

CPH Ltd.

2017

ANNUAL REPORT

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Ms Jennifer Tan, Senior Manager, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

CONTENTS

Chairman's Statement	2
Financial Review	3
Board of Directors	5
Key Executives	7
Corporate Information	8
Corporate Governance Report	9
Directors' Statement	29
Independent Auditor's Report	33
Statements of Financial Position	40
Consolidated Statement of Comprehensive Income	41
Consolidated Statement of Changes in Equity	42
Consolidated Statement of Cash Flows	43
Notes to the Financial Statements	44
Statistics of Shareholdings	98
Notice of Annual General Meeting	100
Proxy Form	

CHAIRMAN'S STATEMENT

Dear Shareholders,

The financial year ended 31 March 2017 ("FY2017") continued to reflect competitive market conditions encountered by the Group. Weak global demand affected the businesses of our customers, resulting in lower sales for us.

Key operational challenges faced by the Group during the financial year included rising labour costs and higher utilities expenses. Additionally, continual weakening of the Malaysian Ringgit led to higher imported raw material costs that added pressure to our profit margin. The unfavourable situation was further compounded by competitors in other countries with lower business costs who are able to offer relatively cheaper product alternatives to the market.

PERFORMANCE REVIEW

In view of the above factors, the Group recorded a 13.2% decrease in revenue to S$5.48 million in FY2017. Other income was lower by S$0.17 million to S$0.48 million due to lower rental rates for new leases coupled with vacant space not leased out during the financial year.

Gross profit declined from S$0.55 million registered in FY2016 to approximately just above breakeven while gross profit margin was lower due to lower sales recorded in the second half of FY2017 ("2H17") and the general under-utilisation of our production capacity. The depreciation of the Malaysian Ringgit and higher labour costs also contributed to the rise in cost of sales.

During the financial year, we took steps to optimise our inventory management operational efficiency and implemented certain cost control measures. We re-strategised our product mix and pricing policies to minimise the impact of margin erosion as we focused more on new products and parts instead of products that were less lucrative.

As a result of our cost-cutting initiatives, we managed to lower our selling and distribution expenses by S$0.01 million to S$0.06 million. Concurrently, the Group's administrative and other operating expenses also decreased from S$2.11 million in FY2016 to S$1.98 million in FY2017 largely due to reduced staff costs and other expenses. Finance costs decreased and exchange losses increased by S$0.01 million respectively during the financial year to S$0.01 million and S$0.32 million respectively.

The Group recorded a loss of S$0.10 million in its share of associates as a new restaurant outlet, which commenced operations a few months before the start of FY2017 has yet to contribute positively. Additionally, the Food & Beverage industry is also facing stiff competition, adding to the list of challenges.

With the above, we registered a loss before income tax of S$1.67 million in FY2017 against a loss of S$1.01 million in the previous financial year.

SEGMENTAL REVIEW

Sales registered across all regions were broadly lower in FY2017, with Malaysia suffering the biggest dip due to the added effect of a declining Malaysian Ringgit. Europe remained the largest revenue contributor to the Group, accounting for 62% of total revenue, followed by Asia (excluding Japan) and Japan in descending order.

LOOKING FORWARD

Although the Group has benefitted from increased business activities in early FY2018, we continue to maintain our prudence. We are actively seeking ways to enhance our revenue, while working to improve our gross profit margin. We will target new customers in Japan and Europe to grow our order book. At the same time, we are also exploring possible investment and expansion opportunities with strategic partners to diversify our business. Shareholders' approval shall be sought as and when the diversification significantly changes the risk profile of the Company. More updates will be provided and announced when there are material developments to the aforementioned.

Going forward, we remain cautious due to the uncertainties faced by the global economy. We expect and are preparing for some possible disruption to global trade arising from external political changes, which may affect the Group's business.

ACKNOWLEDGEMENTS

In 2H17, Mr. Ong Seng Gee stepped down from his position as Group Chairman and Non-Executive Director as required pursuant to his new appointment with a bank. On behalf of the Board of Directors, I would like to extend my appreciation to Mr Ong for his guidance and contribution towards the Group during his term and we wish him the very best in his future endeavours.

I would also like to thank the management and staff for their dedication and commitment to the Group during this challenging period. Last but not least, I would like to thank our customers, business associates and shareholders for their support over the years. I look forward to working together with everyone to improve the future performance of the Group.

Lee Teong Sang
Chairman

FINANCIAL REVIEW

REVENUE

The Group recorded a decrease in revenue of 13.2% for FY2017 which amounted to S$5.48 million as compared to S$6.32 million for FY2016 mainly due to lower demand from our customers. The weaker Malaysian currency also contributed to the decline as part of the revenue was billed in Malaysian Ringgit.

GROSS PROFIT

The Group's gross profit for FY2017 was approximately at breakeven as compared to S$0.55 million for FY2016. The decrease was the result of lower revenue and higher costs of imported raw materials.

OTHER INCOME

Other income in FY2017 decreased by S$0.17 million from S$0.65 million in FY2016 to S$0.48 million. The decrease was mainly attributed to the decrease in rental income of S$0.15 million as the rental rates were lower for the new leases coupled with vacant space not leased out during FY2017.

EXPENSES

Selling and distribution expenses reduced by S$0.01 million from S$0.07 million in FY2016 to S$0.06 million in FY2017. The Group's administrative and other operating expenses decreased from S$2.11 million in FY2016 to S$1.98 million in FY2017 mainly due to an allowance for impairment made on available-for-sale financial asset of S$0.10 million in FY2016, a reduction of S$0.02 million in staff costs and other administrative expenses respectively in FY2017. The Group's exchange loss was S$0.32 million in FY2017 as compared to S$0.31 million recorded in FY2016.

The Group's depreciation expenses for FY2017 was S$0.35 million, a decrease of S$0.06 million as compared to S$0.41 million recorded in FY2016 as certain plant and equipment were fully depreciated and there was no significant addition during FY2017.

The Group's finance costs decreased from S$0.02 million for FY2016 to S$0.01 million for FY2017.

LOSS BEFORE INCOME TAX

The Group recorded a loss of S$0.10 million in its share of results of associate for FY2017 as compared to S$0.001 million in FY2016 as the new outlet which commenced operations in the second half of FY2016 has yet to contribute positively to the investment.

There was no change in the fair value of the investment property based on the valuation done by an independent professional valuation firm for both FY2017 and FY2016.

As a result of the above, the Group recorded a loss before income tax of S$1.67 million for FY2017 as compared to a loss before income tax of S$1.01 million in FY2016.

STATEMENT OF FINANCIAL POSITION

The Group's property, plant and equipment decreased from S$1.62 million as at the end of FY2016 to S$1.20 million as at the end of FY2017 mainly due to depreciation charges of S$0.35 million, a translation exchange difference of S$0.11 million from the Malaysia's property, plant and equipment with a small addition of plant and equipment amounting to S$0.02 million.

Inventories reduced from S$1.65 million as at the end of FY2016 to S$1.33 million as at the end of FY2017 mainly due to lower sales turnover.

Trade and other receivables reduced from S$1.28 million as at the end of FY2016 to S$1.09 million as at the end of FY2017 in tandem with the lower revenue. Trade and other payables increased from S$1.00 million as at the end of FY2016 to S$1.12 million as at the end of FY2017 as the purchases were higher in the last few months of FY2017.

FINANCIAL REVIEW

The Group's working capital was S$3.97 million as at the end of FY2017 as compared to S$5.08 million as at the end of FY2016.

Bank borrowings which comprised mainly trust receipts increased from S$0.47 million as at end of FY2016 to S$0.60 million as at the end of FY2017 due to higher utilisation of the bank facilities in the last few months of FY2017.

The decrease in the Group's deferred tax liabilities of S$0.01 million was due to an overprovision of deferred tax liabilities in prior year.

CASH FLOW AND WORKING CAPITAL

Cash and cash equivalents decreased from S$3.60 million as at the end of FY2016 to S$3.26 million as at the end of FY2017.

The Group had an operating cash outflow of S$0.91 million before working capital changes for FY2017. Net cash used in operating activities in FY2017 amounted to S$0.43 million. During FY2017, trade and other receivables decreased by S$0.16 million, inventories decreased by S$0.20 million while S$0.13 million was recorded for the increased by trade and other payables.

Net cash from investing activities amounted to S$0.01 million in which S$0.02 million was used for the purchase of plant and equipment for the Group offset by interest received of S$0.03 million in FY2017.

Net cash from financing activities amounted to S$0.09 million in which net proceeds from trust receipts were S$0.13 million during FY2017, offset by a total of S$0.04 million used for repayment of finance lease and interest in FY2017.

BOARD OF DIRECTORS

LEE TEONG SANG
Independent, Non-Executive Chairman

Mr Lee Teong Sang was first appointed to the Board on 16 September 2004 and was last re-elected on 28 July 2016. Upon Mr Ong Seng Gee's retirement, Mr Lee was appointed on 1 December 2016 to succeed him as the Independent Non-executive Chairman of the Board. Mr Lee holds a Bachelor of Pharmacy Degree from the University of London and a Master of Business Administration Degree from the University of Sheffield, UK. Mr Lee has more than 20 years of working experience in banking, equity research and investor relations. He is currently the principal consultant of Cyrus Capital Consulting. Mr Lee is also an Independent Director of New Wave Holdings Ltd. and a director of Cyrus Corporation Pte Ltd and Kyrus Investment Pte. Ltd.

CHOO TUNG KHENG
Managing Director, Executive

Mdm Choo Tung Kheng was first appointed as Executive Director of the Company on 1 July 2011 and the appointment was approved at the following annual general meeting of the Company held on 29 July 2011. On 11 November 2011, she was appointed as Managing Director of the Group.

Mdm Choo has more than 15 years of experience in finance and accounting with local and multinational companies prior to her assuming the role of Executive Director of New Wave Holdings Ltd. from 21 June 2002 till 30 June 2011, after which she was redesignated as the Non-Executive Director.

Mdm Choo is responsible for the formulation of business strategies, implementation of system controls and policies, and the overall operations and financial management of the Group.

CHONG CHENG WHATT
Executive Director

Mr Chong Cheng Whatt, an Executive Director of the Company, was first appointed to the Board on 2 August 2010 and was last re-elected on 31 July 2014. Mr Chong has more than 25 years of working experience in printed circuit boards ("PCB") manufacturing and was the general manager of Circuits Plus (M) Sdn. Bhd. before his appointment to the Board. Currently, Mr Chong oversees the sales and operations of the PCB business in Malaysia.

ONG KIAN SOON
Non-Executive Director

Mr Ong Kian Soon was first appointed as an Executive Director of the Company on 29 December 1998. He was re-designated as the Non-Executive Director of the Company with effect from 1 July 2011 and was last re-elected on 28 July 2016. Mr Ong has more than 15 years of experience in the areas of accounting, finance, administration and sales prior to joining the Group. He is also an Executive Director of New Wave Holdings Ltd.

BOARD OF DIRECTORS

TITO SHANE ISAAC

Independent, Non-Executive Director

Mr Tito Shane Isaac was first appointed to the Board on 30 August 2006 and was last re-elected on 30 July 2015. Mr Isaac is a practicing advocate and solicitor with more than 20 years of experience in legal practice. He is the Managing Partner of Tito Isaac & Co LLP, a firm that provides a range of legal services including Commercial and Corporate Law, Intellectual Property Law, Civil and Criminal Litigation, Property, Family and Insurance Law. In 2006, Mr Isaac was admitted as a Fellow of the Singapore Institute of Arbitrators and in December 2008, he received the Minister for Law Appreciation Award. Mr Isaac is also the Independent Non-Executive Chairman of New Wave Holdings Ltd. and Independent Director of Hiap Tong Corporation Ltd.

LEE SENG CHAN

Independent, Non-Executive Director

Mr Lee Seng Chan was first appointed to the Board on 1 July 2011 and was last re-elected on 28 July 2016. Mr Lee is an accountant by training and is a Certified Public Accountant in practice. He is a member of the Institute of Singapore Chartered Accountants, a member of The Malaysian Institute of Accountants as well as a member of The Institute of Certified Public Accountants of Australia. Mr Lee is a senior and managing partner of UHY Lee Seng Chan & Co and has been in public accounting practice for the last 40 years. Mr Lee is also an Independent Director of New Wave Holdings Ltd.

KEY EXECUTIVES

GOH CHEE SENG
Group Quality Assurance Manager

Mr Goh Chee Seng graduated with a Bachelor's Degree in Mechanical Engineering from the University of Texas, Austin in 1984. He has been with the Company for more than 25 years and currently oversees the quality control and assurance aspects of the Group's PCB operations. His responsibilities include testing and evaluating samples in collaboration with laboratories and with customers, and ensuring that the quality of materials, processes and finished products meet stringent industry standards and comply with customers' requirements.

CHAI SEE SIONG
Assistant General Manager

Mr Chai See Siong graduated with a Bachelor's Degree in Social Works from Fu Jen University, Taiwan. Prior to joining the Group in 2005, he had 6 years of experience in sales of PCB products. Mr Chai oversees the sales and marketing functions of the Group in various geographical markets.

NG LAY CHOO
Financial Controller, Circuits Plus (M) Sdn. Bhd.

Ms Ng Lay Choo graduated from the University College Dublin, Republic of Ireland and is a Fellow of the Association of Chartered Certified Accountants. She has about 25 years of experience in audit, finance and administration. Ms Ng is responsible for the areas of finance and administration of the Group's subsidiary, Circuits Plus (M) Sdn. Bhd.

TAN YEAT CHIA
Corporate Services Manager

Mr Tan Yeat Chia holds a diploma in Business Information Technology from Temasek Polytechnic. He first joined the Company in January 2009 as Assistant Manager – Corporate Services and was promoted to his present position on 18 January 2012. Mr Tan assists the Executive Directors with the business development initiatives and provides support services which include monitoring and analysing financial and operational data of the Group.

Mr Tan is the son of Mdm Choo Tung Kheng, the Managing Director of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lee Teong Sang
(Chairman, Independent, Non-Executive)

Choo Tung Kheng
(Managing Director, Executive)

Chong Cheng Whatt
(Executive Director)

Ong Kian Soon
(Non-Executive Director)

Tito Shane Isaac
(Independent, Non-Executive Director)

Lee Seng Chan
(Independent, Non-Executive Director)

AUDIT COMMITTEE

Lee Teong Sang (Chairman)
Tito Shane Isaac
Ong Kian Soon

COMPANY SECRETARY

Ong Kian Soon

REGISTERED OFFICE

8 First Lok Yang Road
Singapore 629731
Tel: (65) 6268 6622
Fax: (65) 6264 1572/6261 9961

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITOR

BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778
Partner-in-charge: Goh Chern Ni
(Appointed since the financial year ended 31 March 2016)

PRINCIPAL BANKERS

United Overseas Bank Limited
Malayan Banking Berhad

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay,
#10-00 Income at Raffles
Singapore 049318

CORPORATE GOVERNANCE REPORT

CPH Ltd. (the "Company" or "CPH" and together with its subsidiaries, the "Group") is committed to maintaining good corporate governance to enhance and protect the interests of the Company's shareholders. The following report describes the Company's corporate governance practices with specific reference to the principles of the Code of Corporate Governance 2012 (the "Code") for the financial year ended 31 March 2017 ("FY2017") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") in January 2015 (the "Guide"). The Board of Directors of the Company (the "Board") is pleased to report on the compliance of the Company with the Code and the Guide except where otherwise stated and explained. Such compliance is regularly reviewed to ensure transparency and accountability.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Board is collectively responsible for the success of the Group and is accountable to its shareholders.

