directors and one (1) Non-Executive Director, the majority of whom, including the AC Chairman, are independent:

Loh Yih, Chairman	(Lead Independent)
Tan Eng Bock	(Independent)
Lo Yew Seng	(Non-Independent and Non -Executive)

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Mr Loh Yih, Mr Tan Eng Bock and Mr Lo Yew Seng, do not have any existing business or professional relationship with the Group, Directors or substantial shareholders of the Company. None of the AC members are related to other Directors or substantial shareholders of the Company.

The Board is satisfied that the AC members, collectively, have relevant accounting and related financial management expertise or experience and are appropriately qualified to discharge their responsibilities.

The AC meets on a half-yearly basis and plays a key role in assisting the Board to review significant financial reporting issues and judgments to ensure the quality and integrity of the accounting reports, the audit procedures, internal controls, financial statements and any announcements relating to the Group's financial performance. During FY2019, the AC held two meetings with full attendance.

The members of the AC carry out their duties in accordance with a set of written Terms of Reference which includes, mainly, the following:

- assisting the Board in discharging its responsibilities on financial reporting matters;

- reviewing, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and Management's response, and results of our audits compiled by the internal auditors and external auditors;

- reviewing the periodic consolidated financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Listing Rules of SGX-ST and any other statutory and regulatory requirements;

- reviewing the effectiveness and adequacy of the internal control procedures addressing financial, operational, compliance and information technology risks, and ensure co-ordination between the internal auditors and external auditors together with the Management, reviewing the assistance given by the Management to the auditors, and discuss problems and concern, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

- reviewing the scope and results of the internal audit and external audit, and the independence and objectivity of the internal auditors and external auditors;

- reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

- making recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

- reviewing significant financial reporting issues and judgments with the Financial Controller and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;

REPORT OF CORPORATE GOVERNANCE

- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the Financial Controller and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the and internal auditors;

- reviewing and approving transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual (if any);

- reviewing any potential conflicts of interest;

- reviewing the suitability of the Financial Controller and the adequacy of the finance team on an on-going basis;

- reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;

- undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;

- reviewing the financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;

- reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;

- reviewing the Group's compliance with such functions and duties as may be required by statute or the Listing Rules of the SGX-ST, and by such amendments made thereto from time to time;

- reviewing arrangements by which the staff may, in confidence, raise concerns about improprieties in matters of financial reporting or other matters, and to ensure that those arrangements are in place for independent investigations of such matters and for appropriate follow-up; and

- undertaking generally such other functions and duties as may be required by law or the Listing Rules of the SGX-ST, and by such amendments made thereto from time to time.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The AC has oversight of the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the external auditors. The AC has explicit authority to investigate any matters relating to the Group's accounting, auditing, internal controls and/or financial practices brought to its attention, full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC had reviewed transactions falling within the scope of the terms of reference of AC in respect of the interested person transaction and the Listing Manual of the SGX-ST.

REPORT OF CORPORATE GOVERNANCE

The AC had reviewed and discussed with the external auditors as well as the Management for both the half-year and annual financial statements before submission to the Board for its approval. The AC discussed with the Management on the accounting treatment and methodology applied as well as the assumptions used in judgemental assessment which might impact the result of the financial statements. The external auditors has audited the financial statements of the Group and highlighted two significant areas of focus that might significantly impact the financial statements. The AC reviewed and discussed with the external auditors, and concluded that the allowance for inventory obsolescence and recoverability of trade receivables were areas of focus for the external auditors and they have been included as Key Audit Matters in the Independent Auditors' Report on pages 57 to 59 of the Annual Report:–

Significant Areas	How the AC reviewed these and what decisions were made
• Allowance for inventory to net realisable value	The AC reviewed and evaluated the appropriateness of the Group's policies on allowance for inventory to net realisable value process and is of the view that the Group's policy on allowance for inventory obsolescence presented by Management together with the external auditors' audit procedures was adequate and satisfactory. The AC also reviewed the audit report and findings presented by the external auditor during the full-year financial result's meeting.
• Assessment of expected credit losses of trade receivables	The Group's trade receivables include balances due from both commercial and retail customers. The allowance for ECL is established on the basis of making debtor specific impairment loss provision, which is based on the assessment of the ability of individual debtors, who are credit impaired, to pay and for remaining trade receivable balances, by determining the default rates to be applied against trade receivables after the specific impairment loss provision. The assessment of the debtor's ability to pay are based on the age of the balances, payment history, status of negotiations with debtors and other external information available to management to assess the creditworthiness of the debtor. The default rates are based on the Group's historical credit loss experience, profiling customers by credit risk characteristics and are adjusted for forward-looking factors specific to the debtors and the economic environment. The AC reviewed information provided by Management and the external auditors in relation to the assessment basis used as well as the specific doubtful debts to determine the level of allowance for doubtful debts, and was satisfied that the level of allowance for doubtful debts for the Group was adequate as of 31 March 2019.

The external auditors have unrestricted access to the AC. The AC met with the external auditors, without the presence of the Management, and reviewed the overall scope of the external audit and the assistance given by the Management to the auditors.

The AC had reviewed and discussed with the external auditors for any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response.

The AC also reviewed the independence and objectivity of the external auditors and has reviewed the scope and value of non-audit services provided to the Group by the external auditors, Messrs Ernst & Young LLP. The aggregate amount of audit fees paid or payable to the external auditors for FY2019 is S$124,000. No non-audit fee was paid to the external auditors

REPORT OF CORPORATE GOVERNANCE

during FY2019. The AC was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has recommended to the Board the nomination of Messrs Ernst & Young LLP for re-appointment as auditors of the Company at the forthcoming AGM. Both AC and the Board have reviewed the appointment of different auditors for its subsidiaries and/or significant associated companies and satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company has complied with Rules 712, 715(2) and 716 of the Listing Rules of the SGX-ST.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and has had the full co-operation of the Management. It also has full discretion to invite any Director or any member of the Management to attend its meetings or be provided with reasonable resources to enable it to discharge its functions properly.

In addition to the activities undertaken to fulfill its responsibilities, the AC will seek advice from the Management, Company Secretary and external auditors in order to keep abreast of the changes in accounting standards and issues, SGX-ST listing rules and other codes and regulations which could have an impact on the Group's business and financial statements.

In addition, there was no former partner or Director of the Company's existing auditing firm or auditing corporation is a member of the AC.

Whistle Blowing Policy

To encourage proper work ethics and eradicate any internal improprieties, unethical acts, malpractices, fraudulent acts, corruption and/or criminal activities in the Group. The Company has implemented a Whistle Blowing Policy. The Policy stipulates the mechanism by which concerns about plausible improprieties in matters of financial reporting, etc, may be raised. A dedicated secured e-mail address allows whistle blowers to contact the AC directly. The Whistle Blowing Policy, its procedures and contact details of the AC have been made available to all employees.

The Company's Whistle Blowing Policy allows not just employees but also external parties to raise concerns and offer reassurance that they will be protected from reprisals or victimisation for whistle blowing in good faith.

The AC addresses issues/concerns raised and arranges for investigation and/or follow-up of appropriate action. The AC reports to the Board any issues/concerns received by it at the ensuing Board meeting. Should the AC receive reports relating to serious offences, and/or criminal activities in the Group, they and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant governmental authorities for further investigation/action.

No whistle-blowing concerns were reported for FY2019.

Principle 13: Internal Audit

The AC's responsibilities over the Group's internal controls include reviewing the scope and effectiveness of the overall internal audit system, programmes and various aspects of internal controls and risk management are complemented by the work of the internal auditors.

YLA is engaged as independent internal auditor to perform internal audit review on the various business processes of the Group. The AC recommends and the Board subsequently approves the hiring, removal, evaluation and compensation of the internal auditors. By engaging YLA as its internal auditors, the AC believes that YLA is independent, adequately and effectively resourced to perform internal audit review as YLA has received full cooperation from Management.

The internal auditors' carrying out of their audit work is in accordance with the standards set by the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The AC ensures that Management provides

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CORPORATE GOVERNANCE

good support to the internal auditors and provides them with access to documents, records, properties and personnel when requested in order for the internal auditors to carry out their work accordingly. The internal auditors also have unrestricted access to the AC on internal audit matters. The AC will review internal audit reports of the Group. Any material non-compliance or failures in internal control and recommendations for improvements will be reported to the AC.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders Rights and Responsibilities

The Company believes in regular, effective and fair communication with members of the investment community and investing public and has adopted a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance that could have a material impact on the price or value of its shares.

Shareholders are informed of general meetings through notices published in the local newspaper and the Company's announcements via SGXNET as well as through the Company's official website and the reports/circulars sent to all shareholders. Resolutions tabled at general meetings are passed through a process of voting by poll which procedures are clearly explained by the scrutineers at such general meetings.

The Constitution of the Company allows an individual shareholder to appoint not more than two proxies to attend and vote on his or her behalf at the general meetings. Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the shareholders' meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number of class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

Principle 15: Communication with Shareholders

The Group acknowledges the importance of regular communication with shareholders and investors through which shareholders can have an overview of the Group's performance and operation. In line with the continuous disclosure obligations under the Listing Rules of the SGX-ST and the Singapore Companies Act, Chapter 50, the Board has established a policy to inform shareholders promptly of all major developments that may have material impact on the Group.

The Board embraces openness and transparency in the conduct of the Group's affairs, whilst safeguarding its commercial interests. Material information on the Group has been released to the public through the Company's announcements via the SGXNET.

The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected. Information is communicated to shareholders on a timely basis through the Company's annual report, circulars to shareholders (if any), half-yearly financial results and the various announcements.

The Company communicates with shareholders and the investing community through the timely release of announcements to the SGXST via SGXNET. Financial results of the Company and the Group were released within 45 days from the half year financial year ended and 60 days from the full year financial year ended during the year. In addition, the Annual Report 2019 is distributed to shareholders within the mandatory period before the AGM to be held on 26 July 2019.

To further enhance its communication with investors, the Company has enhanced its website, http://www.banleong.com/sg where the public can assess information of the Group directly.

The Group strongly encourages shareholders' participation at the AGM which is held at Singapore. Shareholders are able to proactively engage the Board and management on the Group's business activities, financial performance and other business related matters through dialogue sessions. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

The Company does not have a fixed dividend policy but it is committed to achieving sustainable income and growth to enhance total shareholder return. The Group aims to balance cash return to shareholders and investment for sustaining growth, while aiming for an efficient capital structure. The Company strives to provide consistent and sustainable ordinary dividend payments to its shareholders. The Board is recommending 1.0 Singapore cent per ordinary share for FY2019 as the tax exempt (one-tier) final dividend payable to the shareholders, subject to the approval of shareholders at the forthcoming AGM. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

- the results of operations and cash flow;
- the expected financial performance and working capital needs;
- future prospects; and
- capital expenditures and other investment plans;

as well as general economic and business operations in regional basis and other factors deemed relevant by the Board and statutory restrictions on the payment of dividends.

Principle 16: Conduct of Shareholders' Meetings

The Group supports and encourages active shareholders' participation at general meetings. The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the Company's website.

The Company's Constitution allows all shareholders to appoint proxy(ies) to attend general meetings and vote on their behalf. Voting in absentia and by mail electronic mail or facsimile may be possible at the Directors' discretion to approve or implement, subject to the security measures as may be deemed necessary or expedient to ensure that the integrity of the information and authentication of the identity of shareholder(s) is not compromised. Separate resolutions are proposed on each separate issue at general meetings and explanatory notes are set out in the notices of general meetings where appropriate. All Directors including Chairman of the Board and the respective Chairman of the Board Committees, senior management and the external auditors are invited to be in attendance at forthcoming AGM to address any queries of the shareholders. Shareholders are encouraged to meet and communicate with the Board and vote on all resolutions.

The Company Secretary prepares minutes of general meetings that include substantial and pertinent comments from shareholders relating to the agenda of the meetings and responses from Management and the Board, subsequently approved by the Board. Such minutes will be available to shareholders upon their written request.

The Board acknowledges voting by poll is integral in the enhancement of corporate governance and lead to greater transparency of the level of support for each resolution where shareholders are accorded rights proportionate to the shareholding and all votes counted. To enhance shareholders' participation, the Group puts all resolutions at general meetings

REPORT OF CORPORATE GOVERNANCE

to vote by manual poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage via SGXNET after the general meetings.

OTHER CORPORATE GOVERNANCE MATTERS

DEALING IN SECURITIES

(Rule 1207(19) of the Listing Manual of SGX-ST)

The Group has adopted internal codes in relation to dealings in the Company's securities pursuant to the SGX-ST's Best Practices Guide that is applicable to all its officers. All Directors and officers of the Group who have access to "price-sensitive" information are required to observe this Code. Under the code of conduct, the Directors and these officers of the Group are prohibited from dealing in the Company's securities during the period commencing on 1st April for the full year financial results, and 1st October for the half year financial result, and ending on the date of the announcement of the relevant results, or if they are in possession of unpublished material price-sensitive information of the Group. In addition, the Directors and employees are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

The Directors are required to notify the Company of any dealings in the Company's securities (during the open window period) within two (2) business days of the transactions.

