2018 ANNUAL REPORT

F.O.P.

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*This document has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Asian Corporate Advisors Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this document including the correctness of any of the figures used, statements or opinions made.*

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

The contact person for the Sponsor is Ms Foo Quee Yin.
Telephone number: 6221 0271

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive:
Teo Kee Bock (Chairman)
Teo Kee Chong (Managing Director)

Non-Executive:
Ang Kim Ton
Tan Keh Eyo (Lead Independent Director)
Low Beng Tin (Independent Director)
Lai Mun Onn (Independent Director)
(Appointed on 1 June 2018)

AUDIT COMMITTEE
Tan Keh Eyo (Chairman)
Low Beng Tin
Lai Mun Onn

NOMINATING COMMITTEE
Low Beng Tin (Chairman)
Tan Keh Eyo
Lai Mun Onn

REMUNERATION COMMITTEE
Lai Mun Onn (Chairman)
Tan Keh Eyo
Low Beng Tin

SECRETARY
Kelly Kiar Lee Noi

REGISTERED OFFICE

2 Jalan Rajah #06-28
Golden Wall Flatted Factory
Singapore 329134
Tel: (65) 6265-9111
Fax: (65) 6268-2300
Email: contact@fopgroup.com
Website: http://www.fopgroup.com

SHARE REGISTRAR

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

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

AUDIT PARTNER-IN-CHARGE

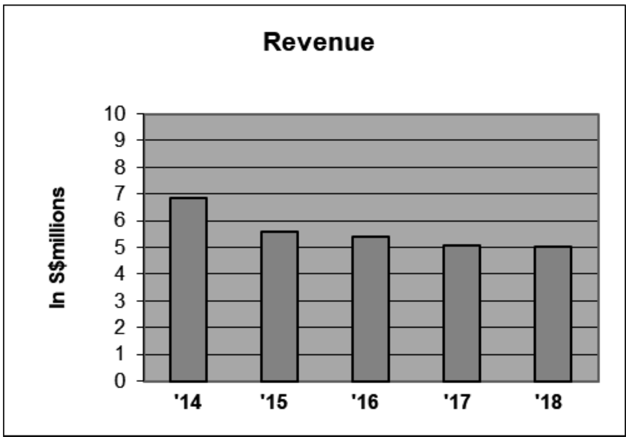
Lee Wei Hock
(Appointed since the financial year ended 31 December 2017)

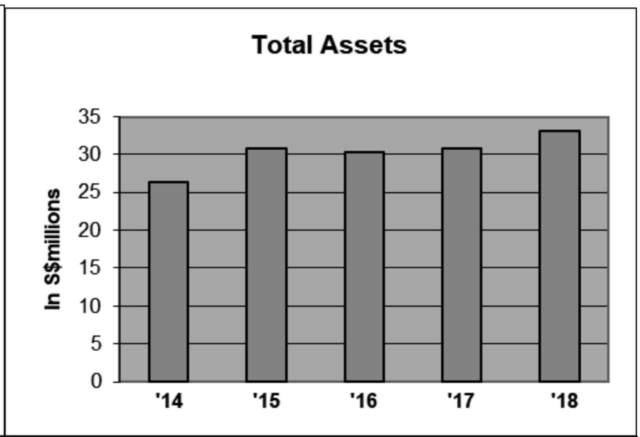
SPONSOR

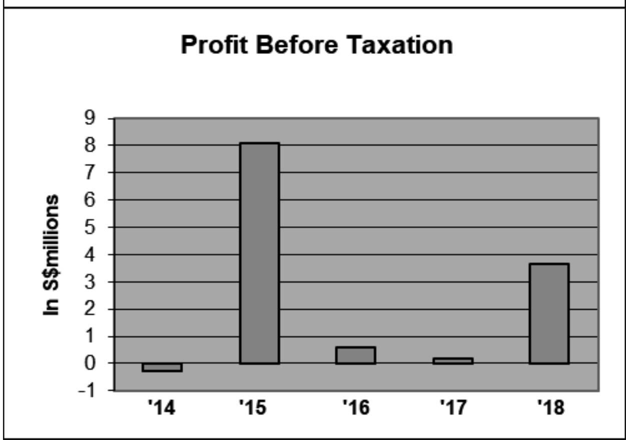
Asian Corporate Advisors Pte. Ltd.
160 Robinson Road
#21-05 SBF Center
Singapore 068914