The functions of the Board include:

- deciding on strategic plans, key business initiatives, major investments and funding matters;
- monitoring the performance of the Management and reviewing the financial performance of the Group;
- implementing effective risk management systems;
- ensuring the adequacy of the internal controls;
- ensuring compliance with the Code, the Companies Act (Chapter 50) of Singapore ("Companies Act"), the Company's Constitution, the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") ("Rules of Catalist"), accounting standards and other relevant statutes and regulations;
- setting the Company's value and standards and ensuring that obligations to shareholders are understood and met; and
- considering sustainability issues.

The Board meets at least twice in a year to approve, amongst others, announcements of the Group's half year and full year financial results. The Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. Adhoc meetings are also convened as and when they are deemed necessary. As provided in the Company's Constitution, the Board may convene telephonic and videoconferencing meetings.

Other matters specifically reserved for the Board's approval are those involving material acquisitions and disposal of assets, corporate or financial restructuring, share issuances, dividends to shareholders and material interested person transactions exceeding 3% of the Group's net tangible assets.

To facilitate effective management, the Board delegates certain functions to the various Board committees whose actions are monitored and endorsed by the Board. These committees include the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively, the "Board Committees"), all of which operate within clearly defined terms of reference and functional procedures. Each of these Board Committees reports its activities regularly to the Board.

CORPORATE GOVERNANCE REPORT

The Company recognises the importance of appropriate training for its Directors. The Board ensures that incoming new Directors are familiarised with the Group's businesses and corporate governance practices upon their appointment, to facilitate the effective discharge of their duties. Newly appointed Directors will be provided a formal letter setting out their duties and obligations. The Company will also provide training for first-time Directors. Directors are constantly kept abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through participation in briefings, seminars and workshops. The training of Directors will be arranged and funded by the Company. There was no new Director appointed during FY2017.

Briefing and updates provided to the Directors for FY2017 include:

– briefing by the external auditor, BDO LLP, on the developments in financial reporting and governance standard at the half-yearly review meetings; and

– updates by the corporate secretarial agents on amendments to the Companies Act on requirements to maintain a register of registrable controllers and a register of nominee directors, as well as optional use of common seals.

The number of Board and Board Committee meetings held during FY2017 and the attendance of each Director are set out as follows:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings held[1]	No. of Meetings attended	No. of Meetings held[1]	No. of Meetings attended	No. of Meetings held[1]	No. of Meetings attended	No. of Meetings held[1]	No. of Meetings attended
Lee Teong Sang	2	2	2	2	2	2	1	1
Choo Tung Kheng	2	2	2	2*	2	2*	1	1*
Chong Cheng Whatt	2	2	2	2*	2	2*	1	1*
Ong Kian Soon	2	2	2	2*	2	2*	1	1*
Tito Shane Isaac	2	2	2	2	2	2	1	1
Lee Seng Chan	2	2	2	2*	2	2*	1	1*
Ong Seng Gee[2]	2	2	2	2	2	2	1	1

Notes:

(1) Represents the number of meetings held as applicable to each individual Director.

(2) Mr Ong Seng Gee resigned as a director of the Company with effect from 1 December 2016.

* Attendance at meetings that were held on a "By Invitation" basis.

Where necessary or appropriate, the Non-Executive Directors on the Board will meet without the presence of the Management. The Non-Executive Directors communicate regularly to discuss matters related to the Group, including the performance of the Management.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board currently comprises six (6) Directors, two (2) of whom hold executive positions:

Directors	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Lee Teong Sang	Independent Non-Executive Chairman	Chairman	Member	Chairman
Choo Tung Kheng	Managing Director	–	–	–
Chong Cheng Whatt	Executive Director	–	–	–
Ong Kian Soon	Non-Executive Director	Member	Member	Member
Tito Shane Isaac	Independent Non-Executive Director	Member	Chairman	Member
Lee Seng Chan	Independent Non-Executive Director	–	–	–

The Independent Directors made up half of the Board as at the end of FY2017.

The independence of each Director is reviewed annually by the Board through the NC. The NC adopts the Code's definition of what constitutes an Independent Director in its review. Each Independent Director is required to complete a Director's independent checklist annually to confirm his independence based on the guidelines as set out in the Code. All three (3) Independent Directors have confirmed that they are independent. The NC has reviewed and determined that all the three (3) Independent Directors are independent. In concurrence with the NC, the Board considers all the three Directors to be independent, including independence from the 10% shareholders* of the Company.

* *"10% shareholder" refers to a person who has an interest or interests in one or more voting shares in the Company and the total vote attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the Company. Voting shares exclude treasury shares.*

The NC has reviewed and is satisfied that the current composition and Board size is appropriate for effective decision making, having taken into consideration the nature and scope of the Group's operations. There are three (3) Independent Directors, who provide the Board with independent and objective judgment on corporate affairs of the Company. The requirement of the Code that at least one third of the Board comprises Independent Directors is satisfied.

CORPORATE GOVERNANCE REPORT

Should the need arise to appoint new Directors, the Board's policy in identifying Director nominees is to ensure an appropriate mix of complementary skills, core competencies and experiences within the Board. Currently, the Board comprises Directors who are qualified and experienced in various fields including business and management, accounting and finance, investor relations and legal practices. Their core competencies and gender distribution are tabled below:–

Balance and Diversity of the Board		
	Number of Directors	**Proportion of Board (%)**
Core Competencies		
– Business and management	6	100
– Legal	1	17
– Industry knowledge and experience	3	50
– Investor relations	1	17
Gender		
– Male	5	83
– Female	1	17

The balance and diversity of the Board is reviewed annually by the NC. The NC will assess if the existing attributes and core competencies of the Board are complementary and help enhance the efficiency of the Board by conducting an annual evaluation of the Board and individual Director through use of appraisal forms for each Director to complete. The data collected is then used by the NC to assess if the Board has the right mix of expertise, gender, experience and skills for effective decision making and to ensure balance of power so that no one party dominates the decision making process. The NC also seeks to identify any area of expertise that may be lacking by the Board. The results of such evaluations will be taken into consideration when the NC makes its recommendations for new appointments, or re-appointments of incumbent Directors.

The NC is of the view that the current Board comprises persons who collectively, have core competencies necessary to lead and manage the Group effectively.

To plan for Board renewal and succession, and also to ensure progressive refreshing of the Board, the NC has adopted practices which includes a retirement schedule and a rigorous review of the appointment and independence of Directors who have served on the Board for more than nine years. Mr Lee Teong Sang and Mr Tito Shane Isaac have served as Independent Directors of the Company for more than nine years. The Board has subjected their independence to a particularly rigorous review. The NC is of the view that Mr Lee Teong Sang and Mr Tito Shane Isaac have expressed individual viewpoints, debated issues and objectively scrutinised and challenged the Management when deemed necessary. They have sought clarification and amplification whenever deemed necessary, including through direct access to the Management. Mr Lee Teong Sang and Mr Tito Shane Isaac also possess in-depth knowledge relating to the Group's business operations and have continuously contributed impartial and constructive advice at Board level.

CORPORATE GOVERNANCE REPORT

Having considered the NC's opinion, the Board is of the view that Mr Lee Teong Sang and Mr Tito Shane Isaac have demonstrated strong independent character and judgement over the years in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the minority shareholders and there is no material conflict between the tenure of their appointment as Independent Directors of the Company and their ability to discharge their duties as Independent Directors.

In view of the above and taking into account their disclosure of independence, the wealth of experience and knowledge they have brought and will continue to bring to the Board, the Board resolved that Mr Lee Teong Sang and Mr Tito Shane Isaac continues to be considered independent, notwithstanding that they have served on the Board for more than nine years from the date of their first appointments.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Code advocates that the Chairman and the Chief Executive Officer (the "CEO") should be separate persons so as to ensure an appropriate balance of power, increased accountability and greater capacity for independent decision making.

The Chairman of the Board is Mr Lee Teong Sang, an Independent Non-Executive Director.

Day-to-day operations of the Group are entrusted to the Managing Director, Mdm Choo Tung Kheng.

The Chairman leads the Board to ensure effectiveness on all aspects of its role. With assistance from the Company Secretary who co-ordinates with the Management and Managing Director, the Chairman sets the meeting agenda and ensures that Directors are provided with complete, adequate and timely information. Board papers are sent to Directors at least three days in advance in order for Directors to be adequately prepared for the meetings. The Chairman ensures effective communication with shareholders and encourages constructive relations within the Board and between the Board and the Management by promoting a culture of transparency and openness in such relationship and in discussion at meetings. Management staffs who have prepared the Board papers or who can provide additional insights into the matters to be discussed at Board Meetings, are invited to carry out presentations or attend the Board meeting at the relevant time, as and when appropriate. The Chairman also facilitates the effective contribution of Non-Executive Directors and promotes high standards of corporate governance.

The Managing Director works with the Board to determine the strategy for the Group and is responsible for the mapping of business plans and operational decisions of the Group. The Managing Director also works together with the Management to ensure that the Group operates in accordance with its strategic and operational objectives.

All the Board Committees are chaired by Independent Directors and half of the Board consists of Independent Directors.

Mr Lee Teong Sang and Mdm Choo Tung Kheng are not related to each other. There is a clear division of roles and responsibilities of the Chairman and the Managing Director to ensure an appropriate balance of power and authority, thus no individual or group of individuals represents a considerable concentration of power or influence.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 4: BOARD MEMBERSHIP

The NC consists of three (3) Non-Executive Directors, the majority of whom, including the Chairman, are independent:

Mr Tito Shane Isaac – Chairman
Mr Lee Teong Sang – Member
Mr Ong Kian Soon – Member

In addition, the Chairman is not directly associated with any substantial shareholder of the Company.

The key terms of reference of the NC includes, to:

- evaluate and review nominations for appointment and re-appointment to the Board and the various committees;
- review and nominate a Director for re-election to the Board, having regard to the Director's contribution and performance;
- determine annually and as and when circumstances require if a Director is independent;
- recommend to the Board the process for the evaluation of the performance of the Board, the Board Committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director, annual assessment of the effectiveness of the Board;
- decide whether a Director who has multiple board representations is able to and has been adequately carrying out his/her duties as Director of the Company;
- review and make recommendations to the Board on relevant matters relating to the succession plans of the Board (in particular, the Chairman/CEO) and senior management personnel; and
- review of training and professional development programmes for the Board.

The NC has in place formal, written procedures for making recommendations to the Board on the selection and appointment of Directors. When a vacancy on the Board arises, the NC will identify the current needs of the Board in terms of expertise and skills that are required in the context of strengths and weaknesses of the existing Board to complement and strengthen the Board.

In identifying suitable candidates, the NC may:

1. advertise or use services of external advisers to facilitate the search;
2. approach alternative sources such as the Singapore Institute of Directors; or
3. consider candidates from a wide range of backgrounds from internal or external sources.

CORPORATE GOVERNANCE REPORT

After short listing the candidates through comparing the needs of the Board against the skills and experience offered by each candidate, the NC shall:

(a) consider and interview all candidates on merit against objective criteria, taking into consideration that appointees have sufficient time to devote to the position; and

(b) evaluate and agree to a preferred candidate for recommendation to and appointment by the Board.

Article 89 of the Company's Constitution requires one-third of the Directors to retire from office by rotation and subject themselves to re-election by shareholders at the annual general meetings. Every Director must retire from office and submit themselves for re-nomination and re-election at least once every three years. Pursuant to Article 85 of the Company's Constitution, a Managing Director shall not while he/she continues to hold that office be subject to retirement by rotation and he/she shall not be taken into account in determining the rotation of retirement of Directors.

The NC reviews and recommends to the Board the re-nomination of retiring Directors standing for re-election and re-appointment. The review ensures that the Director to be re-nominated or re-appointed has contributed to the ongoing effectiveness of the Board, exercised sound business and objective judgement, and has demonstrated leadership experience, high levels of professional skills and appropriate personal qualities.

According to Article 89, Mr Chong Cheng Whatt and Mr Tito Shane Isaac, will retire at the Company's forthcoming AGM and will be eligible for re-election. The Board has accepted the NC's recommendation for the re-election of Mr Chong Cheng Whatt and Mr Tito Shane Isaac. In making the recommendation, the NC had considered the Directors' overall contribution and performance. Mr Chong Cheng Whatt and Mr Tito Shane Isaac do not have any relationships, including immediate family relationships between themselves and the other directors, the Company or its 10% shareholders.

The NC has also reviewed the independence of Mr Lee Teong Sang, Mr Tito Shane Isaac and Mr Lee Seng Chan. In assessing their independence, the NC, having considered the guidelines set out in the Code, is of the view that Mr Lee Teong Sang, Mr Tito Shane Isaac and Mr Lee Seng Chan are independent and there are no relationships identified in the Code which would deem them not to be independent. Mr Lee Teong Sang, Mr Tito Shane Isaac and Mr Lee Seng Chan have also declared their independence.

All Directors are required to declare their Board representations annually. When a Director has multiple board representations and principal commitments, the NC will consider whether the Director is able to adequately carry out his/her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that Mr Lee Teong Sang, Mdm Choo Tung Kheng, Mr Ong Kian Soon, Mr Tito Shane Isaac and Mr Lee Seng Chan, who sit on multiple boards, have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as Directors of the Company, notwithstanding their multiple board appointments.

The Board did not set the maximum number of listed company representations that any Director may hold as all the Directors were assessed to be able to devote sufficient time and attention to the Company's affairs in light of their other commitments. In making this assessment, the NC has considered the size and composition of the Board and the nature and size of the Group's operations.

CORPORATE GOVERNANCE REPORT

The NC has reviewed the time and attention spent on the Company's affairs, and is satisfied that all the Directors have discharged their duties adequately for the financial year in review.

Each member of the NC has abstained from reviewing and voting on any resolution relating to the assessment of his independence, performance or his re-nomination as Director, or in any matter where he has an interest.

There is no alternate Director on the Board.