The Board is satisfied with the Group's commitment in compliance with the Code and on the adequacy of internal controls within the Group.

The Board wishes to reaffirm that the officers do not deal in the Company's securities on short-term considerations pursuant to the SGX-ST's best practices on dealings in securities.

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as the appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and AC.

INTERESTED PERSON TRANSACTIONS

(Rule 907 of the Listing Manual of SGX-ST)

As a listed company on the SGX-ST, the Company has taken the following steps to ensure compliance with the requirements of the Chapter 9 of the Listing Manual of SGX-ST in relation to the interested person transactions, including ensuring that interested person transactions are properly reviewed, approved, and conducted on an arm's length basis.

The AC reviewed the interested persons transactions ("**IPTs**") reported by the Management on a half-yearly basis, The IPTs are consistently reviewed by the Management and all findings were reported during the AC meetings.

The AC has established procedures to ensure that all the IPTs are reported to the AC on timely basis and the transactions are carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority shareholders as well as all the relevant rules under Chapter 9 of the Listing Manual of SGX-ST are complied with. When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

REPORT OF CORPORATE GOVERNANCE

The Company has obtained a general mandate for IPTs but there were no IPTs with value of more than S$100,000 transacted during FY2019.

MATERIAL CONTRACTS

(Rule 1207(8) of the Listing Manual of SGX-ST)

Save for service agreement between the Company and Executive Director and the IPTs as disclosed in this report, there were no other material contracts of the Company and its subsidiaries involving the interests of the MD or any Director or controlling shareholder, either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

CORPORATE DISCLOSURE

The Company believes that a high level of disclosure is essential to enhance the standard of corporate governance. Hence, the Company is committed to provide a high level of disclosure in all public announcements, press releases and annual reports.

DISCLOSURE OF INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Mr Ronald Teng Woo Boon and Mr Lo Yew Seng are the Directors seeking re-election at the forthcoming AGM (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	MR RONALD TENG WOO BOON	MR LO YEW SENG
Date of Appointment	18 June 1993	12 May 2015
Date of last re-appointment (if applicable)	25 July 2017	25 July 2016
Age	50	51
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution, performance, attendance, preparedness, participation, candour and suitability for the following re-election of Directors of the Company: 1) Mr Ronald Teng Woo Boon – Managing Director 2) Mr Lo Yew Seng – Non-Executive, Non-Independent Director The Board has reviewed and concluded that Ronald Teng Woo Boon and Mr Lo Yew Seng possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Ronald Teng Woo Boon is responsible for managing the overall business operations and profitability of the Group. His responsibilities include formulating and executing the Group's business strategies and policies as well as charting the growth of the Group. He also spearheads the sales and marketing function of the Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Managing Director	Non-Executive Non-Independent Director, Member of the Audit Committee.
Professional qualifications	Bachelor of Science specialised in Computer and Information Science from National University of Singapore	• Bachelor Degree in Arts and Social Sciences from National University of Singapore (NUS), majoring in Economics • General Management Program at NUS Business School
Working experience and occupation(s) during the past 10 years	Ban Leong Technologies Limited and its related corporations	Founder and Director of Capella Capital Pte Ltd and Capella Management Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 26,066,000 ordinary shares (22.88%) Deemed interest: 3,208,000 ordinary shares (2.82%) through his spouse, Ms Teo Su Ching	Direct interest: 2,966,000 ordinary shares (2.60%)

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR RONALD TENG WOO BOON	MR LO YEW SENG
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Ronald Teng is the spouse of Ms Teo Su Ching, Human Resource Director, who is also the Director of Digital Hub Pte. Ltd.	None
Conflict of Interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	None	Yes
Past (for the last 5 years)		None
Present		• Capella Capital Pte Ltd • Capella Management Pte Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

DISCLOSURE OF INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	MR RONALD TENG WOO BOON	MR LO YEW SENG
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR RONALD TENG WOO BOON	MR LO YEW SENG
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
iv any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

DISCLOSURE OF INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	MR RONALD TENG WOO BOON	MR LO YEW SENG
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N/A	N/A

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Ban Leong Technologies Limited (the "Company") and its subsidiaries (collectively the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2019.

1. Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

2. Directors

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

Ronald Teng Woo Boon	(Managing Director)
Loh Yih	(Lead Independent Director)
Neo Gim Kiong	(Independent Director)
Tan Eng Bock	(Independent Director)
Lo Yew Seng	(Non-Independent, Non-Executive Director)

3. Arrangements to enable directors to acquire shares and debentures

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

4. Directors' interests in shares and debentures

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

	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ban Leong Technologies Limited				
Ordinary shares				
Ronald Teng Woo Boon	26,066,000	26,066,000	3,208,000[(1)]	3,208,000[(1)]
Neo Gim Kiong	3,094,100	3,094,100	–	–
Loh Yih	4,500,000	4,500,000	–	–
Lo Yew Seng	2,966,000	2,966,000	–	–

(1) Relates to shares held by Ms Teo Su Ching, spouse of Mr Ronald Teng Woo Boon

DIRECTORS' STATEMENT

4. **Directors' interests in shares and debentures** (Continued)

There was no change in any of the above-mentioned interests between the end of the financial year and 21 April 2019.

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

5. **Options**

No options were issued by the Company or its subsidiaries during the financial year. As at 31 March 2019, there are no options on the unissued shares of the Company or its subsidiaries which are outstanding.

6. **Audit Committee**

The Audit Committee comprises one non-executive and two independent directors, one of whom is also the Chairman of the Committee. The members of the Audit Committee at the date of this statement are as follows:

Loh Yih (Chairman)
Lo Yew Seng
Tan Eng Bock

The financial statements, accounting policies and system of internal accounting controls are the responsibility of the Board of Directors acting through the Audit Committee. The Audit Committee met twice during the financial year to review the scope of work of the statutory auditors, and the results arising therefrom. The consolidated financial statements of the Group were reviewed by the Audit Committee prior to their submission to the directors of the Company for adoption.

The Audit Committee has reviewed all non-audit services provided by the external auditors of the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The Audit Committee has also conducted a review of interested person transactions.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

7. **Auditor**

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

On behalf of the Board of Directors:

Ronald Teng Woo Boon
Director

Neo Gim Kiong
Director

Singapore
1 July 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BAN LEONG TECHNOLOGIES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Ban Leong Technologies Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2019, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

<u>Allowance for inventory to net realisable value</u>

As at 31 March 2019, net inventories and the allowance for inventory to net realisable value amounted to S$25.5 million and S$0.4 million respectively. The allowance for inventory to net realisable value relates to finished goods written down to estimated recoverable value due to rapid technological changes and consumption patterns. We focused on this area as inventory carrying amount is material to the financial statements, and the determination of inventory net realisable value requires a high level of management judgement.

Key Audit Matters (Continued)

Allowance for inventory to net realisable value (Continued)

We performed the following audit procedures, amongst others, in response to the above mentioned key audit matter:

- Obtained an understanding and evaluated the Group's processes and controls relating to the purchasing and costing of inventory;
- Tested the inventory costing by checking the costs incurred to supporting documents and performing re-computation of the weighted average costing; and
- Evaluated the adequacy of the allowance for inventory to net realisable value through the following:
    - Testing the inventory aging report to identify slow moving inventory; inquire with management and establish if there are any known slow moving or obsolete inventory; and
    - Reviewing the basis of management's assessment of inventory net realisable value by product and by brands and testing management's assessment on a sample basis by:
        - comparing the net realisable value of a sample of products to selling prices subsequent to the balance sheet date;
        - reviewing the historical sales to verify that inventory holding balances does not exceed expected demand; and
        - where selling price is less than cost or where there are no sales after year-end or during the year or when the expected demand is lower than the inventory holding balances, we inquire with management and assess whether upcoming marketing and sales programs will generate demand and whether the shortfall difference between selling price and cost will be reimbursed by the supplier.

We also assessed the adequacy of the Group's disclosures on inventories and the key sources of estimation uncertainty in relation to allowance for inventory to net realisable value in Notes 3.2(i) and 17 to the financial statements respectively.

Assessment of expected credit losses of trade receivables

The collectability of trade receivables is a key element of the Group's working capital management. As at 31 March 2019, the Group's and the Company's trade receivables after allowance for expected credit losses ("ECL") and the allowance for ECL amounted to S$21.4 million (Company: S$20.0 million) and S$0.3 million (Company: S$0.3 million) respectively. The Company's trade receivables balance includes amounts due from subsidiaries of S$6.6 million.

The allowance for ECL is established on the basis of making debtor specific impairment loss provision, which is based on the assessment of the ability of individual debtors, who are credit impaired, to pay and for remaining trade receivable balances, by determining the default rates to be applied against trade receivables after the specific impairment loss provision.

Key Audit Matters (Continued)

Assessment of expected credit losses of trade receivables (Continued)

The assessment of the debtor's ability to pay are based on the age of the balances, payment history, status of negotiations with debtors and other external information available to management to assess the creditworthiness of the debtor. The default rates are based on the Group's historical credit loss experience, profiling customers by credit risk characteristics and are adjusted for forward-looking factors specific to the debtors and the economic environment. These require management to apply its judgement in the estimation process. As the trade receivables form a significant part of the Group's balance sheet and its estimation of ECL entails significant estimation uncertainty, we determined this is a key audit matter.

We performed the following audit procedures, amongst others, in response to the above mentioned key audit matter:

- Obtained an understanding of the Group's processes relating to the monitoring of trade receivables and review of credit risks of customers which includes publicly available information of its debtors to monitor credit risk;

- Circularised and obtained trade receivables confirmations on a sample basis. For non-replies, we obtained evidence of cash receipts subsequent to the year-end and/or, vouched to supporting sales and delivery documents, where appropriate; and

- Evaluated management's assumptions and estimates used to determine the allowance for ECL through the following:

    - Assessed the Group's policies and procedures for measuring expected credit losses;

    - Reviewed management's assessment of the debtor's ability to pay by reviewing overdue trade receivable balances, payment history, correspondences with debtors and other external information available to management;

    - Reviewed management's determination of the default rates by verifying historical credit loss experience, reviewing the appropriateness of management's customer profiling by credit risk characteristics and management's consideration of forward-looking factors such as economic data and external information;

    - Checked the arithmetic accuracy of the allowance for expected credit losses computation;

    - Tested the trade receivables aging report to identify the overdue trade receivables;

    - Discussed with management on the collectability of trade receivables and inquired management if there are any known disputed trade receivables; and

    - Reviewed credit notes issued subsequent to year-end.

We also assessed the adequacy of the Group's disclosures on trade receivables, the key sources of estimation uncertainty in relation to impairment of loans and receivables, and the related risks such as credit risk and liquidity risks in Notes 3.2(ii), 18 and 31(d) to the financial statements respectively.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BAN LEONG TECHNOLOGIES LIMITED

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BAN LEONG TECHNOLOGIES LIMITED

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Shekaran Krishnan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
1 July 2019

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Notes	Group	
		2019	2018
		$	$
Revenue	4	**157,614,368**	158,608,989
Cost of sales		**(142,106,915)**	(142,266,916)
Gross profit		**15,507,453**	16,342,073
Other income		**648,920**	540,823
Selling and distribution expenses		**(6,578,402)**	(6,177,110)
General and administrative expenses		**(5,414,967)**	(5,251,174)
Profit from operating activities before foreign exchange		**4,163,004**	5,454,612
Foreign exchange gain, net		**435,812**	1,092,642
Profit from operating activities		**4,598,816**	6,547,254
Finance costs	5	**(109,657)**	(117,494)
Finance income	5	**9,515**	8,327
Profit before tax	6	**4,498,674**	6,438,087
Income tax expense	8	**(796,795)**	(594,708)
Profit for the year		**3,701,879**	5,843,379
Profit attributable to:			
Owners of the Company			
Profit, net of tax		**3,490,171**	5,441,192
Non-controlling interests			
Profit, net of tax		**211,708**	402,187
Profit for the year		**3,701,879**	5,843,379
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**(55,581)**	275,661
Other comprehensive income for the year, net of tax		**(55,581)**	275,661
Total comprehensive income for the year, net of tax		**3,646,298**	6,119,040
Comprehensive income attributable to:			
Owners of the Company			
Total comprehensive income, net of tax		**3,404,063**	5,659,713
Non-controlling interests			
Total comprehensive income, net of tax		**242,235**	459,327
Total comprehensive income for the year, net of tax		**3,646,298**	6,119,040
Earnings per share (cents per share)			
Basic and diluted	9	**3.06**	4.72