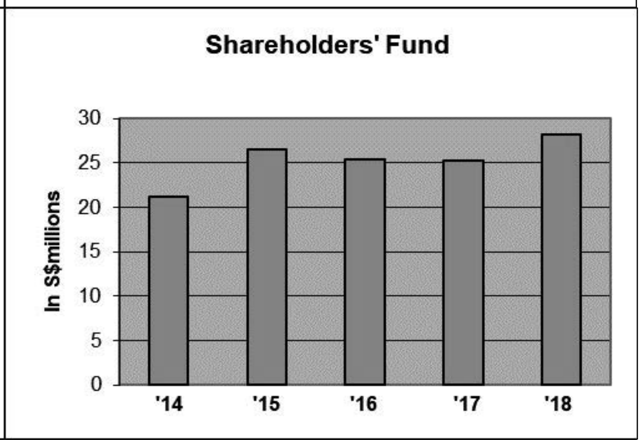
FINANCIAL HIGHLIGHTS

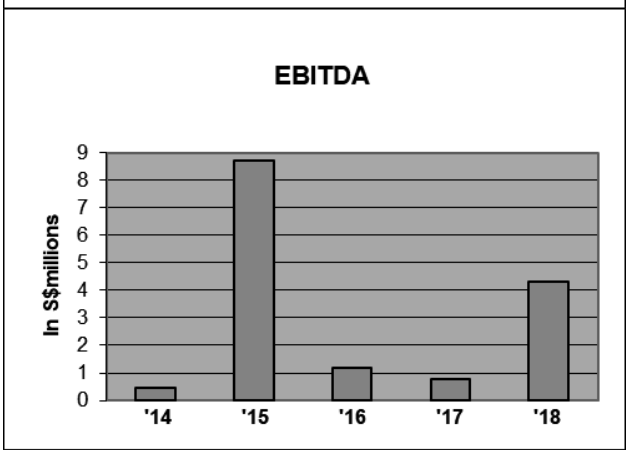
Continuing Operations	2014 S$'000	2015 S$'000	2016 S$'000	2017 S$'000	2018 S$'000
Revenue	6,859	5,585	5,408	5,055	5,015
Profit/(Loss) Before Taxation	(291)	8,110	610	190	3,652
Total Assets	26,400	30,819	30,366	30,807	33,092
Shareholders' Fund	21,212	26,448	25,453	25,274	28,141
EBITDA	474	8,709	1,181	774	4,288
Net Cash Flows from/(used in) Operating Activities	1,120	(928)	191	(435)	810

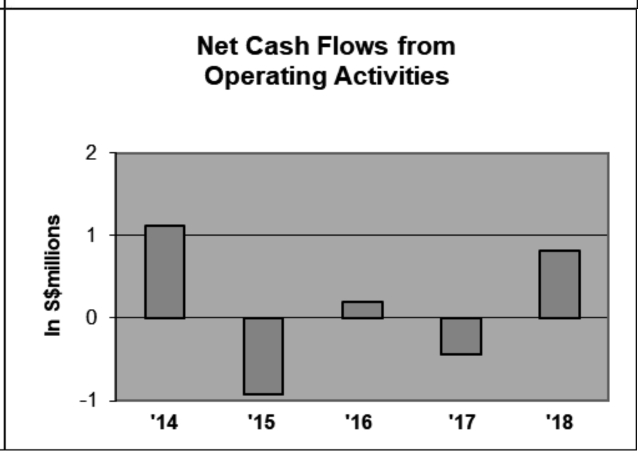












CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Group's Annual Report for the financial year ended 31 December 2018 ("**FY2018**").

For the year in review, the Group recorded a profit after tax from continuing operations of S$3.53 million as compared with a loss after tax of S$0.04 million for the financial year ended 31 December 2017 ("**FY2017**"). Consequently, the Group recorded a profit after tax from continuing operations, attributable to owners of the Company, of S$3.35 million for FY2018 as compared with a loss after tax of S$0.21 million for FY2017.

As a result, the Group's earnings per share from continuing operations was 6.70 Singapore cents for FY2018 as compared with a loss per share of 0.42 Singapore cents for FY2017. Net asset value per share also increased from 50.64 Singapore cents as at 31 December 2017 to 56.38 Singapore cents as at 31 December 2018.

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

For FY2018, total Group revenue from continuing operations declined marginally by about S$0.04 million or 1% from S$5.06 million for FY2017 to S$5.02 million. The lower revenue was mainly due to lower sales of printing cylinders in Singapore on account of the keen competition and weaker economy, partially offset by higher revenue in Malaysia due to the stronger Malaysian Ringgit ("**RM**") and higher investment holding income.