Key information regarding the Directors, including their present and past three years' directorships in other listed companies and principal commitments is set out below:

Directors	Board Membership	Date of initial appointment	Date of last appointment	Directorships in other listed companies		Principal Commitments
				Current	Past 3 Years	Current
Lee Teong Sang	Independent Non-Executive Chairman	16 September 2004	28 July 2016	New Wave Holdings Ltd.	Nil	Principal Consultant at Cyrus Capital Consulting, Director of Cyrus Corporation Pte Ltd and Kyrus Investment Pte. Ltd.
Choo Tung Kheng	Managing Director	1 July 2011	29 July 2011	New Wave Holdings Ltd.	Nil	Nil
Chong Cheng Whatt	Executive Director	2 August 2010	31 July 2014	Nil	Nil	Nil
Ong Kian Soon	Non-Executive Director	29 December 1998	28 July 2016	New Wave Holdings Ltd.	Nil	Chief Executive Officer of New Wave Holdings Ltd.
Tito Shane Isaac	Independent Non-Executive Director	30 August 2006	30 July 2015	New Wave Holdings Ltd. and Hiap Tong Corporation Ltd.	Nil	Managing Partner of Tito Isaac & Co LLP
Lee Seng Chan	Independent Non-Executive Director	1 July 2011	28 July 2016	New Wave Holdings Ltd.	Nil	Managing Partner of UHY Lee Seng Chan & Co

PRINCIPLE 5: BOARD PERFORMANCE

Reviews of the performance of the Board as a whole, its Board Committees and each individual Director are conducted by the NC annually.

With the recommendation of the NC, the Board has adopted an internal process for evaluating the effectiveness of the Board as a whole and its Board Committees. The NC has proposed a set of performance criteria, approved by the Board, against which actual performances are measured.

CORPORATE GOVERNANCE REPORT

The performance criteria for the evaluation of the Board as a whole and its Board Committees includes, *inter alia*, the structure of the Board and the Board Committees, conduct of meetings, corporate strategy and planning, risk management and internal controls, recruitment and evaluation, compensation, succession planning, financial reporting and communications with shareholders. Each Board member will be required to complete an appraisal form to be returned to the NC Chairman for consolidation and evaluation. Based on the evaluation results, the NC Chairman will present his recommendations to the Board. The key objective of this evaluation exercise is to obtain constructive feedback from each Director to continually improve the Board's and the Board Committees' performance.

The NC has also adopted guidelines for the annual assessment of the contribution of each individual Director to the effectiveness of the Board, and has performed the necessary assessment for FY2017. Each individual Director is required to fill up a self-appraisal form which is submitted to the NC for further evaluation and assessment. The assessment criteria for each individual Director include, *inter alia*, attendance at Board meetings and related activities, adequacy of preparation for Board meetings, generation of constructive debates, maintenance of independence, contributions to strategic or business decisions or in other areas, for instance, in finance, legal or risk management, and disclosure of interested person transactions.

For FY2017, the NC, in assessing the contribution of each Director, had considered each Director's attendance and participation at Board and Board Committee meetings, his/her qualification, experience and expertise and the time and effort dedicated to the Group's business and affairs including the Management's access to the Directors for guidance or exchange of views as and when necessary. In assessing the effectiveness of the Board as a whole, both quantitative and qualitative criteria are considered.

The NC has assessed the Board and Board Committee's performance to-date, as well as the performance of each individual Director, and is of the view that the performance of the Board, Board Committees and each individual Director were satisfactory for the financial year in review. The Board has met its performance objectives for FY2017.

The Company did not use an external facilitator for the evaluation process.

PRINCIPLE 6: ACCESS TO INFORMATION

The Board meets at least twice yearly and the Directors are provided with adequate and timely information by the Management prior to the Board meetings on matters to be deliberated, thus facilitating an informed decision-making process. Besides the Board papers, Directors are also updated on initiatives and developments on the Group's business and are provided with statistics and explanatory materials as necessary. The Management also provides at each meeting an updated report on risk management and internal controls. All Directors are given separate and unrestricted access to the Company's senior Management at all times in carrying out their duties. When necessary, the Directors, whether as a group or individually, can seek independent professional advice at the Company's expense for the discharge of their duties.

CORPORATE GOVERNANCE REPORT

The Directors also have separate and independent access to the Company Secretary. The Company Secretary is required to attend all Board and Board Committee meetings and ensures that Board procedures are followed; and that the Company complies with the requirements of the Companies Act and the Rules of Catalist. The Company Secretary also ensures that there are good information flows within the Board and its Board Committees and between Management and the Non-Executive Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION
PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The RC consists of three (3) Non-Executive Directors, the majority of whom, including the Chairman, are independent:

Mr Lee Teong Sang – Chairman
Mr Tito Shane Isaac – Member
Mr Ong Kian Soon – Member

According to its terms of reference, the responsibilities of the RC include the following:

– review and recommend to the Board a framework of remuneration that will attract, retain and motivate Directors and key management personnel and the specific remuneration packages for each Director (executive, non-executive and independent) as well as for the key management personnel;

– review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous;

– consider whether Directors, the Managing Director and key management personnel should be eligible for benefits under share schemes and such other long-term incentive schemes as may from time to time be implemented; and

– consider the disclosure requirements for Directors' and top 5 key management personnel remuneration as required by the Code.

As part of its review, the RC shall 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 will also take into consideration the Company's relative performance and the performance of individual Directors.

Executive Directors are paid a basic salary, allowances and performance-related bonus for their contributions. The performance-related bonus was payable based on both qualitative and quantitative performance criteria. Qualitative criteria included leadership skills, people development, commitment and teamwork. Quantitative performance conditions measure the achievement of individual and corporate performance targets such as sales and profitability targets. The performance-related element of the remuneration is designed to align interests of Executive Directors with those of shareholders and link rewards to corporate and individual performance. In view of the challenging market and decrease in customer demand, the Group was not

CORPORATE GOVERNANCE REPORT

profitable in FY2017. Save for the abovementioned, the RC has reviewed and is satisfied that the corporate performance targets have been met for FY2017.

Non-Executive Directors receive a basic fee for their services. The RC also ensures that the remuneration of Non-Executive Directors is appropriate to their level of contribution. No Director is involved in deciding his or her own remuneration package.

The Group has entered into various letters of employment with all of the key management personnel. Such letters typically provide for the salaries payable to the key management personnel, their working hours, medical benefits, grounds for termination and certain restrictive covenants.

All revisions to the remuneration packages for the Directors and key management personnel are subjected to the review and approval of the Board. Directors' fees are further subjected to the approval of shareholders at annual general meetings. Where necessary, the RC will consult external professionals on remuneration matters of Directors and key management personnel. The expense of such services shall be borne by the Company. The Company did not engage the services of any remuneration experts to advice on remuneration matters for FY2017.

Having reviewed and considered the variable components of the Executive Directors and the key management personnel's remuneration, the RC is of the view that there is no requirement to institute 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.

Given the confidentiality and sensitivity of Directors' remuneration matters, the Board has elected not to fully disclose the remuneration of each individual Director and the Managing Director. The table below provides a breakdown of the level and mix of the remuneration of each Director and the Managing Director in bands of S$250,000 for FY2017:–

	Salary	**Bonus**	**Others**	**Fees**	**Total**
	%	**%**	**%**	**%**	**%**
Remuneration Band and Name of Director					
Below S$250,000					
Choo Tung Kheng	81	7	12	–	100
Chong Cheng Whatt	79	7	14	–	100
Ong Kian Soon	–	–	–	100	100
Lee Teong Sang	–	–	–	100	100
Tito Shane Isaac	–	–	–	100	100
Lee Seng Chan	–	–	–	100	100

The table below provides a breakdown of the level and mix of remuneration of each of the top five key management personnel's remuneration (who are not Directors or the CEO) in bands of $250,000 for FY2017. The Board believes that the disclosure provides sufficient overview of the remuneration of the Group while maintaining confidentiality of the key management personnel's remuneration matters.

CORPORATE GOVERNANCE REPORT

There were only four key management personnel for the financial year in review. A breakdown, showing the level and mix of each of the key management personnel's remuneration (who are not Directors or the CEO) in bands of S$250,000 for FY2017 is as set out below:–

	Salary %	Bonus %	Others %	Fees %	Total %
Remuneration Band and Name of Key Management Personnel					
Below S$250,000					
Goh Chee Seng	82	7	11	–	100
Chai See Siong	50	4	46	–	100
Ng Lay Choo	80	7	13	–	100
Tan Yeat Chia[(1)]	79	7	14	–	100

Note:

(1) Mr Tan Yeat Chia is the son of Mdm Choo Tung Kheng, the Managing Director of the Company whose remuneration band falls within S$50,000 to S$100,000.

Save as disclosed above, the Company does not have any employee who is an immediate family member of a Director or the CEO and whose remuneration exceeded S$50,000 for FY2017.

The Board is of the opinion that to deter poaching by competitors, disclosure of the specific and aggregate remuneration paid to the top four key management personnel would not be in the best interest of the Company.

For FY2017, there were no terminations, retirement or post-employment benefits granted to Directors and key management personnel other than the standard contractual notice period termination payment in lieu of service. The Company does not have any share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board is accountable to shareholders and will ensure that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory requirements and the Rules of Catalist.

The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects.

The Board reviews and approves the half yearly and full year financial results announcements as well as any announcements before their release on the SGXNET and the media. Shareholders are provided with the half-yearly and full year results and annual financial reports on a timely manner. In presenting the annual financial statements and half-yearly financial results announcements to shareholders, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. Financial reports and other price-sensitive information are disseminated to shareholders through announcements via SGXNET.

CORPORATE GOVERNANCE REPORT

To ensure compliance with legislative and regulatory requirements, including requirements under the Rules of Catalist, the Board through Management reviews the relevant compliance reports and ensures that Management seeks the Board's approval of such reports or requirements.

In compliance with the Rules of Catalist, the Board provides a negative assurance statement to the shareholders in its half-yearly financial results announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements to be false or misleading in any material aspect.

The Management provides the Board with Management accounts and such explanation and information on a timely basis and as the Board may require from time to time to enable the Directors to make a balanced and informed assessment of the Company's performance, position and prospects.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Group does not have a Risk Management Committee as the Board is already currently assisted by the AC and Management in carrying out its responsibility of overseeing the Group's risk management framework and policies.

The Management regularly reviews the Company's business, operations and activities to identify possible areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

The Board acknowledges that it is responsible for ensuring that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. At every AC and Board meeting (which is on a half-yearly basis), the AC, together with the Board, reviews the adequacy and effectiveness of the Group's system of internal controls put in place to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information are reliable.

The Board has received assurance ("Assurance") from the Managing Director, the Group Finance Manager and the Risk Officer in charge of the risk management and internal control framework that in respect of FY2017:

– the Group's risk management and internal control systems in place is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks; and

– the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

CORPORATE GOVERNANCE REPORT

Based on the internal controls established and maintained by the Group, work performed by the external auditors and reviews performed by the Management, various Board Committees and the Assurance received, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls, which addresses the financial, operational, compliance and information technology risks and risk management systems, were adequate and effective during FY2017. The size of the operations of the Group does not warrant the Group having a separate internal audit function. Nevertheless, the Company has in place a system of internal controls which the Board believes to be adequate. The AC will continue to assess the adequacy of the internal control systems annually.

The Company acknowledges the importance of sustainability risks in today's business environment and will implement policies and procedures to address such risks when necessary.

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises three (3) Non-Executive Directors, the majority of whom, including the Chairman, are independent:

Mr Lee Teong Sang – Chairman
Mr Tito Shane Isaac – Member
Mr Ong Kian Soon – Member

The key terms of reference of the AC are to:–

(a) review with the external auditors and the Risk Officer their evaluation of the system of internal accounting controls, the audit plans and the audit report including the scope and results of the external audit, the reports on the risk management reviews conducted twice yearly, and the independence and objectivity of the external auditors;

(b) review the financial statements and statement of financial position and statement of comprehensive income including reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance, before submission to the Board for approval;

(c) review the internal control procedures, its scope and the results and to ensure co-ordination between the external auditors and the Management; and review the assistance given by Management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits;

(d) review and report to the Board at least annually, the adequacy and effectiveness of the Company's internal controls;

(e) review the effectiveness of the Company's internal audit function (as applicable);

(f) review and discuss 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 and/or financial position, and the Management's response;

(g) make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors;

(h) review interested person transactions (if any) falling within the scope of Chapter 9 of the Rules of Catalist;

CORPORATE GOVERNANCE REPORT

(i) review potential conflicts of interest, if any;

(j) undertake such other review and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and which requires the attention of the AC; and

(k) generally undertake such other functions and duties as may be required by statute or the Rules of Catalist, or by such amendments as may be made from time to time.

The AC also has explicit authority to investigate any matters within its terms of reference, full access to and cooperation by the Management and has full discretion to invite any Director or executive officer to attend its meetings.

All the members of the AC have had many years of experience in business and financial advisory, corporate and finance, investment and senior management positions in different sectors. The Board is of the view that the members of the AC have sufficient management and/or financial expertise and experience to discharge the AC's functions. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.

The AC has met with the external auditor, without the presence of the Management during FY2017. Matters discussed include the reasonableness of the financial reporting process, the internal control process, the adequacy of resources, audit arrangements with particular emphasis on the observations and recommendations of the external auditor, the scope and quality of their audits and the independence and objectivity of the external auditors and any matters that may be raised.

The AC had reviewed the audit plan and AC report presented by the external auditor. The AC also received from the external auditor regular updates on changes and amendments to accounting standards to enable the AC members to keep abreast of such changes, and issues which have a direct impact on financial statements. Following its review, the AC recommended to the Board for approval the audited annual financial statements.

The AC reviews the independence of the external auditor annually. The AC, having reviewed the volume and scope of non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor. The AC is also satisfied with the external auditors' confirmation of their independence. The aggregate amount of fees paid to the external auditor of the Company, BDO LLP, broken down into audit and non-audit services during FY2017 is as follows:

Description	**Amount**	**Percentage**
Audit fees	S$53,876	77
Non-audit fees payable to the external auditors in respect of tax advisory and secretarial services rendered to the Group	S$15,947	23
Total	S$69,823	100

CORPORATE GOVERNANCE REPORT

Accordingly, the AC has recommended to the Board the re-appointment of BDO LLP as the Company's external auditor at the forthcoming AGM.

The Company is in compliance with Rules 712 and 715 of the Rules of Catalist.

The Company has, with the help of the AC, formulated the guidelines for a whistle-blowing policy to provide a channel for employees of the Group to report in good faith and in confidence their concerns about possible improprieties in the matter of financial reporting or in other matters. The objective of the policy is to ensure that there is independent investigation of such matters and that appropriate follow up actions will be taken. The employee may report his concerns to his immediate supervisor, or if that is unsuitable, then to the Head of Department or to any Executive Director. Alternatively, the employee may choose to write directly to the Chairman of the AC at a given address. The AC oversees the administration of the whistle-blowing policy. The Company has also extended the whistle-blowing policy to external parties. External parties may raise concerns by submitting a whistle-blowing report via email to auditcom@circuitsplus.com.sg, as stated in the Company's website.

Each member of the AC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he is interested in.