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

BALANCE SHEETS

AS AT 31 MARCH 2019

	Notes	Group 31.3.2019 $	Group 31.3.2018 $	Group 1.4.2017 $	Company 31.3.2019 $	Company 31.3.2018 $	Company 1.4.2017 $
Non-current assets							
Property, plant and equipment	11	**911,890**	1,002,847	522,186	**757,599**	834,883	350,282
Investment in subsidiaries	12	**–**	–	–	**119,182**	119,182	119,182
Investment in unquoted equity shares	13	**–**	–	–	**–**	–	–
Investment in joint venture	14	**–**	–	–	**–**	–	–
Deferred tax assets	15	**71,404**	71,225	252,276	**–**	–	–
Intangible assets	16	**–**	–	–	**–**	–	–
Other receivables	19	**2,000,000**	2,000,000	–	**1,820,000**	1,820,000	–
		2,983,294	3,074,072	774,462	**2,696,781**	2,774,065	469,464
Current assets							
Inventories	17	**25,511,424**	22,956,528	18,739,810	**13,471,063**	13,211,496	11,028,866
Prepayments		**88,396**	75,229	86,487	**48,488**	40,990	49,292
Trade receivables	18	**21,442,603**	21,252,177	21,405,967	**19,990,420**	19,629,563	21,357,359
Other receivables and deposits	19	**2,879,629**	1,399,665	839,952	**2,000,462**	1,160,392	580,160
Cash and cash equivalents	20	**13,494,085**	14,772,135	14,142,236	**10,362,825**	11,230,880	12,070,354
		63,416,137	60,455,734	55,214,452	**45,873,258**	45,273,321	45,086,031
Current liabilities							
Trade payables	21	**23,338,529**	22,675,087	21,525,467	**18,735,612**	18,164,683	18,844,442
Bills payable to banks (unsecured)	22	**1,400,863**	1,898,616	3,140,165	**1,400,863**	1,898,616	3,140,165
Short-term loans	22	**2,500,000**	1,800,000	–	**2,500,000**	1,800,000	–
Other payables and accruals	23	**6,281,771**	5,317,999	4,040,536	**6,146,254**	5,087,395	4,437,550
Hire-purchase liabilities	24	**31,096**	60,814	107,056	**31,096**	60,814	104,710
Income tax payable		**566,186**	731,319	685,093	**312,943**	589,407	542,065
		34,118,445	32,483,835	29,498,317	**29,126,768**	27,600,915	27,068,932
Net current assets		**29,297,692**	27,971,899	25,716,135	**16,746,490**	17,672,406	18,017,099
Non-current liabilities							
Hire-purchase liabilities	24	**172,407**	203,503	38,839	**172,407**	203,503	38,839
Deferred tax liabilities	15	**29,121**	29,121	29,121	**29,121**	29,121	29,121
		201,528	232,624	67,960	**201,528**	232,624	67,960
Net assets		**32,079,458**	30,813,347	26,422,637	**19,241,743**	20,213,847	18,418,603
Equity attributable to owners of the Company							
Share capital	25(a)	**11,173,106**	11,173,106	11,173,106	**11,173,106**	11,173,106	11,173,106
Returned shares	25(b)	**(104,822)**	(104,822)	(104,822)	**(104,822)**	(104,822)	(104,822)
Treasury shares	25(b)	**(570,703)**	(259,824)	(259,824)	**(570,703)**	(259,824)	(259,824)
Retained earnings		**19,426,077**	18,005,214	15,366,518	**8,744,162**	9,405,387	7,610,143
Other reserve	26	**65,685**	65,685	65,685	**–**	–	–
Foreign currency translation reserve	26	**132,413**	218,521	(1,074,166)	**–**	–	–
		30,121,756	29,097,880	25,166,497	**19,241,743**	20,213,847	18,418,603
Non-controlling interests		**1,957,702**	1,715,467	1,256,140	**–**	–	–
Total equity		**32,079,458**	30,813,347	26,422,637	**19,241,743**	20,213,847	18,418,603

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Attributable to owners of the Company								
	Share capital $	Returned shares $	Treasury shares $	Retained earnings $	Other reserve $	Foreign currency translation reserve $	Equity attributable to owners of the Company $	Non-controlling interests $	Total equity $
Group									
Balance as at 1 April 2017	11,173,106	(104,822)	(259,824)	15,366,518	65,685	(1,074,166)	25,166,497	1,256,140	26,422,637
IFRS convergence – SG – IFRS1 exemption used to reclass cumulative foreign translation reserves to retained earnings	–	–	–	(1,074,166)	–	1,074,166	–	–	–
Profit for the year	–	–	–	5,441,192	–	–	5,441,192	402,187	5,843,379
Other comprehensive income									
Foreign currency translation	–	–	–	–	–	218,521	218,521	57,140	275,661
Total comprehensive income for the year	–	–	–	5,441,192	–	218,521	5,659,713	459,327	6,119,040
Dividends (Note 27(a))	–	–	–	(1,728,330)	–	–	(1,728,330)	–	(1,728,330)
Balance as at 31 March 2018 and 1 April 2018	11,173,106	(104,822)	(259,824)	18,005,214	65,685	218,521	29,097,880	1,715,467	30,813,347
SFRS(1) 9 adjustments	–	–	–	(62,784)	–	–	(62,784)	–	(62,784)
Profit for the year	–	–	–	3,490,171	–	–	3,490,171	211,708	3,701,879
Other comprehensive income									
Foreign currency translation	–	–	–	–	–	(86,108)	(86,108)	30,527	(55,581)
Total comprehensive income for the year	–	–	–	3,490,171	–	(86,108)	3,404,063	242,235	3,646,298
Purchase of treasury shares	–	–	(310,879)	–	–	–	(310,879)	–	(310,879)
Dividends (Note 27(a))	–	–	–	(2,006,524)	–	–	(2,006,524)	–	(2,006,524)
Balance as at 31 March 2019	**11,173,106**	**(104,822)**	**(570,703)**	**19,426,077**	**65,685**	**132,413**	**30,121,756**	**1,957,702**	**32,079,458**

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Share capital $	Returned shares $	Treasury shares $	Retained earnings $	Total equity $
Company					
Balance as at 1 April 2017	11,173,106	(104,822)	(259,824)	7,610,143	18,418,603
Profit for the year, representing total comprehensive income for the year	–	–	–	3,523,574	3,523,574
Dividends (Note 27(a))	–	–	–	(1,728,330)	(1,728,330)
Balance as at 31 March 2018 and 1 April 2018	11,173,106	(104,822)	(259,824)	9,405,387	20,213,847
SFRS(I) 9 adjustments	–	–	–	(62,784)	(62,784)
Profit for the year, representing total comprehensive income for the year	–	–	–	1,408,083	1,408,083
Purchase of treasury shares	–	–	(310,879)	–	(310,879)
Dividends (Note 27(a))	–	–	–	(2,006,524)	(2,006,524)
Balance as at 31 March 2019	**11,173,106**	**(104,822)**	**(570,703)**	**8,744,162**	**19,241,743**

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

CONSOLIDATED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Group	
		2019	2018
		$	$
Operating activities			
Profit before tax		**4,498,674**	6,438,087
Adjustments for:			
Depreciation of property, plant and equipment	11	**340,596**	234,314
Loss/(gain) on disposal of property, plant and equipment	6	**330**	(91,903)
Allowance for expected credit losses	6	**116,394**	63,041
Allowance for inventory to net realisable value	6	**305,358**	532,140
Finance costs	5	**109,657**	117,494
Interest income	5	**(9,515)**	(8,327)
Currency alignment		**(57,828)**	137,189
Operating profit before working capital changes		**5,303,666**	7,422,035
(Increase)/decrease in:			
Inventories		**(2,860,254)**	(4,748,858)
Prepayments		**(13,167)**	11,258
Trade receivables		**(369,604)**	90,749
Other receivables and deposits		**(1,479,964)**	(434,633)
(Decrease)/increase in:			
Trade payables		**663,442**	1,149,620
Bills payable to banks (unsecured), net		**(497,753)**	(1,241,549)
Other payables and accruals		**963,772**	1,152,383
Short-term loans, net		**700,000**	1,800,000
Cash generated from operations		**2,410,138**	5,201,005
Interest paid		**(109,657)**	(117,494)
Interest received		**9,515**	8,327
Income tax paid		**(962,107)**	(367,431)
Net cash flows generated from operating activities		**1,347,889**	4,724,407
Investing activities			
Proceeds from disposal of property, plant and equipment		**–**	97,029
Purchase of property, plant and equipment (Note A)		**(248,799)**	(475,017)
Investment in convertible note	19	**–**	(2,000,000)
Net cash flows used in investing activities		**(248,799)**	(2,377,988)
Financing activities			
Repayment of hire-purchase liabilities (Note A)		**(60,814)**	(119,578)
Purchase of treasury shares		**(310,879)**	–
Dividends paid to shareholders	27(a)	**(2,006,524)**	(1,728,330)
Net cash flows used in financing activities		**(2,378,217)**	(1,847,908)
Net (decrease)/increase in cash and cash equivalents		**(1,279,127)**	498,511
Effects of exchange rate changes on cash and cash equivalents		**1,077**	131,388
Cash and cash equivalents at the beginning of year		**14,772,135**	14,142,236
Cash and cash equivalents at the end of year	20	**13,494,085**	14,772,135

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

CONSOLIDATED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

Note A

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $248,799 (2018: $713,017) of which $Nil (2018: $238,000) was acquired by means of hire-purchase relating to motor vehicles.

	Notes	Group	
		2019	**2018**
		$	**$**
Acquisition of property, plant and equipment	11	**248,799**	713,017
Less: Hire-purchase financing		–	(238,000)
Total		**248,799**	475,017
Hire-purchase liabilities movement:			
At 1 April	24	**264,317**	145,895
Add: Hire-purchase financing of property, plant and equipment acquired		–	238,000
Less: Repayment of hire-purchase liabilities		**(60,814)**	(119,578)
At 31 March	24	**203,503**	264,317

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

1. Corporate information

Ban Leong Technologies Limited (the "Company") is a limited liability company which is domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 150 Ubi Avenue 4 #04-01 Ubi Biz-Hub, Singapore 408825.

The principal activities of the Company and its subsidiaries (the "Group") are the wholesale and distribution of computer peripherals, accessories and other multimedia products and disclosed in Note 12 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

For all periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 March 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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

The financial statements are presented in Singapore Dollars ($ or SGD).

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")

These financial statements for the year ended 31 March 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the year ended 31 March 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 April 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 April 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

2. Summary of significant accounting policies (Continued)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

Exemptions applied on adoption of SFRS(I) (Continued)

- Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 April 2017. As a result, an amount of $1,074,166 was adjusted against the Group's opening retained earnings as at 1 April 2017.

- The comparative information do not comply with SFRS(I) 9 Financial Instruments or SFRS(I) 7 Financial Instruments: Disclosures to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 April 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

<u>SFRS(I) 9 Financial Instruments</u>

On 1 April 2018, the Group adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 April 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 April 2018, and then applied retropectively to those financial assets that were not derecognised before 1 April 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Summary of significant accounting policies (Continued)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

Classification and measurement (Continued)

Other than convertible notes, the Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9.

Convertible notes are classified and measured at FVPL as at 1 April 2018. No transitional adjustment was recorded as at 1 April 2018 as the fair value adjustment was deemed immaterial.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

For equity securities, the Group will measure its currently held available-for-sale unquoted equity securities at FVPL, previously measured at cost less impairment loss as its fair value cannot be reliably measured. No transitional adjustment was recorded as at 1 April 2018 as the fair value of the unquoted equity securities approximates the cost less impairment loss.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of SFRS(I) 9, the Group and the Company recognised additional impairment on its trade receivables of $62,784. The additional impairment recognised arising from adoption of SFRS(I) 9 above resulted in a corresponding decrease in retained earnings of $62,784 for the Group and the Company as at 1 April 2018.

The reconciliation for expected credit losses for the Group and the Company are as follows:

	Trade receivables $
Group	
Opening allowance for credit losses as at 1 April 2018	252,382
Allowance for expected credit losses restated through opening retained earnings as at 1 April 2018	62,784
Adjusted allowance for expected credit losses	315,166

	Trade receivables $
Company	
Opening allowance for credit losses as at 1 April 2018	245,387
Allowance for expected credit losses restated through opening retained earnings as at 1 April 2018	62,784
Adjusted allowance for expected credit losses	308,171

2. Summary of significant accounting policies (Continued)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group is in the business of the wholesale and distribution of computer peripherals, accessories and other multimedia products. The key impact of adopting SFRS(I) 15 is rights of return.

Rights of return

The Group previously recorded a provision for the net margin arising from expected returns. Under SFRS(I) 15, the Group estimates the amount of expected returns, of which, revenue would not be recognised for the products expected to be returned.

The Group recognises the amount of expected returns as a refund liability, representing its obligation to return the customer's consideration. Separately, the Group recognises a right of return asset for the right to recover the returned goods.