PRINCIPLE 13: INTERNAL AUDIT

The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Company's assets. Rule 719(1) of the Rules of Catalist requires an issuer to have a robust and effective system of internal controls, addressing financial, operational and compliance risks. Effective internal controls not only refer to financial controls but include, among others, business risk assessment, operational and compliance controls.

The size of the operations of the Group does not warrant the Group having a separate internal audit function. Nevertheless, the Company has in place a system of internal controls which have been approved and endorsed by the AC and Board. The Company has appointed a Risk Officer ("RO") to provide executive oversight and co-ordination of the Group's risk management governance. The role of the RO in the management of risks is to:

- design, implement and monitor the risk management and internal control systems of the Group in accordance with Board policies on risks and controls, using effective processes and procedures;
- identify the risks relevant to the businesses of the Group and manage the risks in accordance with the risk policies and directions from the Board;
- identify changes to risks or emerging risks and promptly bring these to the attention of the Board where appropriate; and
- ensure the quality, adequacy and timeliness of the information that goes to the Board.

CORPORATE GOVERNANCE REPORT

During FY2017, the AC also enquired and relied on reports from Management and external auditors on any material non-compliance and internal control weakness. The AC has reviewed with the external auditors their findings of the existence and adequacy of material internal control procedures as part of their audit for the financial year under review. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC. Timely and proper implementation of all required corrective, preventative or improvement measures is closely monitored.

During the financial year, the AC has met with the Risk Officer without the presence of the Management, has reviewed and is satisfied with the adequacy and effectiveness of the Risk Officer's scope for FY2017.

The AC and Board will continue to assess the adequacy and effectiveness of the internal control systems annually.

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

The Group's corporate governance culture and awareness promotes fair and equitable treatment for all shareholders. All shareholders enjoy specific rights under the Companies Act and the Constitution of the Company. All shareholders are treated fairly and equitably.

The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company. At general meetings, shareholders will be informed of the rules and voting procedures relating to the general meetings.

Whilst there is no limit imposed on the number of proxy votes for relevant intermediaries, the Constitution of the Company allow each shareholder (other than a relevant intermediary as defined in Section 181(6) of the Companies Act) to appoint up to two proxies to attend annual general meetings. The Companies Act allows relevant intermediaries which include entities holding capital markets services licence to provide custodial services for securities, banking corporation licensed under the Banking Act (Chap. 19) and the CPF Board to appoint multiple proxies.

The Company is committed to maintaining high standards of corporate disclosure and transparency. The Company values dialogue sessions with its shareholders and believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

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

CORPORATE GOVERNANCE REPORT

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET, press release and corporate website. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed.

The Company strives to supply shareholders with reliable and timely information so as to strengthen the relationship with its shareholders based on trust and accessibility.

The two Executive Directors and the Company Secretary will communicate with the shareholders in their respective areas of expertise. If the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Group's performance and developments, which will also act as platforms to solicit and understand the views of shareholders and investors.

The Company currently does not have a fixed dividend policy. The declaration and payment of future dividends will depend upon the Group's operating results, cash flows projections and investment plans. The Company does not propose any dividend payment as the Company did not have any distributable profits for FY2017.

All shareholders receive reports or circulars of the Company including notice of general meeting by post within the prescribed period. Notice of general meeting is announced through SGXNET and published in the Business Times.

The Company supports active shareholders' participation. If shareholders are unable to attend the meetings, save for relevant intermediaries (as defined in Section 181(6) of the Companies Act) who can appoint more than two proxies, the Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. Resolutions proposed at general meetings are on each substantially separate issues. All the resolutions at the general meetings are single item resolutions.

At general meetings, all the Directors, Chairman of the Board and the respective Chairman of the AC, NC and RC as well as the external auditors will be present and available to address shareholders' queries at these meetings.

The Company, with the help of the Company Secretary, prepares minutes of general meetings that include substantial and relevant comments relating to the agenda of the meetings and responses from the Board and Management and such minutes, will be made available to shareholders upon their request.

All resolutions at general meetings will be via poll so as to better reflect shareholders' shareholding and promote greater transparency. The detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced immediately at the meeting and also disclosed via SGXNET on the same day.

Update on Use of Placement Proceeds

On 27 February 2008, the Company issued 64,000,000 shares by way of a private placement (the "2008 Placement") and the net proceeds amounted to approximately S$2.27 million. The Company has not, as yet, utilised the net proceeds from the 2008 Placement. The full amount has been placed as term deposits with a bank.

CORPORATE GOVERNANCE REPORT

As part of the Company's strategy to execute its investment and business expansion plan, the Company had on 18 December 2012 completed a share placement exercise (the "2012 Placement") in which a total of 150,000,000 ordinary shares were issued and gross proceeds of approximately S$1.49 million were raised. The following table shows an update on the use of proceeds from the 2012 Placement as at the date of this report:

	S$ million		
Intended Use	**Approximate Amount Allocated**	**Amount Used To Date**	**Amount Remaining**
1. Support business expansion through acquisitions, joint ventures and collaborations in businesses other than the printed circuit board business	1.01	–	1.01
2. General working capital	0.43	0.43	Nil
– purchase of raw materials in the printed circuit board business			
3. Expenses incurred in connection with the 2012 Placement shares	0.04	0.04	Nil
– purchase of raw materials in the printed circuit board business	0.01	0.01[(1)]	Nil
Total	**1.49**	**0.48**	**1.01**

Note:

(1) Approximately S$0.01 million was redeployed from the amount allocated for expenses incurred in connection with the Placement Shares for the purchase of raw materials in the printed circuit board business.

Dealing in Securities

In line with Rule 1204(19) of the Rules of Catalist, the Group has adopted an internal compliance code to provide guidance to its officers with regard to dealings in the Company's securities. The code prohibits dealing in the Company's securities by the Company, Directors and employees of the Group while in possession of unpublished price-sensitive information and during the period commencing one (1) month before the announcement of the Company's half year and full year financial results and ending on the date of the announcement of the results. The Company, its Directors and officers of the Group are also not allowed to deal in the Company's securities on short-term considerations. The Directors and officers are also required to adhere to the provisions of the Companies Act and any other relevant regulations with regard to their securities transactions. Directors and officers are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading periods.

CORPORATE GOVERNANCE REPORT

Material Contracts

There were no material contracts of the Company or its subsidiaries involving the interest of the Managing Director, any Director or controlling shareholder either still subsisting as at 31 March 2017 or if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions

The Company does not have a general shareholders' mandate for interested person transactions pursuant to Rule 920 of the Rules of Catalist.

The Company confirms that there were no interested person transactions of S$100,000 or more entered into during the financial year under review.

Non-Sponsorship Fees

There were no non-sponsor fees paid to the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. by the Company for FY2017.

DIRECTORS' STATEMENT

The Directors of the CPH Ltd. (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2017 and the statement of financial position of the Company as at 31 March 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

(a) the accompanying financial statements comprising the statements of financial position of the Group and of the Company, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes thereon are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Group for the financial 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:

Choo Tung Kheng	(Managing Director)
Chong Cheng Whatt	(Executive Director)
Ong Kian Soon	(Non-Executive Director)
Lee Teong Sang	(Independent, Non-Executive Chairman)
Tito Shane Isaac	(Independent, Non-Executive Director)
Lee Seng Chan	(Independent, Non-Executive Director)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' STATEMENT

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company for the purposes of Section 164 of the Act, none of the Directors of the Company who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations except as detailed below:

	Number of ordinary shares			
	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have interests	
	Balance at 1 April 2016	Balance at 31 March 2017	Balance at 1 April 2016	Balance at 31 March 2017
Company				
Choo Tung Kheng[1]	170,012,315	**170,012,315**	77,001,200	**77,001,200**
Chong Cheng Whatt	500,000	**500,000**	–	**–**
Ong Kian Soon	10,534,000	**10,534,000**	–	**–**

Note:

(1) Mdm Choo Tung Kheng is deemed to be interested in the 1,200 shares held by her spouse, the late Mr Tan Ming and the 77,000,000 shares held by Citibank Nominees Singapore Pte Ltd for the account of Sea Treasures Ltd, a Cayman Islands incorporated company owned by Mdm Choo Tung Kheng.

Pursuant to Section 7 of the Act, Mdm Choo Tung Kheng is deemed to have an interest in all related corporations of the Company at the beginning and end of the financial year.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interests as at 21 April 2017 in the shares of the Company have not changed from those disclosed as at 31 March 2017.

5. SHARE OPTIONS

There were no share options granted by the Company or its subsidiaries during the financial year.

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

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

DIRECTORS' STATEMENT

6. AUDIT COMMITTEE

The Audit Committee comprises the following members, who are all Non-Executive Directors and a majority of whom, including the Chairman, are Independent Directors. The members of the Audit Committee during the financial year and at the date of this statement are:

Lee Teong Sang	(Chairman)
Ong Seng Gee	(Resigned on 1 December 2016)
Tito Shane Isaac	
Ong Kian Soon	(Appointed on 1 December 2016)

The Audit Committee carries out its functions in accordance with Section 201B (5) of the Act, and the Code of Corporate Governance, including the following:

(i) reviews the audit plans and results of the external auditor;

(ii) reviews the Group's financial and operational results and accounting policies;

(iii) reviews the consolidated financial statements of the Group and the statement of financial position of the Company before their submission to the Directors of the Company and the external auditor's report on those financial statements;

(iv) reviews the half-year and full year announcements on the results of the Group and financial position of the Group and of the Company;

(v) ensures the co-operation and assistance given by the management to external auditor;

(vi) makes recommendations to the Board on the appointment of external auditor; and

(vii) reviews the Interested Person Transactions as defined in Chapter 9 of the Rules of Catalist of SGX-ST as required by SGX-ST and ensures that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the external auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

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

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

7. INDEPENDENT AUDITOR

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Choo Tung Kheng
Director

Ong Kian Soon
Director

Singapore
30 June 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPH LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CPH Ltd. (the "Company") and its subsidiaries (the "Group"), as set out on pages 40 to 97, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2017;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial 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 and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPH LTD.

Key Audit Matters (Continued)

1 Valuation of investment property

Key Audit Matter

As at 31 March 2017, the Group's investment property of $8,500,000 constituted 53% of total assets and represented the single largest category of assets in the consolidated statement of financial position.

We focused on the valuation of investment property as a key audit matter owing to the significant balance and valuation technique. Investment property is stated at fair value based on independent external valuation. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The comparable sales method was used in the valuation method with reference to the selling price of comparable properties in similar locations, adjusted for key attributes such as area, age, condition and tenure.

Related Disclosures

Refer to Notes 2.6, 3.2(i), 7 and 29.5 to the financial statements for the accounting policy for investment property, key sources of estimation uncertainty for fair value of investment property and carrying amount and disclosures of investment property.

Audit Response

Our procedures included, amongst others:

- We assessed the objectivity and competency of the independent valuer which included considering the valuer's experience and qualification in valuing similar types of assets.
- We evaluated the appropriateness of the independent valuer's valuation methodology in determining the fair value.
- We held discussions with the independent valuer to understand the critical underlying assumptions applied.
- We assessed the reasonableness of the critical underlying assumptions used by reviewing the underlying data and independently challenged the critical assumptions applied by the independent valuer.
- We considered the adequacy of disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPH LTD.

Key Audit Matters (Continued)

2 Impairment assessment of property, plant and equipment

Key Audit Matter

As at 31 March 2017, the Group's property, plant and equipment ("PPE") of $1,198,321 comprised mainly a leasehold property and machinery in its manufacturing facilities in Malaysia. The Group had suffered pre-tax losses for the financial years ended 31 March 2017 and 2016 of $1,671,752 and $1,009,672 respectively which indicates that the PPE may be impaired. Management determined the recoverable amount of the leasehold property and machines by measuring the fair value less costs of disposal.

We focused on the impairment assessment of PPE as a key audit matter owing to the significant judgement and critical assumptions applied by the management in their assessment. The critical assumptions used for assessing the fair value of leasehold property included selling price per square metre based on recent market transactions for comparable leasehold property and adjusted for property size. The critical assumptions used for assessing machines included the selling price for similar machines, adjusted for machine age.

Related Disclosures

Refer to Notes 2.7, 3.2(i) and 6 to the financial statements for the accounting policy for impairment of non-financial assets, critical judgement made in applying the accounting policy for impairment of financial and non-financial assets and carrying amount of PPE.

Audit Response

Our procedures included, amongst others:

- We checked the mathematical accuracy of management's computation of the fair value less costs of disposal.
- We assessed the reasonableness of the key assumptions used by evaluating the underlying data.
- We performed sensitivity assessments in respect of the basis used in the management's computation.
- We considered the adequacy of the disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPH LTD.

Key Audit Matters (Continued)

3 Impairment assessment of investments in subsidiaries

Key Audit Matter

As at 31 March 2017, the carrying amount of the Company's subsidiaries amounting to $12,391,334 comprised mainly investment in Circuit Plus Pte Ltd, which in turn holds the investment in Circuit Plus (M) Sdn Bhd. The operations of these subsidiaries are in the manufacturing and sale of printed circuit boards and advance interconnect substrates. The management views these subsidiaries as one cash-generating unit ("CGU"). This CGU has been incurring losses due to low market demand, cost pressure and price competition.

The financial performance of the CGU shall led the management to carry out an impairment review and consider whether the investments in the CGU have suffered an impairment loss. Management determined the recoverable amount of the CGU based on the fair value less costs of disposal by assessing the relevant unobservable inputs to its assets and liabilities.

We focused on the impairment assessment of the CGU as a key audit matter owing to the significant judgment, estimates and assumptions used in determining the recoverable amount.

Related Disclosures

Refer to Notes 2.7, 3.1(i), 3.2(iii) and 4 to the financial statements for the accounting policy for impairment of non-financial assets, critical judgement made in applying the accounting policy for impairment of financial and non-financial assets, key sources of estimation uncertainty for impairment of investment in subsidiaries and carrying amount of the Company's investment in subsidiaries.

Audit Response

Our procedures included, amongst others:

- We considered the reasonableness of the key assumptions made by evaluating the underlying data.
- We assessed the reasonableness of the fair value of assets and liabilities used in deriving at the recoverable amount.
- We independently challenged the basis and assumptions used.
- We performed sensitivity assessments in respect of the basis used in the management's computation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPH LTD.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPH LTD.

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPH LTD.

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

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 Goh Chern Ni.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
30 June 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Note	Group		Company	
		2017	2016	2017	2016
		$	$	$	$
ASSETS					
Non-current assets					
Subsidiaries	4	**–**	–	**12,391,334**	12,731,334
Associate	5	**547,949**	648,222	**–**	–
Property, plant and equipment	6	**1,198,321**	1,616,743	**–**	–
Investment property	7	**8,500,000**	8,500,000	**–**	–
Available-for-sale financial asset	8	**–**	–	**–**	–
Total non-current assets		**10,246,270**	10,764,965	**12,391,334**	12,731,334
Current assets					
Inventories	9	**1,327,477**	1,649,010	**–**	–
Trade and other receivables	10	**1,087,505**	1,283,790	**3,629,849**	3,861,357
Prepayments		**46,608**	42,726	**9,519**	9,518
Cash and cash equivalents	11	**3,254,739**	3,599,629	**13,353**	293,172
Total current assets		**5,716,329**	6,575,155	**3,652,721**	4,164,047
Total assets		**15,962,599**	17,340,120	**16,044,055**	16,895,381
EQUITY AND LIABILITIES					
Equity					
Share capital	12	**24,764,175**	24,764,175	**24,764,175**	24,764,175
Foreign currency translation account	13	**(251,149)**	(302,820)	**–**	–
Share-based payment reserve	14	**10,000**	10,000	**10,000**	10,000
Accumulated losses		**(10,347,333)**	(8,685,705)	**(8,852,384)**	(8,007,232)
Total equity attributable to owners of the parent		**14,175,693**	15,785,650	**15,921,791**	16,766,943
Non-current liabilities					
Deferred tax liabilities	15	**–**	10,985	**–**	–
Finance lease payables	16	**36,579**	45,228	**–**	–
Total non-current liabilities		**36,579**	56,213	**–**	–
Current liabilities					
Trade and other payables	17	**1,120,893**	1,004,248	**122,264**	128,438
Bank borrowings	18	**600,959**	470,561	**–**	–
Finance lease payables	16	**28,475**	23,448	**–**	–
Total current liabilities		**1,750,327**	1,498,257	**122,264**	128,438
Total liabilities		**1,786,906**	1,554,470	**122,264**	128,438
Total equity and liabilities		**15,962,599**	17,340,120	**16,044,055**	16,895,381

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017 $	2016 $
Revenue	19	**5,482,693**	6,319,940
Cost of sales		**(5,476,097)**	(5,769,127)
Gross profit		**6,596**	550,813
Other items of income			
Other income	20	**483,042**	647,856
Other items of expense			
Selling and distribution costs		**(65,326)**	(73,538)
Administrative expenses		**(1,666,453)**	(1,700,780)
Other expenses		**(315,735)**	(412,300)
Finance costs	21	**(13,603)**	(20,514)
Share of results of associate, net of tax		**(100,273)**	(1,209)
Loss before income tax	22	**(1,671,752)**	(1,009,672)
Income tax credit	23	**10,124**	66,585
Loss for the financial year, attributable to owners of the parent		**(1,661,628)**	(943,087)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operation		**51,671**	(26,404)
Total comprehensive income for the financial year, attributable to owners of the parent		**(1,609,957)**	(969,491)
Loss per share	24		
– Basic		**(0.14) cents**	(0.08) cents
– Diluted		**(0.14) cents**	(0.08) cents

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Share capital $	Foreign currency translation account $	Share-based payment reserve $	Accumulated losses $	Total equity $
Balance as at 1 April 2016	24,764,175	(302,820)	10,000	(8,685,705)	15,785,650
Loss for the financial year	–	–	–	(1,661,628)	(1,661,628)
Other comprehensive income:					
Exchange differences on translating foreign operation	–	51,671	–	–	51,671
Total comprehensive income for the financial year	–	51,671	–	(1,661,628)	(1,609,957)
Balance as at 31 March 2017	**24,764,175**	**(251,149)**	**10,000**	**(10,347,333)**	**14,175,693**
Balance as at 1 April 2015	24,764,175	(276,416)	10,000	(7,742,618)	16,755,141
Loss for the financial year	–	–	–	(943,087)	(943,087)
Other comprehensive income:					
Exchange differences on translating foreign operation	–	(26,404)	–	–	(26,404)
Total comprehensive income for the financial year	–	(26,404)	–	(943,087)	(969,491)
Balance as at 31 March 2016	24,764,175	(302,820)	10,000	(8,685,705)	15,785,650

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017 $	2016 $
Operating activities			
Loss before income tax		**(1,671,752)**	(1,009,672)
Adjustments for:			
Depreciation of property, plant and equipment		**352,125**	409,381
Impairment loss on available-for-sale financial asset		**–**	97,632
Interest expense		**13,603**	20,514
Interest income		**(25,282)**	(21,108)
Plant and equipment written off		**–**	1
Share of results of associate, net of tax		**100,273**	1,209
Unrealised foreign exchange loss		**322,568**	312,239
Operating cash flows before working capital changes		**(908,465)**	(189,804)
Working capital changes:			
Inventories		**200,065**	(16,928)
Trade and other receivables		**157,953**	(214,082)
Prepayments		**(6,101)**	7,106
Trade and other payables		**128,569**	156,196
Cash used in operations		**(427,979)**	(257,512)
Income tax paid		**(26)**	(48)
Net cash used in operating activities		**(428,005)**	(257,560)
Investing activities			
Purchase of plant and equipment	6	**(19,164)**	(10,950)
Interest received		**28,007**	17,790
Net cash from investing activities		**8,843**	6,840
Financing activities			
Proceeds from trust receipts		**1,643,009**	1,570,890
Repayment of trust receipts		**(1,512,611)**	(1,739,871)
Repayment of finance lease payables		**(28,110)**	(21,831)
Interest paid		**(13,603)**	(20,514)
Net cash from/(used in) financing activities		**88,685**	(211,326)
Net change in cash and cash equivalents		**(330,477)**	(462,046)
Cash and cash equivalents at beginning of financial year		**3,599,629**	4,087,413
Effects of exchange rate changes on cash and cash equivalents		**(14,413)**	(25,738)
Cash and cash equivalents at end of financial year	11	**3,254,739**	3,599,629

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

These notes form an integral part of and should be read in conjunction with the financial statements.

1. GENERAL CORPORATE INFORMATION

CPH Ltd. (the "Company") is a public limited liability company, incorporated and domiciled in Singapore with its registered office address and principal place of business at 8 First Lok Yang Road, Singapore 629731. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's registration number is 199804583E.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 4 to the financial statements.

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2017 were authorised for issue in accordance with a Directors' resolution dated 30 June 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been drawn up in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") in Singapore and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar which is the functional currency of the Company.

The preparation of financial statements in compliance with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

In the current financial year, the Group and the Company adopted the new or revised FRS and INT FRS that are relevant to their operations and effective for the current financial year. The adoption of these new or revised FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current and prior financial years.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the following FRS that have been issued but not yet effective:

			Effective date (annual periods beginning on or after)
FRS 7 (Amendments)	:	Disclosure Initiative	1 January 2017
FRS 12 (Amendments)	:	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 40 (Amendments)	:	Transfers of Investment Property	1 January 2018
FRS 102 (Amendments)	:	Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 104 (Amendments)	:	Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018
FRS 109	:	Financial Instruments	1 January 2018
FRS 110 and FRS 28 (Amendments)	:	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 115	:	Revenue from Contracts with Customers	1 January 2018
FRS 115 (Amendments)	:	Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	:	Leases	1 January 2019
Improvements to FRSs (December 2016)			
– FRS 28 (Amendments)	:	Investments in Associates and Joint Ventures	1 January 2018
– FRS 101 (Amendments)	:	First-time Adoption of Financial Reporting Standards	1 January 2018
– FRS 112 (Amendments)	:	Disclosure of Interests in Other Entities	1 January 2017
INT FRS 122	:	Foreign Currency Transactions and Advance Consideration	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group expects that the adoption of the above FRS and INT FRS, if applicable, will not have a material impact on the financial statements in the period of initial application, except as discussed below.

Adoption of IFRS-identical financial reporting standards

Singapore-incorporated companies listed on SGX-ST are required to apply a new financial reporting framework identical to IFRS in 2018. The Group will adopt the new financial framework on 1 April 2018 and will apply the equivalent of IFRS 1 First-time Adoption of International Financial Reporting Standards to the transition. This will involve restating the comparatives for the financial year ended 31 March 2017 and the opening statements of financial position as at 1 April 2016 in accordance with the new framework. The Group is in the process of assessing the impact of transition, including the impact from the adoption of IFRS 9 and 15 which is expected to be similar to the impact of FRS 109 and 115 disclosed below, as well as other transitional adjustments that may be required or elected under IFRS 1.

FRS 7 (Amendments) – *Disclosure Initiative*

The amendments require additional disclosures to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group will adopt these amendments in the financial year beginning on 1 April 2017 and will include the additional disclosures in its financial statements for that financial year.

FRS 109 – *Financial Instruments*

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 109 – *Financial Instruments* *(Continued)*

Classification and measurement

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

The Group has completed its preliminary assessment of the classification and measurement of its financial assets and financial liabilities and does not expect any significant changes to the classification and measurement of its financial assets and liabilities currently measured at amortised cost.

The Group expects that the financial assets currently classified as available-for-sale (AFS) financial assets will qualify to be accounted for at fair value through other comprehensive income (OCI) on adoption of FRS 109. Subsequently, all fair value changes will be recognised in OCI and will not be reclassified to profit or loss, even on disposal.

The Group currently accounts for its AFS investment in unquoted equity investment at cost less impairment loss, if any, as disclosed in Note 8 to the financial statements. On adoption of FRS 109, the Group will be required to measure such investment in unquoted equity investment at fair value, with the difference between the previous carrying value and the fair value recognised in the opening balance of retained earnings at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 109 – *Financial Instruments* *(Continued)*

Impairment

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment loss allowances as well as interest revenue. For financial assets at amortised cost or debt instruments at fair value through other comprehensive income, the Group will recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition under the three-stage model or from initial recognition if the simplified model is applied.

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade receivables and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model. The Group is still in the process of determining how it will estimate expected credit losses and the sources of forward-looking data.

Transition

The Group plans to adopt FRS 109 in the financial year beginning on 1 April 2018 with retrospective effect in accordance with the transitional provisions and intends to elect not to restate comparatives for the previous financial year and will include the additional financial statements disclosures in the financial year when FRS 109 is adopted.

FRS 115 – *Revenue from Contracts with Customers*

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 115 – *Revenue from Contracts with Customers* *(Continued)*

On initial adoption of this standard, the Group has preliminarily assessed that there will be no significant impact on the timing and pattern of the revenue recognition as disclosed in Note 2.16 to the financial statements.

The Group plans to adopt the standard in the financial year beginning on 1 April 2018 using full retrospective method in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

FRS 116 – *Leases*

FRS 116 supersedes FRS 17 *Leases* and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under FRS 116. FRS 116 also requires enhanced disclosures by both lessees and lessors.

On initial adoption of this standard, there may be a potentially significant impact on the accounting treatment for the Group's leases, particularly rented office premises and other operating facilities, which the Group, as lessee, currently accounts for as operating leases. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 April 2019 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by to the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same financial year as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

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

2.3 Business combinations

Business combinations from 1 April 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is re-measured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Business combinations from 1 April 2010 (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except that:

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

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

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

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

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

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Business combinations before 1 April 2010 (Continued)

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.4 Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has no control or joint control over those policies.

Investment in an associate is accounted for in the consolidated financial statements using the equity method of accounting. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Investment in an associate is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Associate (Continued)

In applying the equity method of accounting, the Group's share of its associate's post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income. These post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or has made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

After application of the equity method of accounting, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in an associate.

The financial statements of the associate is prepared as of the same reporting date as the Company. Where necessary, adjustments are made to align the accounting policies with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the assets over their estimated useful live as follows:

	Years
Plant and machinery	5 – 10
Office equipment, furniture and fittings	3 – 10
Air-conditioners	6 – 7
Motor vehicles	5
Renovation	5 – 10

Leasehold property is depreciated over its lease term of 27 years.

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 estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investment property

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

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

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

2.7 Impairment of non-financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Inventories

Inventories are stated at the lower of cost (first-in, first-out method) and net realisable value.

Costs include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of work-in-progress and manufactured goods, costs include cost of material, direct labour and an appropriate portion of manufacturing overheads.

Allowance is made for anticipated losses, if any, on work-in-progress and manufactured goods when the possibility is ascertained.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Where necessary, the carrying value of inventories are adjusted to the lower of cost and net realisable value to account for obsolete, slow-moving and defective inventories.

2.9 Financial assets

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose of which the assets were acquired. The management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the financial year, where allowed and appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified into the following categories of "trade and other receivables" and "cash and cash equivalents" on the statements of financial position.

(ii) Available-for-sale financial assets

Available-for-sale financial asset is non-derivative that is either designated as available-for-sale or not classified in any of the other categories. It is included in non-current assets unless the management intends to dispose of the asset within 12 months after the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

Recognition and derecognition

Financial assets are recognised on the statements of financial position when, and only when, the Group becomes party to contractual provisions of the financial instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the carrying amount and the net consideration proceeds is recognised in profit or loss. Any cumulative gain or loss in the fair value reserve relating to the asset is also recognised in profit or loss.

Initial and subsequent measurement

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

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment losses, if any.

After initial recognition, available-for-sale financial asset is re-measured at fair value with gains or losses from changes in fair value of the financial asset is recognised in other comprehensive income except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment when the available-for-sale financial asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

Initial and subsequent measurement (Continued)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any impairment loss.

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

Impairment

The Group assesses at the end of each financial year whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

Impairment (Continued)

(ii) Available-for-sale financial assets

Significant or prolonged declines in the fair value of debt or equity security below its cost, significant financial difficulties of the issuer or obligor and the disappearance of an active trading market for the security are considerations to determine whether there is objective evidence that the available-for-sale financial asset is impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in equity is transferred from equity to profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss. Reversals of impairment loss on debt instruments are recognised in profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity, except for impairment losses on equity instruments at cost which are not reversed.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial liabilities

Financial liabilities of the Group are classified as other financial liabilities.

The accounting policies adopted for other financial liabilities are set out below:

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Group, and are subsequently measured at amortised cost using the effective interest method.

(ii) Bank borrowings

Bank borrowings are initially recognised at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the bank borrowings using the effective interest method.

Bank borrowings which are due to be settled within 12 months after the end of the financial year are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the financial year and before the financial statements are authorised for issue. Other bank borrowings due to be settled more than 12 months after the end of the financial year are presented as non-current borrowings in the statements of financial position.

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes parties to the contractual provisions of the financial instruments.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Inter-company non-interest bearing loan

In the Company's separate financial statements, non-interest bearing loan to a subsidiary is stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investment in a subsidiary in the Company's separate financial statements. Subsequently, this loan is measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in profit or loss over the expected repayment period.

2.14 Leases

When the Group as lessee of finance leases

Leases in which the Group assumes substantially the risks and rewards of ownership are classified as finance leases.

Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of their fair value and the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. Finance charge is recognised in profit or loss.

When the Group is lessor of operating leases

Leases where the Group retains substantially all risks and rewards incidental to the ownership are classified as operating leases.

Assets leased out under operating leases are included in investment property.

Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

When the Group is lessee of operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received or receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from sale of goods is recognised when goods are delivered to the customer and the significant risks and rewards of ownership has been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably.