Upon adoption of SFRS(I) 15, the Group and the Company adjusted other receivables – right of return assets for $125,080 and $83,778 respectively which resulted in an opening balance of $125,000 and $83,778.

Correspondingly the Group and the Company adjusted other payables and accruals – refund liability of $125,080 and $83,778 respectively as at 1 April 2018, which resulted in an opening balance of $137,482 and $90,081.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 3: *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of Material*	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective (Continued)

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 April 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 April 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets and lease liabilities for its leases previously classified as operating leases.

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company, except for BLC (China) Limited, which has accounting year ending 31 December. The consolidated financial statements incorporate the unaudited management accounts for BLC (China) Limited as at 31 March. This subsidiary does not contribute materially to the Group's results. A list of the Group's subsidiaries is shown in Note 12. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

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

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

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

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;

– De-recognises the carrying amount of any non-controlling interest;

– De-recognises the cumulative translation differences recorded in equity;

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

– Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation and business combinations (Continued)

(b) *Business combinations and goodwill*

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

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

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

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

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

2. Summary of significant accounting policies (Continued)

2.6 Foreign currency

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

(a) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of reporting period are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

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

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Computers	1 – 5 years
Office equipment	5 years
Furniture & fittings	5 years
Motor vehicles	5 years
Renovation	5 years
Warehouse equipment	1 year

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Summary of significant accounting policies (Continued)

2.7 Property, plant and equipment (Continued)

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

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

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

2.8 Subsidiaries

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

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

2.9 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method from the date on which it becomes a joint venture.

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

2. Summary of significant accounting policies (Continued)

2.9 Joint arrangements (Continued)

Joint ventures (Continued)

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

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

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

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

2.10 Intangible assets

(a) *Goodwill*

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2. Summary of significant accounting policies (Continued)

2.10 Intangible assets (Continued)

(b) *Other intangible assets*

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

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

Non-contractual customer relationships

Non-contractual customer relationships were acquired in business combinations and are recognised at fair value at date of acquisition. Subsequent to recognition, the customer relationships is amortised on a straight line basis over its estimated useful lives.

Trademarks

Trademarks are initially recorded at cost. Subsequent to recognition, the trademarks are measured at cost less accumulated amortisation. Amortisation is computed on a straight-line basis over the estimated useful lives of the individual trademarks.

2. Summary of significant accounting policies (Continued)

2.11 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.12 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Summary of significant accounting policies (Continued)

2.12 Financial instruments (Continued)

(a) *Financial assets* (Continued)

Subsequent measurement

(i) Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

2. Summary of significant accounting policies (Continued)

2.12 Financial instruments (Continued)

(a) *Financial assets* (Continued)

Subsequent measurement (Continued)

(ii) Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derecognition

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

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.13 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The allowance for ECL is established on the basis of making debtor specific impairment loss provision, which is based on the assessment of the ability of individual debtors, who are credit impaired, to pay and for remaining trade receivable balances, by determining the default rates to be applied against trade receivables after the specific impairment loss provision.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposit, which are subject to an insignificant risk of changes in value.

2.15 Inventories

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

Where necessary, allowance is provided for damaged, slow-moving, excess stock, and obsolete inventory to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. Summary of significant accounting policies (Continued)

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

2.17 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants related to income

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as “Other income”.

2.18 Share capital and share issuance expenses

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

2.19 Returned and treasury shares

The Group’s own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.20 Borrowing costs

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

2. Summary of significant accounting policies (Continued)

2.21 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of goods*

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied, net of discounts, returns and applicable goods and services tax.

(b) *Interest income*

Interest income is recognised using the effective interest method.

2.22 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.23 Taxes

(a) *Current income tax*

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

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

2. Summary of significant accounting policies (Continued)

2.23 Taxes (Continued)

(b) *Deferred tax*

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

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

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

2. Summary of significant accounting policies (Continued)

2.23 Taxes (Continued)

(c) *Sales tax*

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

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

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

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

2.24 Leases

As lessee

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

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

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

2.25 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.

2. Summary of significant accounting policies (Continued)

2.25 Contingencies (Continued)

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

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

3. Significant accounting estimates and judgements

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

3.1 Judgements made in applying accounting policies

The management has not made any significant judgements that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting date.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) *Allowance for inventory to net realisable value*

Allowance for inventory to net realisable value is estimated based on the best available facts and circumstances, including but not limited to the stocks' own physical conditions, their market selling prices, the sales trend, estimated costs to be incurred for their sales and price protection and support provided by suppliers. The allowances are re-evaluated and adjusted as additional information received affects the amount estimated.

The carrying amount of the Group's inventories as of 31 March 2019 is disclosed in Note 17 to the financial statements.

(ii) *Allowance for expected credit losses ("ECL")*

The allowance for ECL is established on the basis of making debtor specific impairment loss provision, which is based on the assessment of the ability of individual debtors, who are credit impaired, to pay and for remaining trade receivable balances, by determining the default rates to be applied against trade receivables after the specific impairment loss provision.

3. Significant accounting estimates and judgements (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(ii) *Allowance for expected credit losses ("ECL")* (Continued)

The assessment of the debtor's ability to pay are based on the age of the balances, payment history, status of negotiations with debtors and other external information available to management to assess the creditworthiness of the debtor. The default rates are based on the Group's historical credit loss experience, profiling customers by credit risk characteristics and are adjusted for forward-looking factors specific to the debtors and the economic environment.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in Note 18.

The carrying amount of the Group's trade receivables as at 31 March 2019 is disclosed in Note 18 to the financial statements.

(iii) *Income taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Group establishes tax provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group companies' domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable at the end of the reporting period was $566,186 (31 March 2018: $731,319, 1 April 2017: $685,093). The carrying amount of the Group's deferred tax assets and deferred tax liabilities at the end of the reporting period was $71,404 (2018: $71,225, 2017: $252,276) and $29,121 (31 March 2018 and 31 March 2017: $29,121) respectively.

4. Revenue

Revenue represents sale of goods net of discounts, returns and applicable goods and services tax and are recognised at a point in time. The disaggregation of revenue by operating segments and geographical segments are disclosed in Note 33.

5. Finance (costs)/income

	Group	
	2019	2018
	$	$
Interest expense on:		
– bills payable to banks and short-term loans	**(98,933)**	(107,827)
– hire-purchase	**(10,724)**	(9,667)
	(109,657)	(117,494)
Interest income on bank balances	**9,515**	8,327

6. Profit before tax

The following items have been included in arriving at profit from continuing operations:

	Group	
	2019	2018
	$	$
Audit fees		
– auditors of the Company	**116,900**	125,000
– other auditors	**26,290**	25,250
Depreciation of property, plant and equipment	**340,596**	234,314
Loss/(gain) on disposal of property, plant and equipment	**330**	(91,903)
Allowance for inventory to net realisable value	**305,358**	532,140
Allowance for expected credit losses	**116,394**	63,041
Employee benefits expense (Note 7)	**8,471,977**	8,306,905
Directors' fees	**152,000**	152,000
Foreign exchange (gain)/loss, net	**(435,812)**	(1,092,642)
Operating lease expenses	**1,083,187**	914,186
Interest income from investment in convertible note	**(180,000)**	(180,000)

7. Employee benefits expense

	Group	
	2019	2018
	$	$
Salaries and bonuses	**6,486,111**	6,345,436
Defined contribution plans	**838,596**	776,192
Commissions	**871,557**	913,936
Other short-term benefits	**275,713**	271,341
	8,471,977	8,306,905

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8. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2019 and 2018 are:

	Group	
	2019	**2018**
	$	**$**
Current income tax:		
– current income taxation	**685,300**	879,155
– under/(over) provision in respect of previous years	**111,674**	(468,500)
	796,974	410,655
Deferred income tax (Note 15):		
– origination and reversal of temporary differences	**9,737**	149,053
– (over)/under provision in respect of previous years	**(9,916)**	31,998
	(179)	181,051
Withholding tax	**–**	3,002
Income tax expense recognised in profit or loss	**796,795**	594,708

(b) Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2019 and 2018 is as follows:

	Group	
	2019	**2018**
	$	**$**
Profit before tax	**4,498,674**	6,438,087
Tax calculated at tax rate of 17%	**764,775**	1,094,475
Adjustments:		
Non-deductible expenses	**50,696**	67,009
Income not subject to tax	**(35,393)**	(48,309)
Benefits from previously unrecognised deferred tax assets	**(117,019)**	(131,819)
Effect of partial tax exemption and tax relief	**(35,253)**	(35,925)
Effect of different tax rates in other countries	**68,272**	95,965
Under/(over) provision in respect of previous years	**101,758**	(436,502)
Withholding tax	**–**	3,002
Others	**(1,041)**	(13,188)
Income tax expense recognised in profit or loss	**796,795**	594,708

The corporate income tax rates applicable to the overseas subsidiaries are as follows:

	Corporate tax rate	
Country	**2019**	**2018**
	%	**%**
Malaysia	**24**	24
Thailand	**20**	20
Australia	**30**	30
China	**25**	25

9. Earnings per share attributable to owners of the Company

Basic earnings per share is calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares (excluding returned and treasury shares) for basic earnings per share computation.

Diluted earnings per share is calculated by dividing profit, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares (excluding returned and treasury shares) during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 March:

	Group	
	2019	**2018**
	$	**$**
Profit for the year attributable to owners of the Company	**3,490,171**	5,441,192
	No. of shares	**No. of shares**
Weighted average number of ordinary shares for basic earnings per share computation*	**113,923,000**	115,222,000

* The weighted average number of shares takes into account the weighted average effect of Nil (2018: Nil) ordinary shares that the Company bought back in the previous financial year (Note 25(b)).

10. Related party transactions

(a) Sales and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties, who are not members of the Group, took place at terms agreed between the parties during the financial year:

	Group	
	2019	**2018**
	$	**$**
Returns from non-controlling interest of a subsidiary	**(6,004)**	(2,125)
Service fee rendered to non-controlling interest of a subsidiary	**882**	885

10. Related party transactions (Continued)

(b) Compensation of key management personnel

	Group	
	2019	2018
	$	$
Salaries and bonuses	**1,351,525**	1,579,955
Directors' fees	**152,000**	152,000
Defined contributions plans	**82,435**	80,663
Other staff costs	**35,439**	35,273
Total compensation paid to key management personnel	**1,621,399**	1,847,891
Comprise amounts paid to:		
Directors of the Company	**603,274**	724,006
Other key management personnel	**1,018,125**	1,123,885
	1,621,399	1,847,891

11. Property, plant and equipment

	Computers*	Office equipment	Furniture and fittings	Motor vehicles	Renovation	Warehouse equipment	Total
	$	$	$	$	$	$	$
Group							
Cost							
At 1 April 2016	660,887	559,344	474,594	1,293,261	415,788	113,010	3,516,884
Additions	58,887	30,068	9,554	51,452	300	5,261	155,522
Disposals/written-off	–	(166)	(947)	(11,681)	–	–	(12,794)
Disposal of a subsidiary	(14,027)	(45,077)	(31,983)	(120,233)	–	(921)	(212,241)
Exchange differences	(7,786)	3,868	244	(3,975)	(1,447)	4,802	(4,294)
At 31 March 2017 and 1 April 2017	697,961	548,037	451,462	1,208,824	414,641	122,152	3,443,077
Additions	277,777	12,734	4,751	411,917	2,473	3,365	713,017
Disposals/written-off	(895)	(35,810)	(2,441)	(347,487)	–	(1,666)	(388,299)
Exchange differences	9,167	6,715	5,423	13,290	4,125	3,525	42,245
At 31 March 2018	984,010	531,676	459,195	1,286,544	421,239	127,376	3,810,040
Additions	155,096	53,824	5,118	27,376	4,010	3,375	248,799
Disposals/written-off	(4,855)	–	(282)	–	–	–	(5,137)
Exchange differences	(2,137)	1,301	169	(952)	(230)	1,497	(352)
At 31 March 2019	1,132,114	586,801	464,200	1,312,968	425,019	132,248	4,053,350

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11. Property, plant and equipment (Continued)

	Computers*	Office equipment	Furniture and fittings	Motor vehicles	Renovation	Warehouse equipment	Total
	$	$	$	$	$	$	$
Group							
Accumulated depreciation							
At 1 April 2016	608,947	461,144	411,871	1,026,788	353,967	54,938	2,917,655
Charge for the year	40,822	36,338	26,448	83,359	21,917	11,618	220,502
Disposals/written-off	–	–	(922)	(9,850)	–	–	(10,772)
Disposal of a subsidiary	(13,649)	(37,280)	(28,232)	(118,937)	–	(322)	(198,420)
Exchange differences	(7,604)	2,918	(532)	(2,543)	(2,108)	1,795	(8,074)
At 31 March 2017 and 1 April 2018	628,516	463,120	408,633	978,817	373,776	68,029	2,920,891
Charge for the year	62,435	33,753	21,426	84,458	20,879	11,363	234,314
Disposals/written-off	(895)	(33,805)	(2,089)	(344,755)	–	(1,629)	(383,173)
Exchange differences	8,710	4,539	4,836	11,672	3,757	1,647	35,161
At 31 March 2018	698,766	467,607	432,806	730,192	398,412	79,410	2,807,193
Charge for the year	116,722	37,835	16,146	141,002	16,037	12,854	340,596
Disposals/written-off	(4,582)	–	(246)	–	–	–	(4,828)
Exchange differences	(2,004)	922	177	(1,214)	(280)	898	(1,501)
At 31 March 2019	808,902	506,364	448,883	869,980	414,169	93,162	3,141,460
Net carrying amount							
At 31 March 2017	69,445	84,917	42,829	230,007	40,865	54,123	522,186
At 31 March 2018	285,244	64,069	26,389	556,352	22,827	47,966	1,002,847
At 31 March 2019	323,212	80,437	15,317	442,988	10,850	39,086	911,890

* Included in computers is software with net book value of $276,001 (2018: $233,620, 2017: $19,162).