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

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

2.17 Grants

Grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

2.18 Employee benefits

Retirement benefit costs

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the end of the financial year as a result of services rendered by employees up to the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

2.20 Taxes

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

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss.

Deferred tax

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

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Taxes (Continued)

Deferred tax *(Continued)*

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

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

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity.

Sales tax

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

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of 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 statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Foreign currency transactions and translation

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

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

For the purposes of presenting consolidated financial statements, the results and financial positions of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rate at the end of the financial year;

(ii) income and expenses are translated at average exchange rate for the financial year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting foreign currency exchange differences are recognised in other comprehensive income and presented in the foreign currency translation account in equity. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Contingencies

A contingent liability is:

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

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

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

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the managing director who make strategic decisions.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.1 Critical judgements made in applying the accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Impairment of financial and non-financial assets

The Group and the Company follow the guidance of FRS 39 and FRS 36 in determining whether financial or non-financial assets are impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the recoverable amounts of financial or non-financial assets are less than their carrying amounts and the financial health of and near-term business outlook for the financial or non-financial assets, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(ii) Allowance for impairment loss on doubtful receivables

The policy for impairment of receivables of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

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 financial year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year, are discussed below.

(i) Fair value of investment property

The Group's investment property is stated at fair value in accordance with the accounting policy stated in Note 2.6 to the financial statements. As at 31 March 2017, the fair value of the Group's investment property was determined by a firm of independent professional valuers and the carrying value of the investment property was $8,500,000 (2016: $8,500,000). The valuation was based on certain assumptions, which are subject to uncertainty and might differ from the actual results. In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing as at the end of the financial year. These estimates are regularly compared to actual market data.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(ii) Inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the "first-in, first-out" method. The management estimates the net realisable value of inventories based on assessment of receipt of committed sales prices and provides for excess inventories based on historical usage and estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 31 March 2017 was $1,327,477 (2016: $1,649,010).

(iii) Impairment of investment in subsidiaries

In determining whether an investment in subsidiaries is impaired requires an estimation of the recoverable amount of the investment as at end of the financial year. For those subsidiaries with indication of impairment, management assessed the fair value less costs of disposal using the key assumptions as disclosed in Note 4 to the financial statements. The carrying amounts of the Company's investment in subsidiaries as at 31 March 2017 was $12,391,334 (2016: $12,731,334).

4. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	**2016**
	$	**$**
Unquoted equity shares, at cost	**27,198,925**	27,198,925
Discount implicit in inter-company non-interest bearing loan	**659,598**	659,598
Allowances for impairment losses	**(15,467,189)**	(15,127,189)
	12,391,334	12,731,334

At the end of the financial year, the Company carried out a review on the recoverable amount of its investments in subsidiaries. Circuit Plus Pte Ltd and Circuit Plus (M) Sdn Bhd. are in the manufacturing and sale of printed circuit boards ("PCB") and have been incurring losses. The management has assessed these subsidiaries as one cash-generating unit ("CGU") and the recoverable amount of this CGU of $12,319,000 was determined using the fair value less costs of disposal method. The management's assessment comprised primary the following assumptions:

(i) independent professional valuation on the investment property as disclosed in Note 7 to the financial statements;

(ii) the fair value of its leasehold property using the sales comparison method by reference to the market evidence of recent transaction prices, adjusted for difference in size;

(iii) the fair value of its machines using available market price for similar machines, adjusted for machine age; and

(iv) the fair values of the current assets and current liabilities approximate their carrying values due to relative short-term maturity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

4. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The fair value hierarchy used in determining the above is considered as Level 3 as the assessment included unobservable inputs such as adjustments to the key attributes of the investment property (Note 7) and machine age.

Movement in the allowance for impairment losses was as follows:

	Company	
	2017	**2016**
	$	**$**
Balance at beginning of financial year	**15,127,189**	15,127,189
Allowance made during the financial year	**340,000**	–
Balance at end of financial year	**15,467,189**	15,127,189

The particulars of the subsidiaries are as follows:

Name of company	**Place of incorporation/ registration and principal place of business**	**Principal activities**	**Proportion of ownership interest held by the Group**	
			2017	**2016**
			%	**%**
Held by the Company				
Circuits Plus Pte Ltd[1]	Singapore	Sale of printed circuit boards and advance interconnect substrates	**100**	100
Circuits Plus (Asiatic) Pte Ltd[1]	Singapore	Dormant	**100**	100
CP Lifestyle Pte. Ltd.[1]	Singapore	Investment holding company	**100**	100
Held by Circuits Plus Pte Ltd				
Circuits Plus (M) Sdn. Bhd.[2]	Malaysia	Manufacture and sale of printed circuit boards and advance interconnect substrates	**100**	100

Notes:

(1) Audited by BDO LLP, Singapore

(2) Audited by BDO, Malaysia

The Audit Committee and the Board of Directors are of the opinion that Rule 712 and Rule 715 of the SGX-ST Listing Manual (the "Listing Manual") have been complied with.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

5. ASSOCIATE

	Group	
	2017	2016
	$	$
Unquoted equity investment, at carrying value		
At beginning of financial year	**648,222**	649,431
Share of results, net of tax	**(100,273)**	(1,209)
At end of financial year	**547,949**	648,222

The particulars of the associate are as follows:

Name of company	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group	
			2017	2016
			%	%
Held by CP Lifestyle Pte. Ltd.				
Joy Garden Restaurant Pte Ltd*	Singapore	Carry on business as restaurant	**25**	25

* Audited by BDO LLP, Singapore

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group is as follows:

	Group	
	2017	2016
	$	$
Current assets	**1,359,215**	1,196,559
Non-current assets	**1,707,967**	2,476,992
Current liabilities	**(760,934)**	(1,068,662)
Non-current liability	**(114,450)**	(12,000)
Net assets	**2,191,798**	2,592,889
Share of net assets (25%), representing the carrying amount of the investment	**547,949**	648,222
Revenue	**7,479,000**	6,440,999
Loss for the financial year, representing total comprehensive income	**(401,093)**	(4,835)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property $	Plant and machinery $	Office equipment, furniture and fittings $	Air-conditioners $	Motor vehicles $	Renovation $	Total $
Group							
Cost							
Balance at 1 April 2016	2,095,960	9,065,051	781,703	57,005	20,774	68,941	12,089,434
Additions	–	14,527	33,503	–	–	–	48,030
Written off	–	–	–	–	–	(28,000)	(28,000)
Currency re-alignment	(165,310)	(583,474)	(39,171)	–	(1,638)	–	(789,593)
Balance at 31 March 2017	**1,930,650**	**8,496,104**	**776,035**	**57,005**	**19,136**	**40,941**	**11,319,871**
Accumulated depreciation							
Balance at 1 April 2016	1,507,730	8,248,471	619,795	32,168	20,773	43,754	10,472,691
Depreciation for the financial year	80,569	223,492	35,419	8,551	–	4,094	352,125
Written off	–	–	–	–	–	(28,000)	(28,000)
Currency re-alignment	(122,375)	(512,901)	(38,352)	–	(1,638)	–	(675,266)
Balance at 31 March 2017	**1,465,924**	**7,959,062**	**616,862**	**40,719**	**19,135**	**19,848**	**10,121,550**
Carrying amount							
Balance at 31 March 2017	**464,726**	**537,042**	**159,173**	**16,286**	**1**	**21,093**	**1,198,321**
Cost							
Balance at 1 April 2015	2,259,440	9,639,042	817,385	57,005	22,394	62,941	12,858,207
Additions	–	2,246	2,704	–	–	6,000	10,950
Written off	–	–	(1)	–	–	–	(1)
Currency re-alignment	(163,480)	(576,237)	(38,385)	–	(1,620)	–	(779,722)
Balance at 31 March 2016	2,095,960	9,065,051	781,703	57,005	20,774	68,941	12,089,434
Accumulated depreciation							
Balance at 1 April 2015	1,535,091	8,451,781	619,289	23,617	22,394	37,571	10,689,743
Depreciation for the financial year	84,199	273,326	37,122	8,551	–	6,183	409,381
Currency re-alignment	(111,560)	(476,636)	(36,616)	–	(1,621)	–	(626,433)
Balance at 31 March 2016	1,507,730	8,248,471	619,795	32,168	20,773	43,754	10,472,691
Carrying amount							
Balance at 31 March 2016	588,230	816,580	161,908	24,837	1	25,187	1,616,743

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the purpose of consolidated statement of cash flows, the additions to property, plant and equipment were financed as follows:

	Group	
	2017	**2016**
	$	**$**
Additions during the financial year	**48,030**	10,950
Additions through finance lease	**(28,866)**	–
Cash payment to acquire plant and equipment	**19,164**	10,950

As at 31 March 2017, the carrying amount of the Group's plant and machinery acquired under finance lease agreement was $123,555 (2016: $123,276). Finance lease assets are pledged as securities for the related finance lease payables as set out in Note 16 to the financial statements.

7. INVESTMENT PROPERTY

	Group	
	2017	**2016**
	$	**$**
At fair value		
Balance at beginning and end of financial year	**8,500,000**	8,500,000

The fair value of the Group's investment property as at 31 March 2017 amounted to approximately $8,500,000 (2016: $8,500,000). The Group's investment property as at 31 March 2017 and 2016 were valued by GB Global Pte Ltd, an independent professional valuation firm with relevant experience in the location and category of the investment property held by the Group. The valuation was arrived at by using the sales comparison approach by making reference to market evidence of comparable properties in similar locations, adjusted for differences in key attributes such as area, age, condition and tenure, dates of transaction and the prevailing economic conditions affecting the property market, among others. The valuation is based on the assets' highest and best use, which is in line with its actual use. Based on management's assessment, the fair value hierarchy of the Group's investment property is level 3. Consequently, the additional disclosures for the fair value of the investment properties classified as level 3 were made in Note 29.5 to the financial statements.

The Directors have exercised their judgement in relying on the valuation reports and are satisfied that the fair values are reflective of current market situation.

At the end of the financial year, the carrying amount of the Group's investment property has been negatively pledged for the banking facilities as set out in Note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

7. INVESTMENT PROPERTY (CONTINUED)

At the end of the financial year, the Group's investment property was as follows:

Location	Description	Tenure	Approximate site area (sqm)	
			Land	Built-up
No. 8 First Lok Yang Road Singapore 629731	Factory building	60 years lease from 1977	6,509	4,124

The following amounts are recognised in the Group's profit or loss:

	Group	
	2017	2016
	$	$
Rental income from investment property	**401,408**	549,880
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment property	**215,050**	227,359

8. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group and Company	
	2017	2016
	$	$
Unquoted equity investment, at cost	**97,632**	97,632
Accumulated impairment losses	**(97,632)**	(97,632)
	–	–

The investment in unquoted equity investment is stated at cost as there is no active market and the fair value cannot be reliably measured. The Group and the Company do not intend to dispose this investment in the foreseeable future.

In the previous financial year, the Group and the Company recognised an allowance for impairment loss of $97,632 for the unquoted equity investment after reviewing the financial performance of the investment.

Movement in the allowance for impairment loss was as follows:

	Group and Company	
	2017	2016
	$	$
Balance at beginning of financial year	**97,632**	–
Allowance made during the financial year	**–**	97,632
Balance at end of financial year	**97,632**	97,632

The currency profile at the end of the financial year was New Taiwan dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

9. INVENTORIES

	Group	
	2017	2016
	$	$
Raw materials	**641,777**	1,006,674
Work-in-progress	**426,423**	414,164
Finished goods	**259,277**	228,172
	1,327,477	1,649,010

The cost of inventories recognised as an expense and included in "cost of sales" line item in the Group's profit or loss amounted to $5,476,096 (2016: $5,769,127).

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade receivables – third parties	**976,452**	1,160,701	**–**	–
Non-trade receivables – subsidiaries	**–**	–	**556,144**	806,210
Allowance for impairment loss on non-trade receivables from a subsidiary	**–**	–	**(50,000)**	–
	–	–	**506,144**	806,210
Loan to a subsidiary	**–**	–	**3,123,705**	3,054,969
	976,452	1,160,701	**3,629,849**	3,861,179
Non-trade receivables – third parties	**19,872**	17,511	**–**	–
Goods and services tax receivable	**62,577**	83,728	**–**	–
Utilities and rental deposits	**26,213**	16,734	**–**	178
Fixed deposits interest receivable	**2,391**	5,116	**–**	–
Total trade and other receivables	**1,087,505**	1,283,790	**3,629,849**	3,861,357
Add:				
Cash and cash equivalents	**3,254,739**	3,599,629	**13,353**	293,172
Less:				
Goods and services tax receivable	**(62,577)**	(83,728)	**–**	–
Total loans and receivables	**4,279,667**	4,799,691	**3,643,202**	4,154,529

Trade receivables are unsecured, non-interest bearing and generally on 30 to 60 (2016: 30 to 60) days' terms.

The non-trade amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

The loan to a subsidiary bears interest at a rate of 2.25% (2016: 2.25%) per annum, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in allowance for impairment loss on non-trade receivables from subsidiaries were as follows:

	Company	
	2017	2016
	$	$
Balance at beginning of financial year	–	4,488,965
Allowance made during the financial year	**50,000**	45,000
Amount written off against allowance	–	(4,533,965)
Balance at end of financial year	**50,000**	–

The Company's allowance for impairment loss on non-trade receivables from subsidiaries amounting to $50,000 (2016: $45,000) was recognised subsequent to a debt recovery assessment performed during the financial year.

The currency profiles of trade and other receivables at the end of the financial year were as follows:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Singapore dollar	**461,293**	629,731	**3,629,849**	3,861,357
United States dollar	**43,525**	64,478	–	–
Ringgit Malaysia	**582,687**	587,170	–	–
Swiss Franc	–	2,411	–	–
	1,087,505	1,283,790	**3,629,849**	3,861,357

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Fixed deposits with banks	**2,929,419**	3,119,811	–	200,000
Cash and bank balances	**325,320**	479,818	**13,353**	93,172
	3,254,739	3,599,629	**13,353**	293,172

Fixed deposits are placed for a period between 28 to 184 (2016: 31 to 182) days with effective interest rates from 0.58% to 1.28% (2016: 0.20% to 1.28%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

11. CASH AND CASH EQUIVALENTS (CONTINUED)

The currency profiles of cash and cash equivalents at the end of the financial year were as follows:

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Singapore dollar	**3,085,937**	3,350,278	**13,353**	293,172
United States dollar	**51,099**	8,716	**–**	–
Ringgit Malaysia	**117,703**	240,635	**–**	–
	3,254,739	3,599,629	**13,353**	293,172

12. SHARE CAPITAL

	Group and Company			
	2017	2016	2017	2016
	Number of ordinary shares		$	$
Issued and fully paid:				
At beginning and end of financial year	**1,229,226,124**	1,229,226,124	**24,764,175**	24,764,175

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

13. FOREIGN CURRENCY TRANSLATION ACCOUNT

The Group's foreign currency translation account comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation whose functional currencies are different from that of the Group's presentation currency and is non-distributable.