As at 31 March 2019, the net carrying amount of motor vehicles of the Group held under hire-purchase agreements is $290,476 (2018: $432,667, 2017: $171,523) which are pledged as security for the related hire-purchase liabilities. As at 31 March 2018, motor vehicle acquisition under hire-purchase amounted to $238,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

11. Property, plant and equipment (Continued)

	Computers* $	Office equipment $	Furniture and fittings $	Motor vehicles $	Renovation $	Warehouse equipment $	Total $
Company							
Cost							
At 1 April 2016	412,780	379,392	337,341	923,628	335,841	26,041	2,415,023
Additions	46,816	2,532	5,740	51,452	–	3,874	110,414
At 31 March 2017 and 1 April 2017	459,596	381,924	343,081	975,080	335,841	29,915	2,525,437
Additions	261,979	1,865	–	387,301	–	2,874	654,019
Disposal	–	–	–	(322,486)	–	–	(322,486)
At 31 March 2018	721,575	383,789	343,081	1,039,895	335,841	32,789	2,856,970
Additions	123,291	47,403	–	27,376	–	2,933	201,003
Disposal	–	–	–	–	–	–	–
At 31 March 2019	844,866	431,192	343,081	1,067,271	335,841	35,722	3,057,973
Accumulated depreciation							
At 1 April 2016	380,301	322,748	309,675	701,768	295,896	25,867	2,036,255
Charge for the year	23,515	20,103	10,583	68,853	13,346	2,500	138,900
At 31 March 2017 and 1 April 2017	403,816	342,851	320,258	770,621	309,242	28,367	2,175,155
Charge for the year	51,503	18,335	10,466	73,416	13,420	2,278	169,418
Disposal	–	–	–	(322,486)	–	–	(322,486)
At 31 March 2018	455,319	361,186	330,724	521,551	322,662	30,645	2,022,087
Charge for the year	99,656	24,045	8,811	130,135	11,697	3,943	278,287
Disposal	–	–	–	–	–	–	–
At 31 March 2019	554,975	385,231	339,535	651,686	334,359	34,588	2,300,374
Net carrying amount							
At 31 March 2017	55,780	39,073	22,823	204,459	26,599	1,548	350,282
At 31 March 2018	266,256	22,603	12,357	518,344	13,179	2,144	834,883
At 31 March 2019	289,891	45,961	3,546	415,585	1,482	1,134	757,599

* Included in computers is software with net book value of $268,627 (2018: $232,193, 2017: $17,718).

As at 31 March 2019, the net carrying amount of motor vehicles of the Company held under hire-purchase agreements amounted to $290,476 (2018: $432,667, 2017: $156,255) which are pledged as security for the related hire-purchase liabilities. As at 31 March 2018, motor vehicle acquisition under hire-purchase amounted to $238,000.

12. Investment in subsidiaries

	Company		
	31.3.2019	31.3.2018	1.4.2017
	$	$	$
Unquoted equity shares, at cost	**7,697,959**	7,697,959	7,697,959
Less: Impairment loss	**(7,578,777)**	(7,578,777)	(7,578,777)
	119,182	119,182	119,182

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest		
			31.3.19	31.3.18	1.4.2017
			%	%	%
Held by the Company					
Digital Hub Pte. Ltd. ("DHPL")[1]	Singapore	Distribution of computer peripherals and accessories	**100**	100	100
Ban Leong Technologies Sdn Bhd ("BLTM")[2]	Malaysia	Distribution of computer peripherals and accessories	**100**	100	100
Ban Leong Chin Inter Co., Ltd ("BLCI")[3]	Thailand	Distribution of computer peripherals and accessories	**60**	60	60
Ban Leong Technologies Australia Pty Ltd ("BLTA")[4]	Australia	Investment holding	**100**	100	100
宇扬(上海)投资咨询有限公司 (BLC (China) Limited) ("BLC")[4]	China	Distribution of corporate gift cards	**100**	100	100
AV Labs International Pte Ltd ("AV Labs")[4]	Singapore	Marketing and distribution of computer and hardware	**100**	100	100

1 Audited by Ernst & Young LLP, Singapore
2 Audited by Ernst & Young, Malaysia
3 Audited by Thiwan Auditing Office, Certified Accountant in Thailand
4 Unaudited management account is used for consolidation purposes

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12. Investment in subsidiaries (Continued)

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

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

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Foreign currency translation allocated to NCI
2019					
Ban Leong Chin Inter Co., Ltd ("BLCI")	Thailand	**40%**	**211,708**	**1,957,703**	**74,078**
2018					
Ban Leong Chin Inter Co., Ltd ("BLCI")	Thailand	40%	402,187	1,715,467	57,140
2017					
Ban Leong Chin Inter Co., Ltd ("BLCI")	Thailand	40%	231,668	1,256,140	59,935

Summarised financial information of Ban Leong Chin Inter Co. Ltd before intercompany eliminations of subsidiary with material non-controlling interests are as follows:

	31.3.2019 $	31.3.2018 $	1.4.2017 $
Summarised statement of comprehensive income			
Revenue	**16,340,923**	15,838,832	14,216,161
Profit before tax	**665,715**	1,241,631	716,343
Income tax expense	**(136,445)**	(236,163)	(137,173)
Profit for the year	**529,270**	1,005,468	579,170
Other comprehensive income	**(76,319)**	(142,850)	21,730
	452,951	862,618	600,900
Summarised balance sheet			
Current assets	**7,198,368**	6,102,725	4,364,923
Current liabilities	**(2,422,211)**	(1,954,527)	(1,363,583)
Net current assets	**4,776,157**	4,148,198	3,001,340
Non-current assets	**118,101**	140,470	139,010
Net assets	**4,894,258**	4,288,668	3,140,350

13. Investment in unquoted equity shares

	Group 2019 $
At fair value through profit or loss	
– Equity securities (unquoted)	–

	Group 2018 $
Available-for-sale financial assets:	
Cost as at 1 April	514,616
Less: Impairment loss	(514,616)
Balance as at 31 March	–

In prior financial years, the Group subscribed for 273,476 ordinary shares, representing approximately 2.53% equity interest, in Avantouch Systems Pte Ltd through its wholly-owned subsidiary, AV Labs International Pte Ltd. The amount was fully impaired because the recoverable value was assessed to be lower than the cost of investment. No transitional adjustment was recorded as at 1 April 2018 as the fair value of the unquoted equity securities approximates the cost less impairment loss as at 31 March 2018 based on the financial position of the investee. As at 31 March 2019, the fair value of the unquoted equity securities approximates $Nil based on the going concern assessment of the investee.

14. Investment in joint venture

	Group and Company		
	31.3.2019 $	31.3.2018 $	1.4.2017 $
Unquoted equity shares, at cost	–	10,235	10,235
Less: Impairment loss	–	(10,235)	(10,235)
	–	–	–

The details of the jointly-controlled entity are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest		
			31.3.19 %	31.3.18 %	1.4.2017 %
Held by the Company					
eGear Inc Ltd ("eGear Inc")	Hong Kong	Marketing and distribution of electronic accessories	**50**	50	50

The summarised financial information of the joint venture has not been presented as it is immaterial and accordingly not equity accounted for in the Group's consolidated statement of comprehensive income. The Group does not have proportionate share of losses, contingent liabilities and commitments beyond its cost of investments. As at 31 March 2019, the investment in joint venture has been struck off.

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15. Deferred tax assets/(liabilities)

Deferred tax as at 31 March relates to the following:

	Consolidated balance sheet			Consolidated income statement		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$	$	$	$	$	$
Group						
Deferred tax assets						
– provisions	**45,711**	46,019	58,503	308	12,484	35,757
– unutilised tax losses	**–**	–	185,179	–	185,179	(84,071)
– other items	**25,693**	25,206	8,594	(487)	(16,612)	(15,080)
	71,404	71,225	252,276	(179)	181,051	(63,394)
Deferred tax liabilities						
– difference in depreciation for tax purposes	**(29,121)**	(29,121)	(29,121)	–	–	12,779
Deferred income tax				(179)	181,051	(50,615)

	Balance sheet		
	31.3.2019	31.3.2018	1.4.2017
	$	$	$
Company			
Deferred tax liabilities			
– difference in depreciation for tax purposes	**(29,121)**	(29,121)	(29,121)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $Nil (2018: $474,000, 2017: $1,052,000) that are available for offset against taxable future profits of a company in which the losses arose. In prior years, no deferred tax asset was recognised due to uncertainty of its recoverability.

Unrecognised temporary differences relating to investment in subsidiaries

At the end of the reporting period, no deferred tax liability (2018: Nil, 2017: Nil) has been recognised for taxes that would be payable on the undistributed earnings of overseas subsidiaries as the Group has determined that undistributed earnings of its overseas subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax has been recognised aggregate to $4,651,000 (2018: $4,121,000, 2017: 3,116,000). The deferred tax liability is estimated to be $465,000 (2018: $412,100, 2017: 311,600).

Tax consequences of proposed dividends

There are no income tax consequences (2018: Nil, 2017: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 28).

16. Intangible assets

	Trademark $
Group	
Cost:	
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	176,774
Accumulated amortisation and impairment:	
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	176,774
Net carrying amount:	
At 31 March 2018	–
At 31 March 2019	**–**

Trademarks

Trademarks were acquired in a business combination. The useful life of trademarks was estimated to be 5 years.

17. Inventories

	Group			Company		
	31.3.2019 $	31.3.2018 $	1.4.2017 $	31.3.2019 $	31.3.2018 $	1.4.2017 $
Balance sheet:						
Finished goods	**25,511,424**	22,956,528	18,739,810	**13,471,063**	13,211,496	11,028,866

	Group		
	31.3.2019 $	31.3.2018 $	1.4.2017 $
Statement of comprehensive income:			
Inventories recognised as an expense in cost of sales	**139,241,918**	140,287,593	125,662,923
Inclusive of the following charge:			
– Inventories written-down	**305,358**	532,140	735,261

18. Trade receivables

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$	$	$	$	$	$
Third parties	**21,787,767**	21,504,559	21,598,809	**13,625,200**	14,770,643	16,116,000
Amounts due from subsidiaries	**–**	–	–	**6,628,966**	5,104,307	5,426,029
Allowance for expected credit losses	**(345,164)**	(252,382)	(192,842)	**(263,746)**	(245,387)	(184,670)
	21,442,603	21,252,177	21,405,967	**19,990,420**	19,629,563	21,357,359

Trade receivables – third parties are non-interest bearing and on 30 to 90 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand. They are to be settled in cash.

Included in trade receivables of the Group and the Company are amounts denominated in foreign currencies as follows:

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$	$	$	$	$	$
United States dollars	**447,823**	1,040,483	2,613,149	**3,602,422**	2,732,277	3,242,235
Malaysian Ringgit	**2,532,554**	2,630,822	2,326,651	**–**	–	–
Thai Baht	**2,515,716**	2,016,258	1,764,228	**–**	–	–
	5,496,093	5,687,563	6,704,028	**3,602,422**	2,732,277	3,242,235

Trade receivables that are past due but not impaired

The Group and Company have trade receivables amounting to $6,095,776 and $9,029,891 (2018: $6,364,437 and $8,212,410, 2017: $8,253,828 and $7,936,135) respectively that are past due at the end of reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of reporting period is as follows:

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$	$	$	$	$	$
Trade receivables past due but not impaired:						
Less than 30 days	**4,843,915**	4,147,681	5,835,059	**2,796,783**	3,359,134	4,622,602
30 – 60 days	**776,118**	1,369,338	1,664,457	**3,715,637**	2,178,999	1,993,735
61 – 90 days	**261,141**	354,485	345,418	**1,222,744**	2,054,639	862,019
91 – 120 days	**140,920**	43,931	255,440	**537,641**	188,115	292,041
More than 120 days	**73,682**	449,002	153,454	**757,086**	431,523	165,738
	6,095,776	6,364,437	8,253,828	**9,029,891**	8,212,410	7,936,135

18. Trade receivables (Continued)

Trade receivables that are impaired

The Group and Company's trade receivables that are individually impaired at the end of reporting period are as follows:

	Group		Company	
	31.3.2018	1.4.2017	31.3.2018	1.4.2017
	$	$	$	$
Third parties – nominal amounts	252,382	192,842	240,902	180,185
Amounts due from subsidiaries – nominal amounts	–	–	4,485	4,485
Allowance for impairment	(252,382)	(192,842)	(245,387)	(184,670)
	–	–	–	–

Trade receivables that are individually determined to be impaired at the end of reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The movement of the allowance accounts used to record the impairment are as follows:

		Group			Company	
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$	$	$	$	$	$
Movement in allowance accounts:						
At 1 April	**252,382**	192,842	143,845	**245,387**	184,670	7,821,530
Effect of adopting SFRS(I) 9	**62,784**	–	–	**62,784**	–	–
Expected credit losses for the year	**116,394**	63,041	111,107	**31,237**	63,041	104,140
Written off	**(86,396)**	(3,520)	(60,501)	**(75,662)**	(2,324)	(7,741,000)
Exchange differences	**–**	19	(1,609)	**–**	–	–
At 31 March	**345,164**	252,382	192,842	**263,746**	245,387	184,670

19. Other receivables and deposits

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$	$	$	$	$	$
Other receivables and deposits (current)						
Other receivables	**2,616,742**	1,173,758	502,565	**1,797,292**	923,665	196,487
Right of return assets	**171,648**	125,080	253,565	**119,609**	83,778	231,016
Deposits	**91,239**	100,827	83,822	**8,532**	16,364	17,557
Amounts due from subsidiaries	**–**	–	–	**75,029**	136,585	135,100
Total	**2,879,629**	1,399,665	839,952	**2,000,462**	1,160,392	580,160
Other receivables (non-current)						
Investment in convertible note	**2,000,000**	2,000,000	–	**–**	–	–
Amount due from a subsidiary	**–**	–	–	**1,820,000**	1,820,000	–
Total	**2,000,000**	2,000,000	–	**1,820,000**	1,820,000	–
Total other receivables and deposits	**4,879,629**	3,399,665	839,952	**3,820,462**	2,980,392	580,160

Other receivables include marketing receivables from suppliers.

Amounts due from subsidiaries are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

Investment in convertible note

On 29 March 2017, the Group's wholly owned subsidiary, AV Labs International Pte. Ltd. ("AV Labs"), entered into a convertible notes agreement with Bluedge International Limited ("Bluedge") and Mr Guo Tiesheng, a major shareholder of Bluedge, to subscribe convertible notes for an aggregate principal amount of $2 million. The transaction was completed on 6 April 2017. The convertible notes earn interest at 9% per annum and is redeemable on 5 April 2020.

The convertible notes may be converted in part or in whole at AV Labs' discretion into shares three years from the completion date. AV Labs is not obliged to convert the convertible notes and may elect to redeem upon maturity. The redemption amount payable would be the principal amount plus any accrued and unpaid interest based on the principal amount up to the date of actual repayment of the redemption amount. At the date of this financial statements, no such conversion has taken place.

The convertible notes are classified and measured at fair value through profit or loss ("FVPL").

20. Cash and cash equivalents

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$	$	$	$	$	$
Cash at banks and on hand	**13,194,085**	14,472,135	13,842,236	**10,062,825**	10,930,880	12,070,354
Short-term deposit	**300,000**	300,000	300,000	**300,000**	300,000	–
Cash and cash equivalents	**13,494,085**	14,772,135	14,142,236	**10,362,825**	11,230,880	12,070,354

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposit are made for three months and earn interest at the rate of 1.48% (2018: 0.98%, 2017: 0.78%).

Included in cash and cash equivalents of the Group and the Company are amounts denominated in foreign currencies as follows:

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$	$	$	$	$	$
United States dollars	**1,198,179**	1,155,524	1,106,087	**686,751**	761,526	1,047,889
Malaysian ringgit	**885,524**	610,797	376,027	**–**	–	–
Thai baht	**1,565,417**	1,887,330	957,093	**–**	–	–
Australian dollars	**41,272**	43,054	144,714	**41,272**	43,054	144,714
	3,690,392	3,696,705	2,583,921	**728,023**	804,580	1,192,603

21. Trade payables

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$	$	$	$	$	$
Third parties	**23,338,529**	22,675,087	21,525,467	**18,074,397**	17,768,958	18,844,442
Amount due to a subsidiary	**–**	–	–	**661,215**	395,725	–
	23,338,529	22,675,087	21,525,467	**18,735,612**	18,164,683	18,844,442

Trade payables – third parties are non-interest bearing and have an average term of 30 to 60 days' terms.

Amount due to a subsidiary is unsecured, non-interest bearing, repayable upon demand and is to be settled in cash.

21. Trade payables (Continued)

Included in trade payables of the Group and the Company are amounts denominated in foreign currencies as follows:

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$	$	$	$	$	$
United States dollars	**7,397,295**	7,001,060	6,791,876	**4,333,098**	4,353,003	4,511,638
Malaysian ringgit	**219,226**	384,457	363,011	**–**	–	–
Euro	**24,163**	48,307	–	**–**	–	–
Thai baht	**19,401**	10,508	–	**–**	–	–
	7,660,085	7,444,332	7,154,887	**4,333,098**	4,353,003	4,511,638

22. Bills payable to banks (unsecured)
Short-term loans

Bills payable to banks have repayment terms of approximately 30 to 120 days'. Bills payable to banks bear interest at average rates at 2.59% (2018: 2.32%, 2017: 1.84%) per annum.

Short-term loans have repayment terms of approximately 30 to 180 days'. Short-term loans bear interest at average rates at 2.75% (2018: 2.11%) per annum.

23. Other payables and accruals

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$	$	$	$	$	$
Other payables	**4,053,389**	3,037,202	2,604,179	**2,961,903**	1,814,590	1,722,462
Refund liability	**185,958**	137,482	274,393	**128,250**	90,081	249,205
Accrued operating expenses	**2,042,424**	2,143,315	1,161,964	**1,581,783**	1,807,709	1,007,029
Amount due to a subsidiary	**–**	–	–	**1,474,318**	1,375,015	1,458,854
	6,281,771	5,317,999	4,040,536	**6,146,254**	5,087,395	4,437,550

Other payables include marketing rebates to be claimed from suppliers and freight charges.

Amount due to a subsidiary is unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

24. Hire-purchase liabilities

The Group and the Company have purchased motor vehicles under hire-purchase agreements. There are no restrictions placed upon the Group by entering into these agreements. These agreements have an average life of 3 to 7 years (2018: 3 to 7 years, 2017: 3 to 5 years) with an option to purchase at the end of the hire-purchase term. The weighted average effective interest rate implicit in the hire-purchase agreement is 4.65% (2018: 3.75% to 4.65%, 2017: 3.75% to 5.40%) per annum. The outstanding amount of hire-purchase obligations is secured by way of a legal mortgage on the underlying assets under hire-purchase agreements.

The future minimum payments under hire-purchase agreements to acquire motor vehicles are as follows:

	Group		Company	
	Total minimum payments $	Present value of payments $	Total minimum payments $	Present value of payments $
31.3.2019				
Within one year	**39,912**	**31,096**	**39,912**	**31,096**
After one year but not later than five years	**159,648**	**139,906**	**159,648**	**139,906**
Later than five years	**33,193**	**32,501**	**33,193**	**32,501**
	192,841	**172,407**	**192,841**	**172,407**
Total minimum hire-purchase payments	**232,753**	**203,503**	**232,753**	**203,503**
Less: Amounts representing finance charges	**(29,250)**	**–**	**(29,250)**	**–**
Present value of minimum hire-purchase payments	**203,503**	**203,503**	**203,503**	**203,503**
31.3.2018				
Within one year	71,538	60,814	71,538	60,814
After one year but not later than five years	159,648	133,549	159,648	133,549
Later than five years	73,105	69,954	73,105	69,954
	232,753	203,503	232,753	203,503
Total minimum hire-purchase payments	304,291	264,317	304,291	264,317
Less: Amounts representing finance charges	(39,974)	–	(39,974)	–
Present value of minimum hire-purchase payments	264,317	264,317	264,317	264,317
1.4.2017				
Within one year	116,425	107,056	114,049	104,710
After one year but not later than five years	41,710	38,839	41,710	38,839
Total minimum hire-purchase payments	158,135	145,895	155,759	143,549
Less: Amounts representing finance charges	(12,240)	–	(12,210)	–
Present value of minimum hire-purchase payments	145,895	145,895	143,549	143,549

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25. Share capital, returned and treasury shares

(a) Share capital

	Group and Company					
	31.3.2019		31.3.2018		1.4.2017	
	No. of shares	$	No. of shares	$	No. of shares	$
Issued and fully paid ordinary share						
At 1 April and 31 March	**117,181,818**	**11,173,106**	117,181,818	11,173,106	117,181,818	11,173,106

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

(b) Returned and treasury shares

	Group and Company					
	31.3.2019		31.3.2018		1.4.2017	
	No. of shares	$	No. of shares	$	No. of shares	$
Returned shares	**681,818**	**104,822**	681,818	104,822	681,818	104,822
Treasury shares	**2,577,000**	**570,703**	1,278,000	259,824	1,278,000	259,824
	3,258,818	**675,525**	1,959,818	364,646	1,959,818	364,646

Returned shares relate to 681,818 ordinary shares of the Company that was transferred from Christine Anne McGregor and Innovision Technology Australia Pty Ltd to the Company as a result of the compensation for the shortfall in guaranteed profits in prior years.

During the financial year, the Company acquired 1,299,000 ordinary shares of the Company through market purchases. The total amount paid to acquire the shares was $310,879.

26. Foreign currency translation reserve and other reserve

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Other reserve

Other reserve represents non-distributable amounts set aside in compliance with local laws of certain overseas subsidiary companies.

27. Dividends

	Group and Company 2019 $	Group and Company 2018 $
(a) *Declared and paid during the financial year:*		
Dividends on ordinary shares:		
Final one-tier tax exempt dividend 31 March 2018: 1.25 cent (31 March 2017: 1.0 cent) per share	**1,436,909**	1,152,220
Interim one-tier tax exempt dividend 31 March 2019: 0.5 cent (31 March 2018: 0.5 cent) per share	**569,615**	576,110
	2,006,524	1,728,330
(b) *Proposed but not recognised as a liability as at 31 March:*		
Final one-tier tax exempt dividend 31 March 2019: 1.0 cent (31 March 2018: 1.25 cent) per share	**1,139,230**	1,440,275

The directors of the Company recommend that a final one-tier tax exempt dividend of 1.00 cent per ordinary share amounting to $1,139,230 to be paid in respect of the financial year ended 31 March 2019. The proposed dividend, which is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company, has not been accrued as liability as at 31 March 2019.

28. Operating lease commitments – as lessee

The Group has entered into commercial leases for office and warehouse facilities as at 31 March 2019. These leases have remaining non-cancellable lease term of between 12 to 60 months with options for renewal. There are no restrictions placed upon the Group by entering into these leases. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Operating lease payments recognised as an expense in the consolidated statement of comprehensive income for the financial year ended 31 March 2019 amounted to $1,083,187 (2018: $914,186).