14. SHARE-BASED PAYMENT RESERVE

The Group and the Company

The share-based payment reserve represents the fair value of the shares transferred by an ex-Director and ex-shareholder of the Company at the date of transfer to the employees for services provided to the Group.

The share-based payment reserve is non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

15. DEFERRED TAX LIABILITIES

	Group	
	2017	**2016**
	$	**$**
Balance at beginning of financial year	**10,985**	83,233
Credited to profit or loss	**(10,150)**	(66,612)
Currency re-alignment	**(835)**	(5,636)
Balance at end of financial year	**–**	10,985

Deferred tax liabilities arise from a subsidiary which are attributable to temporary differences between the tax written down values and the carrying amounts of the Group's property, plant and equipment computed at statutory income tax rate in which the subsidiary operates.

16. FINANCE LEASE PAYABLES

	Minimum lease payments	**Future finance charges**	**Present value of minimum lease payments**
	$	**$**	**$**
Group			
2017			
Within one financial year	**32,018**	**(3,543)**	**28,475**
After one financial year but within five financial years	**39,287**	**(2,708)**	**36,579**
	71,305	**(6,251)**	**65,054**
2016			
Within one financial year	27,443	(3,995)	23,448
After one financial year but within five financial years	48,025	(2,797)	45,228
	75,468	(6,792)	68,676

The finance lease terms are 5 (2016: 5) years.

The effective interest rate of finance lease arrangements ranged from 6.49% to 8.63% (2016: 7.16%) per annum.

The fair value of the Group's finance lease payables approximate their carrying amount at the end of the financial year.

All leases are on fixed payment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

16. FINANCE LEASE PAYABLES (CONTINUED)

The currency profiles of finance lease payables at the end of the financial year were as follows:

	Group	
	2017	**2016**
	$	**$**
Singapore dollar	**24,973**	–
Ringgit Malaysia	**40,081**	68,676
	65,054	68,676

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Trade payables – third parties	**645,898**	519,543	**–**	–
Non-trade payables – third parties	**120,650**	113,119	**83**	166
Rental deposits	**66,246**	74,621	**–**	–
Accrued expenses	**288,099**	296,965	**122,181**	128,272
	1,120,893	1,004,248	**122,264**	128,438

Trade payables are unsecured, non-interest bearing and normally settled between 30 to 90 (2016: 30 to 90) days' terms.

The currency profiles of trade and other payables at the end of the financial year were as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Singapore dollar	**604,424**	612,416	**122,264**	128,438
United States dollar	**267,253**	148,036	**–**	–
Ringgit Malaysia	**249,216**	243,796	**–**	–
	1,120,893	1,004,248	**122,264**	128,438

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

18. BANK BORROWINGS

	Group	
	2017	2016
	$	$
Unsecured		
Trust receipts	**600,959**	470,561

	Group	
	2017	2016
	%	%
Effective interest rates per annum		
Trust receipts	**1.98 – 5.25**	1.88 – 5.25

Bank borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Trust receipts have maturities of between 65 to 110 (2016: 69 to 110) days.

At the end of the financial year, the Group granted and utilised banking facilities were as follows:

	Group	
	2017	2016
	$	$
Facilities granted	**6,934,650**	6,946,240
Facilities utilised	**743,923**	631,309

As at 31 March 2017, the banking facilities amounting to $6,934,650 (2016: $6,946,240), granted to the Group were supported by way of:

(a) negative pledge over certain assets of a subsidiary; and

(b) corporate guarantees given by the Company and certain subsidiaries.

The currency profile of bank borrowings at the end of the financial year was Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

19. REVENUE

Revenue represents the invoiced value of goods sold, net of discounts and goods and services tax.

20. OTHER INCOME

	Group	
	2017	**2016**
	$	**$**
Government grants	**26,857**	43,106
Interest income	**25,282**	21,108
Rental income	**401,408**	549,880
Others	**29,495**	33,762
	483,042	647,856

21. FINANCE COSTS

	Group	
	2017	**2016**
	$	**$**
Interest expenses		
– bank overdrafts	**129**	4,771
– trust receipts	**8,466**	9,971
– finance lease payables interests	**5,008**	5,772
	13,603	20,514

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

22. LOSS BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2017	**2016**
	$	**$**
Cost of sales		
Depreciation of property, plant and equipment	**305,796**	362,910
Repair and maintenance	**117,927**	84,838
Utilities expenses	**557,168**	580,726
Employee benefits expense		
– salaries, bonus and other benefits	**1,045,937**	1,029,566
– defined contribution plans	**90,017**	123,260
Selling and distribution costs		
Freight and handling	**23,382**	26,784
Sales commission	**41,944**	46,754
Administrative expenses		
Audit fees		
– auditors of the Company	**53,876**	61,407
– other auditors	**6,449**	6,739
Non-audit fees		
– auditors of the Company	**15,947**	14,342
– other auditors	**761**	1,970
Depreciation of property, plant and equipment	**46,329**	46,471
Operating lease expenses		
– rental of land	**194,941**	199,874
– rental of office equipment	**3,114**	12,456
– rental of motor vehicle	**16,516**	–
Plant and equipment written off	**–**	1
Professional fees	**124,909**	114,345
Provision for Directors' fee	**125,000**	130,000
Employee benefits expense[1]		
– salaries, bonus and other benefits	**705,617**	738,401
– defined contribution plans	**62,875**	48,753
Other expenses		
Foreign exchange loss, net	**315,735**	314,668
Impairment loss on available-for-sale financial asset	**–**	97,632

[1] Employee benefits expenses include the amounts shown as Directors' remuneration in Note 28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

23. INCOME TAX CREDIT

	Group	
	2017	**2016**
	$	**$**
Current income tax		
– under provision in prior financial years	**26**	27
Deferred tax		
– current financial year	**–**	(37,385)
– over provision of deferred tax liabilities in prior years	**(10,150)**	(29,227)
	(10,150)	(66,612)
Total income tax credit	**(10,124)**	(66,585)

Reconciliation of effective income tax rate

	Group	
	2017	**2016**
	$	**$**
Loss before income tax	**(1,671,752)**	(1,009,672)
Share of results of associate, net of tax	**100,273**	1,209
	(1,571,479)	(1,008,463)
Income tax calculated at Singapore's statutory tax rate of 17%	**(267,151)**	(171,439)
Effect of different tax rate of overseas operation	**(71,762)**	(43,239)
Tax effect of income not subject to income tax	**(18,885)**	(28,643)
Tax effect of non-deductible expenses for income tax purposes	**119,438**	141,235
Deferred tax assets not recognised	**238,360**	76,190
Utilisation of deferred tax assets not recognised previously	**–**	(10,115)
Over provision of deferred tax in prior years	**(10,150)**	(29,227)
Under provision of current income tax in prior years	**26**	27
Others	**–**	(1,374)
	(10,124)	(66,585)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

23. INCOME TAX CREDIT (CONTINUED)

Unrecognised deferred tax assets

	Group	
	2017	**2016**
	$	**$**
Balance at beginning of financial year	**2,248,062**	2,454,006
Amount not recognised in profit or loss	**238,360**	76,190
Utilisation of deferred tax assets not recognised previously	**–**	(10,115)
Adjustment resulting from change in temporary differences	**(62,989)**	(165,546)
Changes in tax rate of overseas operation	**(34,493)**	–
Currency re-alignment	**(78,016)**	(106,473)
Balance at end of financial year	**2,310,924**	2,248,062

Unrecognised deferred tax assets are attributable to:

	Group	
	2017	**2016**
	$	**$**
Accelerated tax depreciation	**8,048**	3,634
Unutilised tax losses	**1,765,763**	1,681,465
Unabsorbed capital allowances	**461,535**	476,334
Others	**75,578**	86,629
	2,310,924	2,248,062

As at 31 March 2017, the Group had unutilised tax losses and unabsorbed capital allowances of approximately $9,068,000 (2016: $9,261,000) and $1,923,000 (2016: $1,905,000) respectively available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates.

These deferred tax assets have not been recognised as there is no certainty that there will be sufficient future taxable profits to realise these future benefits. Accordingly, these deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

24. LOSS PER SHARE

The calculations for loss per share are based on:

	Group	
	2017	**2016**
Loss after income tax attributable to owners of the parent ($)	**(1,661,628)**	(943,087)
Actual number of ordinary shares during the financial year applicable to basic loss per share	**1,229,226,124**	1,229,226,124
– Basic loss per share	**(0.14) cents**	(0.08) cents
– Diluted loss per share	**(0.14) cents**	(0.08) cents

Basic loss per share is calculated by dividing the Group's loss after income tax attributable to owners of the parent by the actual number of ordinary shares during the financial year. As the Group has no dilutive potential ordinary shares, the diluted loss per share is equivalent to basic loss per share for the financial year.

25. COMMITMENTS

Operating lease commitments

The Group as a lessor

The Group leased out office spaces under non-cancellable operating leases. The leases are contracted for a period of one to three years.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the financial year but not recognised as receivables were as follows:

	Group	
	2017	**2016**
	$	**$**
Within one financial year	**371,987**	248,818
After one financial year but within five financial years	**203,049**	151,900
	575,036	400,718

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

26. CONTINGENT LIABILITIES

The Company had given corporate guarantees to certain banks in respect of banking facilities granted to certain subsidiaries. These guarantees are financial guarantee contract as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of the facilities drawn. As at 31 March 2017, the total banking facilities granted to certain subsidiaries amounted to $6,934,650 (2016: $6,946,240) and the amount utilised by those subsidiaries amounted to $743,923 (2016: $631,309). There has been no default or non-repayment since the utilisation of the banking facilities. These financial guarantees have not been recognised in the financial statements of the Company as the requirements to reimburse are remote.

27. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group has two reportable segments namely:

(i) Printed circuit boards business; and

(ii) Food and beverage business.

The printed circuit boards business segment relates to the manufacture and sale of printed circuit boards and advance interconnect substrates.

The food and beverage business segment relates to the operating of restaurants.

Unallocated segment of the Group comprises mainly investment holding and other management services, neither of which constitutes a separate reportable segment.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

Income taxes are managed by the management of respective entities within the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

27. SEGMENT INFORMATION (CONTINUED)

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segment

	Printed circuit boards $	Food and beverage $	Unallocated $	Total $
2017				
Revenue				
External revenue	**5,482,693**	**–**	**–**	**5,482,693**
Results				
Segment results	**(1,000,933)**	**–**	**(582,225)**	**(1,583,158)**
Interest income	**24,915**	**–**	**367**	**25,282**
Finance costs	**(13,603)**	**–**	**–**	**(13,603)**
Share of results of associate, net of tax	**–**	**(100,273)**	**–**	**(100,273)**
Loss before income tax	**(989,621)**	**(100,273)**	**(581,858)**	**(1,671,752)**
Income tax credit/(expense)	**10,150**	**–**	**(26)**	**10,124**
Loss after income tax	**(979,471)**	**(100,273)**	**(581,884)**	**(1,661,628)**
Non-cash item				
Depreciation of property, plant and equipment	**352,125**	**–**	**–**	**352,125**
Capital expenditure				
Property, plant and equipment	**48,030**	**–**	**–**	**48,030**
Assets and liabilities				
Segment assets	**15,334,154**	**547,949**	**80,496**	**15,962,599**
Segment liabilities	**1,654,599**	**–**	**132,307**	**1,786,906**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

27. SEGMENT INFORMATION (CONTINUED)

Business segment (Continued)

	Printed circuit boards $	Food and beverage $	Unallocated $	Total $
2016				
Revenue				
External revenue	6,319,940	–	–	6,319,940
Results				
Segment results	(341,501)	–	(667,556)	(1,009,057)
Interest income	20,622	–	486	21,108
Finance costs	(20,514)	–	–	(20,514)
Share of results of associate, net of tax	–	(1,209)	–	(1,209)
Loss before income tax	(341,393)	(1,209)	(667,070)	(1,009,672)
Income tax credit/(expense)	66,612	–	(27)	66,585
Loss after income tax	(274,781)	(1,209)	(667,097)	(943,087)
Non-cash items				
Depreciation of property, plant and equipment	409,381	–	–	409,381
Impairment loss on available-for-sale financial asset	–	–	97,632	97,632
Plant and equipment written off	1	–	–	1
Capital expenditure				
Property, plant and equipment	10,950	–	–	10,950
Assets and liabilities				
Segment assets	16,323,517	648,222	368,381	17,340,120
Segment liabilities	1,405,110	–	138,375	1,543,485
Deferred tax liabilities	10,985	–	–	10,985
Total liabilities	1,416,095	–	138,375	1,554,470

Geographic information

Revenue is based on the country in which the external customers' headquarter is located. Non-current assets comprise primarily investment in associate, property, plant and equipment and investment property. Non-current assets are shown by the geographical area in which the assets are located.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

27. SEGMENT INFORMATION (CONTINUED)

Geographic information (Continued)

	Germany	Switzerland	Malaysia	Japan	Singapore	Others	Total
	$	$	$	$	$	$	$
2017							
Total revenue from external customers	**1,905,847**	**1,408,196**	**995,778**	**862,958**	**75,357**	**234,557**	**5,482,693**
Non-current assets	**–**	**–**	**1,010,143**	**–**	**9,236,127**	**–**	**10,246,270**
2016							
Total revenue from external customers	2,168,567	1,443,800	1,281,774	1,026,021	120,739	279,039	6,319,940
Non-current assets	–	–	1,416,575	–	9,348,390	–	10,764,965

Major customers

The revenues from five (2016: five) customers of the Group's printed circuit boards segment amounted to approximately $3,632,000 (2016: $4,686,000).

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group entities entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group	
	2017	2016
	$	$
Related parties		
Rental income	**80,432**	87,119
Settlement of liabilities on behalf of	**12,711**	12,387

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

28. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

The remuneration of Directors and other members of key management of the Group during the financial year were as follows:

	Group	
	2017	**2016**
	$	**$**
Provision for Directors' fees	**125,000**	130,000
Short-term employee benefits	**457,563**	462,935
Post-employment benefits	**38,899**	42,623
	621,462	635,558

These include the following Directors' remuneration:

	Group	
	2017	**2016**
	$	**$**
Directors of the Company	**454,870**	460,706
Directors of subsidiaries	**75,388**	75,884
	530,258	536,590

29. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's activities expose it to financial risks (including credit risk, foreign currency risk, interest rate risk and liquidity risk) arising in the ordinary course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets in the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's exposure to these financial risks or the manner in which the risk is managed and measured. The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

29. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

29.1 Credit risks

Credit risks refer to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

At the end of the financial year, the Group had significant credit exposure arising from the trade amounts due from 5 (2016: 5) third party customers amounting to approximately $778,304 (2016: $876,488). In addition, the Company had significant credit exposure arising from the non-trade amounts due from subsidiaries amounting to $3,629,849 (2016: $3,861,179).