Future minimum lease payments payable under non-cancellable operating leases are as follows:

	Group		Company	
	2019 $	2018 $	2019 $	2018 $
Lease payables due: Not later than one year	**875,673**	861,901	**684,990**	599,366
Later than one year but not later than five years	**2,600,206**	258,764	**2,526,135**	–
	3,475,879	1,120,665	**3,211,125**	599,366

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29. Financial instruments

	Financial assets carried at amortised cost $	Financial assets at fair value through profit or loss $	Financial liabilities carried at amortised cost $	Total $
Group				
2019				
Assets				
Trade receivables	**21,442,603**	**–**	**–**	**21,442,603**
Other receivables and deposits	**2,879,629**	**–**	**–**	**2,879,629**
Other receivables	**–**	**2,000,000**	**–**	**2,000,000**
Investment in unquoted equity shares	**–**	*****	**–**	**–**
Cash and cash equivalents	**13,494,085**	**–**	**–**	**13,494,085**
Total financial assets	**37,816,317**	**2,000,000**	**–**	**39,816,317**
Total non-financial assets				**26,583,114**
Total assets				**66,399,431**
Liabilities				
Trade payables	**–**	**–**	**23,338,529**	**23,338,529**
Bills payables to bank (unsecured)	**–**	**–**	**1,400,863**	**1,400,863**
Short-term loans	**–**	**–**	**2,500,000**	**2,500,000**
Other payables and accruals	**–**	**–**	**6,281,771**	**6,281,771**
Hire-purchase liabilities	**–**	**–**	**203,503**	**203,503**
Total financial liabilities	**–**	**–**	**33,724,666**	**33,724,666**
Total non-financial liabilities				**595,307**
Total liabilities				**34,319,973**
2018				
Assets				
Trade receivables	21,252,177	–	–	21,252,177
Other receivables and deposits	1,399,665	–	–	1,399,665
Other receivables	2,000,000	–	–	2,000,000
Cash and cash equivalents	14,772,135	–	–	14,772,135
Total financial assets	39,423,977	–	–	39,423,977
Total non-financial assets				24,105,829
Total assets				63,529,806
Liabilities				
Trade payables	–	–	22,675,087	22,675,087
Bills payables to bank (unsecured)	–	–	1,898,616	1,898,616
Short-term loans	–	–	1,800,000	1,800,000
Other payables and accruals	–	–	5,317,999	5,317,999
Hire-purchase liabilities	–	–	264,317	264,317
Total financial liabilities	–	–	31,956,019	31,956,019
Total non-financial liabilities				760,440
Total liabilities				32,716,459

* Denotes amount of $Nil

29. Financial instruments (Continued)

	Financial assets carried at amortised cost $	Financial assets at fair value through profit or loss $	Financial liabilities carried at amortised cost $	Total $
Company				
2019				
Assets				
Trade receivables	**19,990,420**	**–**	**–**	**19,990,420**
Other receivables and deposits	**2,000,462**	**–**	**–**	**2,000,462**
Other receivables	**1,820,000**	**–**	**–**	**1,820,000**
Cash and cash equivalents	**10,362,825**	**–**	**–**	**10,362,825**
Total financial assets	**34,173,707**	**–**	**–**	**34,173,707**
Total non-financial assets				**14,396,332**
Total assets				**48,570,039**
Liabilities				
Trade payables	**–**	**–**	**18,735,612**	**18,735,612**
Bills payables to bank (unsecured)	**–**	**–**	**1,400,863**	**1,400,863**
Short-term loans	**–**	**–**	**2,500,000**	**2,500,000**
Other payables and accruals	**–**	**–**	**6,146,254**	**6,146,254**
Hire-purchase liabilities	**–**	**–**	**203,503**	**203,503**
Total financial liabilities	**–**	**–**	**28,986,232**	**28,986,232**
Total non-financial liabilities				**342,064**
Total liabilities				**29,328,296**
2018				
Assets				
Trade receivables	19,629,563	–	–	19,629,563
Other receivables and deposits	1,160,392	–	–	1,160,392
Other receivables	1,820,000	–	–	1,820,000
Cash and cash equivalents	11,230,880	–	–	11,230,880
Total financial assets	33,840,835	–	–	33,840,835
Total non-financial assets				14,206,551
Total assets				48,047,386
Liabilities				
Trade payables	–	–	18,164,683	18,164,683
Bills payables to bank (unsecured)	–	–	1,898,616	1,898,616
Short-term loans	–	–	1,800,000	1,800,000
Other payables and accruals	–	–	5,087,395	5,087,395
Hire-purchase liabilities	–	–	264,317	264,317
Total financial liabilities	–	–	27,215,011	27,215,011
Total non-financial liabilities				618,528
Total liabilities				27,833,539

30. Fair value of assets and liabilities

(a) Fair value hierarchy

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

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 – Unobservable inputs for the asset or liability.

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

(b) Assets and liabilities measured at fair value

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

	Significant unobservable inputs (Level 3) 2018 $	**Valuation Technique**	**Unobservable inputs**
Group			
Financial asset:			
Other receivables (non-current):			
Investment in convertible note	2,000,000	Discounted cash flow	Probability of exercising conversation option Discount rate

30. Fair value of assets and liabilities (Continued)

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

Trade receivables (Note 18), other receivables and deposits (Note 19), cash and cash equivalents (Note 20), trade payables (Note 21), bills payable to banks (unsecured) and short-term loans (Note 22), other payables and accruals (Note 23) and hire-purchase liabilities (Note 24).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

(d) Assets and liabilities not measured at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's and the Company's assets not measured at fair value, for which fair value is disclosed:

	Fair value measurements at the end of the financial year using			
	Significant unobservable inputs (Level 3) 2019 $	Carrying amount 2019 $	Significant unobservable inputs (Level 3) 2018 $	Carrying amount 2018 $
Group				
Asset:				
Other receivables (non-current):				
Investment in convertible note (Note @)	*	*	2,004,701	2,000,000
Company				
Asset:				
Other receivables (non-current):				
Amount due from a subsidiary (Note #)	1,748,346	1,820,000	1,749,778	1,820,000

* Denotes amount of $Nil

Determination of fair value

Note @: Fair value estimated by discounting expected future cash flows at a certain discount rate and taking into account the probability of exercising the conversation option.

Note #: Fair value estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the financial year.

31. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk and credit risk. The board of directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The following sections provide details the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their bills payable. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2018: less than 6 months) from the end of the reporting period.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 15 (2018: 15) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $4,857 (2018: $4,605) higher/lower, arising mainly as a result of lower/higher interest expense on bills payable and short-term loans.

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Singapore Dollar ("SGD"), Malaysian Ringgit ("MYR") and Thai Baht ("THB"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"). Approximately 26% (2018: 26%) of the Group's sales are denominated in foreign currencies whilst almost 27% (2018: 18%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivables and trade payables balances at the end of reporting period have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Thailand, Australia and China. The Group's net investments in foreign subsidiary companies are not hedged as currency positions in these respective currencies are considered to be long-term in nature.

31. Financial risk management objectives and policies (Continued)

(b) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, AUD, MYR and THB exchange rates (against SGD), with all other variables held constant.

		Group Profit before tax Increase/(decrease)	
		2019	2018
		$	$
USD	– strengthened by 3% (2018: 3%)	(172,539)	(144,152)
	– weakened by 3% (2018: 3%)	172,539	144,152
AUD	– strengthened by 3% (2018: 3%)	1,238	1,292
	– weakened by 3% (2018: 3%)	(1,238)	(1,292)
MYR	– strengthened by 3% (2018: 3%)	95,966	85,715
	– weakened by 3% (2018: 3%)	(95,966)	(85,715)
THB	– strengthened by 3% (2018: 3%)	121,852	116,792
	– weakened by 3% (2018: 3%)	(121,852)	(116,792)

(c) Liquidity risk

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

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks.

As at 31 March 2019, the Company has $23,200,000 (2018: $22,620,000) of undrawn committed borrowing facilities in respect of which all conditions precedent have been met.

(d) Credit risk

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

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

31. Financial risk management objectives and policies (Continued)

(d) Credit risk (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. Accordingly, the Group provides for lifetime expected credit losses for all trade receivables using the allowance for expected credit losses. Refer to Note 18 for disclosures on allowance for expected credit losses.

The allowance for ECL is established on the basis of making debtor specific impairment loss provision, which is based on the assessment of the ability of individual debtors, who are credit impaired, to pay and for remaining trade receivable balances, by determining the default rates to be applied against trade receivables after the specific impairment loss provision.

The assessment of the debtor's ability to pay are based on the age of the balances, payment history, status of negotiations with debtors and other external information available to management to assess the creditworthiness of the debtor. The default rates are based on the Group's historical credit loss experience, profiling customers by credit risk characteristics and are adjusted for forward-looking factors specific to the debtors and the economic environment.

Exposure to credit risk

At the end of the reporting period, the Group and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Credit risk concentration profile

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

	2019		2018	
	$	%	$	%
Group				
By country:				
Singapore	**16,252,370**	**76**	15,923,284	75
Malaysia	**2,531,779**	**12**	2,631,656	12
Thailand	**2,515,716**	**11**	2,016,258	10
China	**–**	**–**	629,799	3
Others	**122,738**	**1**	51,180	–
	21,422,603	**100**	21,252,177	100

At the end of the reporting period, approximately:

– 26% (2018: 35%) of the Group's trade receivables were due from top 5 trade debtors located in Singapore.

31. Financial risk management objectives and policies (Continued)

(d) Credit risk (Continued)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18 (trade receivables).

32. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2019 and 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group aims to keep the gearing ratio at a minimal level. The Group includes within net debt, trade and other payables and accruals, bills payable, short-term loans, hire-purchase liabilities, less cash and cash equivalents. Capital includes equity attributable to owners of the Company.

	Group	
	2019	**2018**
	$	**$**
Trade payables	**23,338,529**	22,675,087
Bills payable to banks (unsecured)	**1,400,863**	1,898,616
Short-term loans	**2,500,000**	1,800,000
Other payables and accruals	**6,281,771**	5,317,999
Hire-purchase liabilities	**203,503**	264,317
Less: Cash and cash equivalents	**(13,494,085)**	(14,772,135)
Net debt	**20,230,581**	17,183,884
Equity attributable to owners of the Company, representing total capital	**30,121,756**	29,097,880
Capital and net debt	**50,352,337**	46,281,764
Gearing ratio	**40%**	37%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

33. Segment information

For management purposes, the Group is organised into business units based on their products and services and is organised into 3 main operating segments, namely:

(a) Multimedia

Audio and visual products, such as ear phones, speakers, cameras and commercial and consumer displays.

(b) Data storage

Products that are used in the storage of data such as cloud drives, HDD enclosures, Blu-ray and portable DVD-RW.

(c) IT accessories

PC-related accessories such as computer systems, components, peripherals, printers, mobile products from wearables, accessories and powerpacks. New categories include smart home solutions and robotics.

There are no sales between business segments.

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

Depreciation, amortisation, capital expenditure, other non-cash expenses and other assets and liabilities cannot be directly attributable to individual segments and it is impractical to arbitrarily allocate them to the segments except for inventories.

Capital expenditure relates to additions to property, plant and equipment and intangible assets.

Other non-cash items relates to movement in gain on disposal of property, plant and equipment, property, plant and equipment written off, allowance for expected credit losses, trade receivables written off and allowance for inventory to net realisable value.

33. Segment information (Continued)

	IT accessories		Multimedia		Data Storage		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	$	$	$	$	$	$	$	$
Sales to external customers	63,331,002	52,198,583	93,504,295	103,480,437	779,071	2,929,969	157,614,368	158,608,989
Profit from operating activities	2,571,092	3,345,691	2,010,247	3,147,782	17,477	53,781	4,598,816	6,547,254
Finance costs							(109,657)	(117,494)
Finance income							9,515	8,327
Profit before tax							4,498,674	6,438,087
Income tax (expense)/ benefit							(796,795)	(594,708)
Profit for the year							3,701,879	5,843,379
Assets and liabilities:								
Inventories	11,938,917	8,968,768	13,474,091	13,789,481	98,416	198,279	25,511,424	22,956,528
Unallocated assets							40,888,007	40,573,278
Total assets							66,399,431	63,529,806
Unallocated liabilities							34,319,973	32,716,459
Total liabilities							34,319,973	32,716,459
Other segment information								
Depreciation of property, plant and equipment							340,596	234,314
Capital expenditure							248,799	713,017
Other non-cash expenses, net							422,082	503,278

33. Segment information (Continued)

Discontinued operation relates to IT accessories and multimedia.

Geographical segments

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

	Revenue		Non-current assets	
	2019	2018	2019	2018
	$	$	$	$
Singapore	**117,337,659**	119,588,052	**2,759,464**	2,838,239
Malaysia	**21,369,673**	20,402,103	**105,730**	95,364
Thailand	**16,348,686**	14,221,751	**118,100**	140,469
China	**–**	1,514,663	**–**	–
Asia[1]	**1,144,278**	2,028,419	**–**	–
Others[2]	**1,414,072**	854,001	**–**	–
	157,614,368	158,608,989	**2,983,294**	3,074,072

(1) Asia includes Vietnam, Taiwan, Korea, Mongolia, Pakistan, India, Bangladesh, Nepal, Japan, Hong Kong and Asean member countries excluding Singapore, Malaysia and Thailand.

(2) Others include countries such as Africa, America, Saudi Arabia and United Arab Emirates, Israel and Sweden.

Non-current assets information presented above consists of property, plant and equipment, intangible assets, investment in unquoted shares, other receivables and deferred tax assets as presented in the consolidated balance sheet.

34. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 1 July 2019.

ANALYSIS OF SHAREHOLDINGS

AS AT 24 JUNE 2019

Range of Shareholdings	Number of Shareholders	Percentage* %	No of Shares	Percentage* %
1 – 99	0	0.00	0	0.00
100 – 1,000	32	8.53	27,700	0.02
1,001 – 10,000	161	42.93	940,300	0.83
10,001 – 1,000,000	166	44.27	15,886,900	13.95
1,000,001 and above	16	4.27	97,068,100	85.20
TOTAL	375	100.00	113,923,000	100.00

Number of issued ordinary shares : 117,181,818

Number of Treasury shares : 2,577,000

Number of returned shares : 681,818

MAJOR SHAREHOLDERS AS AT 24 JUNE 2019

No	Name of Shareholder	Number of Shares Held	Percentage* %
1	Wang Wei	28,281,000	24.82
2	Teng Woo Boon	26,066,000	22.88
3	Teng Kim Sui	6,902,000	6.06
4	Kim Seng Holdings Pte Ltd	4,999,000	4.39
5	Loh Yih	4,500,000	3.95
6	Chng Hock Huat	4,008,000	3.52
7	Cheung Miu Yin	3,800,000	3.34
8	Teo Su Ching	3,208,000	2.82
9	Neo Gim Kiong	3,094,100	2.72
10	Lo Yew Seng	2,966,000	2.60
11	Hong Leong Finance Nominees Pte Ltd	2,781,800	2.44
12	Kelvin Kwok Ying Choy	1,836,200	1.61
13	Ang Chai Ling (Hong Cailing)	1,500,000	1.32
14	Wong Kahoe	1,083,000	0.95
15	Ng Poh Kheng	1,035,000	0.91
16	Yu Lihong	1,008,000	0.88
17	Yeo Siong Chan	948,600	0.83
18	OCBC Securities Private Ltd	794,200	0.70
19	Iwan Rushli @ Lie Tjin Van	700,000	0.61
20	UOB Kay Hian Pte Ltd	682,018	0.60
		100,192,918	87.95

* The percentage of issued ordinary shares is calculated based on the number of issued ordinary excluding the treasury shares and returned shares

ANALYSIS OF **SHAREHOLDINGS**

AS AT 24 JUNE 2019

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY'S SHARES

The shareholdings of the Substantial Shareholders as shown in the Register of Substantial Shareholders as at 24 June 2019:–

	Direct Interest		Deemed Interest		Total Interest	
Substantial Shareholders	**No of Shares**	**%**	**No of Shares**	**%**	**No of Shares**	**%**
Wang Wei	28,281,000	24.82			28,281,000	24.82
Teng Woo Boon	26,066,000	22.88	3,208,000	2.82	29,274,000	25.70
Teng Kim Sui	6,902,000	6.06			6,902,000	6.06

[1] Teng Woo Boon is deemed to be interested through 3,208,000 shares held by his spouse, Teo Su Ching.

SHAREHOLDING HELD IN PUBLIC HANDS

The percentage of shareholdings held in the hand of public was approximately 33.70% as at 24 June 2019 and hence the Company has complied with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ban Leong Technologies Limited (the "**Company**") will be held at 150 Ubi Avenue 4, #04-01 Ubi Biz-Hub, Singapore 408825 on Friday, 26 July 2019 at 10.00 a.m. to transact the following businesses:–

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2019 and the Directors' Statement together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To declare a tax exempt (one-tier) final dividend of 1.0 Singapore cent per ordinary share in respect of the financial year ended 31 March 2019. **(Resolution 2)**

3. To approve the proposed Directors' fees of S$152,000 for the financial year ended 31 March 2019. (FY2018: S$152,000) **(Resolution 3)**

4. To re-elect the following Directors of the Company who are retiring by rotation in accordance with Articles 107 and 108 of the Constitution of the Company:–

   (a) Mr Ronald Teng Woo Boon **(Resolution 4)**
   (b) Mr Lo Yew Seng **(Resolution 5)**

5. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

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

SPECIAL BUSINESS

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

7. **Authority to Allot and Issue Shares**

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

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

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

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

   (1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% of the total number of issued Shares in the capital of the Company, excluding treasury shares,

subsidiary holdings and returned shares, if any (as calculated in accordance with paragraph (2) below), and provided further that where shareholders of the Company ("**Shareholders**") are not given the opportunity to participate in the same on a pro-rata basis ("**non pro-rata basis**"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of issued Shares in the capital of the Company, excluding treasury shares, subsidiary holdings and returned shares, if any [as calculated in accordance with paragraph (2) below];

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares, excluding treasury shares, subsidiary holdings and returned shares, shall be based on the total number of issued Shares of the Company, excluding treasury shares, subsidiary holdings and returned shares, at the time such authority was conferred, after adjusting for:

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

(b) new Shares arising from the exercising of share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and

(c) any subsequent consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

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

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

(Resolution 7)

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

"That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Rules of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Rules), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Addendum to Annual Report dated 11 July 2019 (the "**Addendum**") with any party who fall within the classes of interested persons described in the Addendum, provided that such transactions are made on normal commercial terms and are not prejudicial to the interest of the Company or its minority shareholders, and in accordance with the review procedures for such interested person transactions as set out in the Addendum (the "**IPT Mandate**");

NOTICE OF ANNUAL GENERAL MEETING

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next annual general meeting of the Company is held or required by law to be held; and

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution." **(Resolution 8)**

9. **Renewal of Share Buy Back Mandate**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, the authority conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire issued Ordinary Shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider it, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy Back Mandate**"),

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of the Shares pursuant to the Share Buy Back Mandate are carried out to the full extent mandated.

(c) in this Resolution:

"**Maximum Limit**" means that number of issued Ordinary Shares representing 10% of the total number of the issued Ordinary Shares (excluding treasury shares, subsidiary holdings and returned shares) as at the date of the passing of this Resolution;

"**Maximum Price**", in relation to an Ordinary Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:–

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase, 120% of Average Closing Price (as defined hereinafter), pursuant to an equal access scheme

NOTICE OF
ANNUAL GENERAL MEETING

"**Average Closing Price**" means the average of the closing market prices of a Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Rules for any corporate action which occurs after the relevant five Market Days;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution." **(Resolution 9)**

By order of the Board

Ong Bee Choo
Company Secretary

11 July 2019
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:–

Proposed Ordinary Resolution 4: Key information of Mr Ronald Teng Woo Boon, who is seeking re-election as a Director of the Company, is found on page 10 of the Annual Report. Details of the share interests of Mr Ronald Teng Woo Boon in the Company can be found on page 55 of the Annual Report. Mr Ronald Teng Woo Boon is the Managing Director of the Company and spouse of Ms Teo Su Ching, who is the Human Resource Director of the Company.

Proposed Ordinary Resolution 5: Key information of Mr Lo Yew Seng, who is seeking re-election as a Director of the Company, is found on page 11 of this Annual Report. Mr Lo Yew Seng will remain as Non-Executive Non-Independent Director and Member of the Audit Committee upon re-election as Director of the Company. Mr Lo Yew Seng holds 2.60% direct interest in the share capital of the Company and has no relationship with the Company or its substantial shareholders or its Directors.

Proposed Ordinary Resolution 7: If passed, will empower the Directors of the Company from the date of the above meeting to issue shares in the Company up to an amount not exceeding in total 50% of the total number of issued shares in the capital of the Company with a sub-limit of 20% other than on a pro-rata basis to shareholders for the time being for such purposes as they consider would be in the interest of the Company. The authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

Proposed Ordinary Resolution 8: If passed, will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate as described in the Addendum. The authority shall, unless revoked or varied by the Company in a general meeting, continue to be in force until the date that the next annual general meeting of the Company is held or required by law to be held.

Proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company from the date of the above meeting until the date of the next annual general meeting to purchase or acquire up to 10% of the issued ordinary share capital of the Company as at the date of the passing of this Resolution. Details of the proposed Share Buy Back Mandate are set out in the Addendum to the Annual Report.

(i) As at the date of this Notice, the Company has purchased a total of 2,577,000 shares by way of market acquisition at an aggregate consideration of S$570,703.28.

(ii) The amount of financing required for the Company to further purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as this will depend on the number of the shares purchased or acquired and the price at which such shares were purchased or acquired.

(iii) The financial effects of the purchase or acquisition of shares by the Company pursuant to the proposed Share Buy Back Mandate on the Group's audited financial statements for the financial year ended 31 March 2019 are set out in the Addendum to the Annual Report and are for illustration only.

Notes:–

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

(2) A Relevant Intermediary may appoint more than two proxies provided that each proxy must be appointed to exercise the rights attached to different shares held by him (which number and class of shares shall be specified).

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

(3) The instrument appointing a proxy must be duly deposited at the registered office of the Company at 150 Ubi Avenue 4, #04-01 Ubi Biz-Hub, Singapore 408825 not later than forty-eight (48) hours before the time appointed for the holding of the 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 AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

BAN LEONG TECHNOLOGIES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 199303898C)

IMPORTANT

1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap.50 of Singapore) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in the capital of Ban Leong Technologies Limited, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective agent Banks/SRS Operators if they any queries regarding their appointment as proxies.
3. **By submitting an instrument appointing a proxy (ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 July 2019.**

I/We* ______________________________ (name) ______________ NRIC/Passport No.)

of ____ (address)

being a member/members* of Ban Leong Technologies Limited (the "Company"), hereby appoint:–

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

and/or (delete where appropriate)

Name	NRIC/Passport No.	Proportion of Shareholding(s)	
		No. of Shares	%
Address			

as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at 150 Ubi Avenue 4, #04-01 Ubi Biz-Hub, Singapore 408825 on Friday, 26 July 2019 at 10.00 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 AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM and at any adjournment thereof. If no person is named in the above boxes, the Chairman of the AGM shall be *my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder, for *me/us and on *my/our behalf at the AGM and at any adjournment thereof.

No.	Resolutions	**For	**Against
ORDINARY BUSINESS			
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended 31 March 2019 and the Directors' Statement together with the Independent Auditors' Report thereon.		
2.	Approval of tax exempt (one-tier) final dividend of 1.0 Singapore cent per ordinary share for the financial year ended 31 March 2019.		
3.	Approval of the payment of proposed Directors' fees for the financial year ended 31 March 2019.		
4.	Re-election of Mr Ronald Teng Woo Boon as Director of the Company.		
5.	Re-election of Mr Lo Yew Seng as Director of the Company.		
6.	Re-appointment of Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
SPECIAL BUSINESS			
7.	Authority to Directors to allot and issue shares.		
8.	Renewal of the Interested Person Transactions Mandate.		
9.	Renewal of the Share Buy Back Mandate.		

* Delete accordingly
** Voting will be conducted by poll. Indicate your vote "For" or "Against" with a (✓) within the box provided. Alternatively, please indicate the number of votes "For" or "Against" next to each resolution.

Dated this _________ day of ______________, 2019

Total Number of Shares Held

____

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

IMPORTANT: Please read notes overleaf

Notes:–

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy, failing which the appointments will be deemed to have been made in the alternative.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, 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.

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

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

3. The instrument appointing a proxy or proxies must be signed by the appointor or his duly authorised attorney or if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised. Where a member of the Company appoints two proxies, it shall specify the proportion of its shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

4. 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 AGM, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be deposited at the registered office of the Company at 150 Ubi Avenue 4, #04-01 Ubi Biz-Hub, Singapore 408825 at least forty-eight (48) hours before the time appointed for the AGM.

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

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

8. The Company shall be entitled to reject an instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies which has been lodged if such member, being the appointor, is not shown to have shares entered against his name in the Depository Register at least 72 hours before the time appointed for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

AFFIX
POSTAGE
STAMP

The Company Secretary
BAN LEONG TECHNOLOGIES LIMITED
150 Ubi Avenue 4, #04-01, Ubi Biz-Hub
Singapore 408825

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

RONALD TENG WOO BOON
Managing Director

LOH YIH
Lead Independent Director

TAN ENG BOCK
Independent Director

NEO GIM KIONG
Independent Director

LO YEW SENG
Non-Executive Director

COMPANY SECRETARIES

ONG BEE CHOO
PAN MI KEAY

REGISTERED OFFICE AND BUSINESS ADDRESS

150 Ubi Avenue 4, #04-01 Ubi Biz Hub
Singapore 408825

REGISTRAR AND SHARE TRANSFER

M & C SERVICES PRIVATE LIMITED
112 Robinson Road, #05-01
Singapore 068902

AUDITORS AND REPORTING ACCOUNTANTS

ERNST & YOUNG LLP
One Raffles Quay, North Tower, Level 18
Singapore 048583

PARTNER-IN-CHARGE

SHEKARAN KRISHNAN
Appointed since financial year ended
31 March 2016

PRINCIPAL BANKERS

CITIBANK N.A.
8 Marina View #17-01
Asia Square Tower 1
Singapore 018960

DBS BANK LIMITED
12 Marina Boulevard, Level 45
DBS Asia Central
@ Marina Bay Financial Centre Tower 3
Singapore 018982

OVERSEA-CHINESE
BANKING CORPORATION LIMITED
63 Chulia Street #02-00
OCBC Centre East
Singapore 049514

UNITED OVERSEAS BANK LIMITED
80 Raffles Place #12-00
UOB Plaza
Singapore 048624

THE HONGKONG AND SHANGHAI BANKING CORPORATION
21 Collyer Quay #08-01
HSBC Building
Singapore 049320

Ban Leong
Technologies Limited

150 Ubi Ave 4, #04-01, Singapore 408825
Tel: (65) 6512 9221 Fax: (65) 6741 9295
Email: irexecutive@banleong.com.sg
www.banleong.com