The Group's major classes of financial assets are cash and cash equivalents, trade and other receivables and available-for-sale financial asset. The Company's major classes of financial assets are cash and cash equivalents, non-trade amounts due from subsidiaries and available-for-sale financial asset.

Cash and cash equivalents are mainly deposits with reputable banks with minimum risk of default.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

The age analysis of trade receivables at the end of the financial year that are past due but not impaired was as follows:

	Group	
	2017	**2016**
	$	**$**
Past due less than 3 months	**413,035**	439,451
Past due 3 months to 6 months	**–**	1,483

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

29. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

29.2 Market risks

Foreign currency risks

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entities within the Group. The Group transacts business in various foreign currencies and therefore is exposed to foreign exchange risk arising mainly from United States dollar and Singapore dollar transactions. At the end of the financial year, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective functional currency of entities within the Group are as follows:

	Group			
	Assets		Liabilities	
	2017	2016	2017	2016
	$	$	$	$
United States dollar	**94,624**	73,194	**267,253**	148,036
Singapore dollar	**6,032,285**	4,526,974	**216,932**	8,445,467

The Group has investment in foreign subsidiary, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operation.

As the Company transacts mainly in its functional currency, it is not exposed to significant foreign currency risks.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's risk management policies to ensure that the net exposure is at an acceptable level.

Foreign currency sensitivity analysis

The Group is mainly exposed to United States dollar.

The following table details the sensitivity to a 5% (2016: 5%) in United States dollar against Singapore dollar and Singapore dollar against Ringgit Malaysia respectively. The sensitivity analysis assumes an instantaneous 5% change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in United States dollar and Singapore dollar, are included in the analysis.

	Profit or loss	
	2017	2016
Group	$	$
United States dollar		
Strengthens against Singapore dollar	**(8,631)**	(3,742)
Weakens against Singapore dollar	**8,631**	3,742
Singapore dollar		
Strengthens against Ringgit Malaysia	**290,768**	(195,925)
Weakens against Ringgit Malaysia	**(290,768)**	195,925

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

29. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

29.2 Market risks (Continued)

Interest rate risks

The Group's exposure to market risks for changes in interest rates relates primarily to interest-bearing bank borrowings as shown in Note 18 to the financial statements. The Company's exposure to market risks for changes in interest rates relates primarily to interest-bearing loan to a subsidiary as shown in Note 10 to the financial statements.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest income and expenses from time deposit and interest-bearing bank borrowings which are at floating interest rates. It is the Group's policy to obtain quotes from reputable banks to ensure that the most favourable rates are made available to the Group.

At the end of the financial year, the Group does not have significant exposure to changes in interest rate and therefore, no interest rate sensitivity analysis is presented.

29.3 Liquidity risks

Liquidity risks refer to the risks in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of the overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

Corporate guarantees given by the Company to the banks in connection with banking facilities granted to subsidiaries are disclosed in Note 26 to the financial statements.

Contract maturity analysis

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

29. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

29.3 Liquidity risks (Continued)

Contract maturity analysis (Continued)

	Within one financial year $	After one financial year but within five financial years $	Total $
Group			
2017			
Financial liabilities			
Non–interest bearing			
– Trade and other payables	**1,120,893**	**–**	**1,120,893**
Interest bearing			
– Bank borrowings	**612,052**	**–**	**612,052**
– Finance lease payables	**32,018**	**39,287**	**71,305**
	1,764,963	**39,287**	**1,804,250**
2016			
Financial liabilities			
Non–interest bearing			
– Trade and other payables	1,004,248	–	1,004,248
Interest bearing			
– Bank borrowings	474,806	–	474,806
– Finance lease payable	27,443	48,025	75,468
	1,506,497	48,025	1,554,522

	Within one financial year $
Company	
2017	
Financial liabilities	
Non–interest bearing	
– Trade and other payables	**122,264**
Financial guarantee contracts	**743,923**
2016	
Financial liabilities	
Non–interest bearing	
– Trade and other payables	128,438
Financial guarantee contracts	631,309

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

29. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

29.3 Liquidity risks (Continued)

Contract maturity analysis (Continued)

The Group's operations are financed mainly through equity and bank borrowings. The Company's operations are financed mainly through equity. Adequate lines of credit are maintained to ensure the necessary liquidity is available when required.

The repayment terms of the Group's bank borrowings and finance lease payables are disclosed in Note 18 and Note 16 respectively to the financial statements.

29.4 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' value.

The management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group and the Company will balance their overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's and the Company's overall strategy remain unchanged from 2016.

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 March 2017 and 2016.

The management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. The Group and the Company include within net debt, trade and other payables, bank borrowings and finance lease payable less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

The gearing ratio is not disclosed as it is not meaningful because the cash and cash equivalents are higher than all of the liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

29. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

29.5 Fair value of financial assets and financial liabilities

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The carrying amounts of the Group's and the Company's current financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Fair value information has not been disclosed for the Group's unquoted available-for-sale financial asset that are carried at cost because their fair value cannot be determined reliably (Note 8). The Group has no plans to dispose of this unquoted financial asset in the foreseeable future.

The fair value of the Group's non-current financial liability in relation to finance lease payables is disclosed in Note 16 to the financial statements.

Non-financial asset carried at fair value

Non-financial asset carried at fair value classified by level of fair value is as follow:

		Fair value measurements using:			
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
		$	**$**	**$**	**$**
Group					
2017					
Non-financial assets					
Investment property	7	**–**	**–**	**8,500,000**	**8,500,000**
2016					
Non-financial assets					
Investment property	7	–	–	8,500,000	8,500,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

29. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

29.5 Fair value of financial assets and financial liabilities (Continued)

Fair value hierarchy (Continued)

Non-financial asset carried at fair value (Continued)

There were no transfers between level 1 and 2 during the financial year.

Any changes to the unobservable inputs, to the extent that they increase or decrease the price per square metre, will result in a corresponding increase or decrease in the fair value of the property. There are no significant inter-relationship between unobservable inputs.

There is no change in the valuation technique of investment property during the financial year.

Valuation policies and procedures

Management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

29.6 Categories of financial instruments

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Financial assets				
Available-for-sale financial asset	**–**	–	**–**	–
Loans and receivables	**4,279,667**	4,799,691	**3,643,202**	4,154,529
	4,279,667	4,799,691	**3,643,202**	4,154,529
Financial liabilities				
Finance lease payables	**65,054**	68,676	**–**	–
Trade and other payables	**1,120,893**	1,004,248	**122,264**	128,438
Bank borrowings	**600,959**	470,561	**–**	–
Other financial liabilities, at amortised cost	**1,786,906**	1,543,485	**122,264**	128,438

STATISTICS OF SHAREHOLDINGS

AS AT 16 JUNE 2017

Issued and fully paid up share capital	:	S$24,764,175
Number of shares	:	1,229,226,124
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share
Number of treasury shares	:	Nil
Number of subsidiary holdings held	:	Nil

Based on the information available to the Company as at 16 June 2017, approximately 69.67% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited has been complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 99	26	0.70	484	0.00
100 – 1000	169	4.56	87,778	0.01
1,001 – 10,000	1,104	29.80	5,474,412	0.44
10,001 – 1,000,000	2,304	62.19	304,446,877	24.77
1,000,001 and above	102	2.75	919,216,573	74.78
	3,705	**100.00**	**1,229,226,124**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	CHOO TUNG KHENG	170,012,315	13.83
2	CITIBANK NOMINEES SINGAPORE PTE LTD	77,000,000	6.26
3	POH CHONG PENG	60,000,000	4.88
4	CIMB SECURITIES (SINGAPORE) PTE. LTD.	54,579,077	4.44
5	HONG LEONG FINANCE NOMINEES PTE LTD	50,158,250	4.08
6	OCBC SECURITIES PRIVATE LIMITED	38,455,654	3.13
7	UOB KAY HIAN PRIVATE LIMITED	32,018,100	2.60
8	RAMESH S/O PRITAMDAS CHANDIRAMANI	22,680,000	1.85
9	LIM KAH HIN	20,000,000	1.63
10	TAN CHIN WAH	20,000,000	1.63
11	PHILLIP SECURITIES PTE LTD	18,053,200	1.47
12	LIM EE CHUAN	17,125,000	1.39
13	GAN HAN NEO	15,996,100	1.30
14	ONG POH CHOO	15,000,000	1.22
15	MAYBANK KIM ENG SECURITIES PTE. LTD.	14,675,860	1.19
16	DBS NOMINEES (PRIVATE) LIMITED	13,509,991	1.10
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	11,212,400	0.91
18	ONG KIAN SOON	10,534,000	0.86
19	TAN KOCK HENG	10,000,000	0.81
20	TAN SOO CHONG	10,000,000	0.81
	TOTAL	**681,009,947**	**55.39**

STATISTICS OF SHAREHOLDINGS

AS AT 16 JUNE 2017

SUBSTANTIAL SHAREHOLDERS' INFORMATION AS AT 16 JUNE 2017

	Direct interest		Deemed interest	
Name	**No. of shares**	**%**	**No. of shares**	**%**
Choo Tung Kheng	170,012,315	13.83	77,001,200[1]	6.26
Foo Tiang Ann	–	–	102,783,077[2]	8.36

Notes:

1. Mdm Choo Tung Kheng ("Mdm Choo") is deemed to be interested in the 1,200 shares held by her spouse, the late Mr Tan Ming and the 77,000,000 shares held by Citibank Nominees Singapore Pte Ltd for Sea Treasures Ltd, a Cayman Islands incorporated company, wholly-owned by Mdm Choo.
2. Mr Foo Tiang Ann is deemed to be interested in 52,783,077 shares held by CIMB Securities (Singapore) Pte. Ltd. and 50,000,000 shares held by Hong Leong Finance Nominees Pte Ltd

NOTICE OF ANNUAL GENERAL MEETING

CPH LTD. (Company Registration No. 199804583E) (Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of CPH Ltd. will be held at 8 First Lok Yang Road, Singapore 629731 on Thursday, 27 July 2017 at 9.30 a.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2017 together with the Directors' Statement and the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr Chong Cheng Whatt who is retiring in accordance with Article 89 of the Company's Constitution and who, being eligible, offers himself for re-election, as Director of the Company. **(Resolution 2)**

   [See Explanatory Note (i)]

3. To re-elect Mr Tito Shane Isaac who is retiring in accordance with Article 89 of the Company's Constitution and who, being eligible, offers himself for re-election, as Director of the Company. **(Resolution 3)**

   [See Explanatory Note (ii)]

4. To approve the sum of S$71,000 as Directors' Fees for the financial year ended 31 March 2017 (2016: S$76,000). **(Resolution 4)**

5. To re-appoint Messrs BDO LLP as the Company's Auditor and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

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

   "That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "Act"), the Company's Constitution and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "Catalist 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) allot and issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

CPH LTD. (Company Registration No. 199804583E) (Incorporated in the Republic of Singapore)

(ii) make or grant offers, agreements, or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

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

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) or such other limit as may be prescribed by the Catalist Rules as at the date of this Resolution is passed, of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) or any such other limit as may be prescribed by the Catalist Rules as at the date of this Resolution is passed;

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

CPH LTD. (Company Registration No. 199804583E) (Incorporated in the Republic of Singapore)

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

(4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (iii)] **(Resolution 6)**

By Order of the Board

Ong Kian Soon
Director and Company Secretary

Singapore, 11 July 2017

Explanatory Notes:

(i) There are no relationships including immediate family relationships between Mr Chong Cheng Whatt and the other Directors or its 10% shareholders. Detailed information on Mr Chong Cheng Whatt can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(ii) Mr Tito Shane Isaac will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of Audit and Remuneration Committees. He is considered to be independent for purposes of Rule 704(7) of the Catalist Rules. There are no relationships including immediate family relationships between Mr Tito Shane Isaac and the other Directors or its 10% shareholders. Detailed information on Mr Tito Shane Isaac can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(iii) Ordinary Resolution 6, if passed, will empower the Directors from the date of this Annual General Meeting until the date of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments.

NOTICE OF ANNUAL GENERAL MEETING

CPH LTD. (Company Registration No. 199804583E) (Incorporated in the Republic of Singapore)

Notes:

1. A Member (other than a Relevant Intermediary) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. A member who is a Relevant Intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act, Chapter 50 of Singapore.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 8 First Lok Yang Road, Singapore 629731 not less than forty-eight (48) hours before the time appointed for holding of the Annual General Meeting.

4. A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited at least seventy-two (72) hours before the time fixed for the holding of the Annual General Meeting or any postponement or adjournment thereof, in order for the Depositor to attend and vote at the Meeting.

PERSONAL DATA PRIVACY

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

This page has been intentionally left blank

CPH LTD.

(Company Registration No. 199804583E)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT

1. Relevant Intermediaries may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "Relevant Intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, 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.

I/We, _____ (Name), NRIC/Passport No./Company Registration No. _____

of _____ (Address)
being a member/members of CPH LTD. (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting ("AGM") to be held at 8 First Lok Yang Road, Singapore 629731 on Thursday, 27 July 2017 at 9.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for and against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions	For*	Against*
1	Adoption of Audited Financial Statements for the financial year ended 31 March 2017 together with the Directors' Statement and the Auditor's Report		
2	Re-election of Mr Chong Cheng Whatt as Director		
3	Re-election of Mr Tito Shane Isaac as Director		
4	Approval of Directors' fees		
5	Re-appointment of Messrs BDO LLP as Auditor and fixing their remuneration		
6	Authority to allot and issue new shares		

*If you wish to exercise all your votes "For" or "Against", please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2017

Total number of Shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

_____
Signature of Member(s)/Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A Member (other than a Relevant Intermediary) entitled to attend and vote at a Meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her behalf. A proxy need not be a Member of the Company.
3. A member who is a Relevant Intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "Relevant Intermediary" means:

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

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

   (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. Where a Member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 8 First Lok Yang Road, Singapore 629731 not less than forty-eight (48) hours before the time appointed for the AGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
7. A corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the Member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 July 2017.

This page has been intentionally left blank

This page has been intentionally left blank



CPH Ltd.

SINGAPORE

CPH LTD.
Registration No 199804583E
CIRCUITS PLUS PTE LTD
CIRCUITS PLUS (ASIATIC) PTE LTD
CP LIFESTYLE PTE. LTD.
8 First Lok Yang Road
Singapore 629731
Tel: (65) 6268 6622
Fax: (65) 6264 1572
Email: cps_sales@circuitsplus.com.sg

MALAYSIA

CIRCUITS PLUS (M) SDN. BHD.
PLO 146 No. 22
Jalan Angkasa Mas Utama
Kawasan Perindustrian Tebrau 2
81100 Johor Bahru, Johor, Malaysia
Tel: (02) 07 351 5520
Fax: (02) 07 354 6418 / 355 7949
Email: cpmjb@circuitsplus.com.sg