In line with the lower Group revenue, cost of sales also declined marginally by about 2%, from S$3.13 million for FY2017 to S$3.06 million for FY2018, due to the lower average costs of raw materials for seamless steel pipes, mild-steel plates and copper used in the production of printing cylinders on account of the weaker US$ versus the RM.

As a result, gross profit improved marginally from S$1.92 million for FY2017 to S$1.96 million for FY2018, an increase of S$0.04 million or about 2% as cost of sales declined relatively more than revenue. Consequently, gross profit margin improved from 38.0% for FY2017 to 39.0% for FY2018.

For FY2018, Other operating income amounted to S$1.74 million as compared with S$0.76 million for FY2017, an increase of S$0.98 million, mainly due to the completion of the disposal of Jalan Hasil and Lots 4070 & 4078 in 2018, partially offset by absence of non-recurring gain on settlement of other receivables in 2017.

Distribution expenses were unchanged at S$0.28 million for FY2017 as compared with FY2018.

Administrative expenses were lower at S$1.95 million for FY2018 as compared with S$2.00 million for FY2017, about S$0.05 million or 2%, due mainly to lower professional fees and staff-related expenses.

There were no Other operating expenses for FY2018 as compared with S$1.34 million for FY2017 which pertains to the loss recognised on derecognition of Star City loans of S$0.82 million and net foreign exchange loss of S$0.52 million.

Net finance income amounted to S$0.61 million for FY2018 as compared with S$0.51 million for FY2017, an increase of about S$0.10 million or 19% mainly due to accrued interest income from a loan to IPark Development Sdn Bhd ("**IPark**") and higher interest income on bank deposits.

CHAIRMAN'S STATEMENT

For FY2018, share of results of associate (net of tax) amounted to a gain of S$1.57 million as compared with S$0.61 million for FY2017. The share of results is based on the percentage-of-completion basis where revenue is recognised based on progressive payments from prospective owners.

Income tax expense was lower at S$0.13 million for FY2018 as compared with S$0.23 million for FY2017, a decrease of about S$0.10 million or 45%, mainly due to overprovision of prior year taxes in a subsidiary.

As a result of the above factors, the Group recorded a profit after tax from continuing operations of S$3.53 million for FY2018 as compared with a loss after tax of S$0.04 million for FY2017, the latter excluding loss from discontinued operation of S$0.14 million.

FINANCIAL POSITION

The Group's financial position remains healthy with total assets of S$33.09 million as at 31 December 2018 as compared with S$30.81 million as at 31 December 2017.

The Group's working capital remains positive, though lower, at S$6.37 million as at 31 December 2018 as compared with S$7.87 million as at 31 December 2017 due largely to the advancement of a loan to IPark, partially offset by proceeds received from the disposal of Jalan Hasil and Lots 4070 & 4078.

CASH POSITION

For FY2018, the Group generated net cash flows from operating activities of S$0.81 million mainly from profit before taxation, positive changes in working capital and adding back depreciation and amortisation, less payment of income taxes.

Cash flows used in investing activities, amounting to S$1.21 million, were mainly for a loan to IPark, purchase of property, plant and equipment, and partially offset by proceeds received from the disposal of Jalan Hasil and Lots 4070 & 4078.

Cash flows used in financing activities of S$0.25 million were mainly for the payment of dividends to owners of the Company and hire purchase creditors.

As a result, the Group recorded a net decrease in cash and cash equivalents of S$0.65 million for FY2018 while cash and cash equivalents stood at S$4.77 million as at 31 December 2018.

CHAIRMAN'S STATEMENT

SEGMENTAL REVIEW

Printing Cylinders Business Segment

For FY2018, Group sales revenue from printing cylinders totaled S$4.82 million as compared with S$4.88 million for FY2017, representing a decline of about S$0.06 million or 1% mainly due to lower sales in Singapore on account of the keen competition and weaker economy, partially offset by higher revenue in Malaysia due to the stronger RM.

Gross profit margin for the printing cylinders business segment improved from 29% for FY2017 to about 31% for FY2018 mainly due to the lower average costs of raw materials, coupled with the weaker US$ versus the RM for seamless steel pipes, mild-steel plates and copper used in the production of printing cylinders. However, the segment recorded a lower profit of S$1.13 million for FY2018 as compared with S$1.29 million for FY2017 mainly due to non-recurring gain on disposal of property, plant and equipment.

Investment Holding Business Segment

Total revenue from the investment holding business segment improved from S$0.18 million for FY2017 to S$0.20 million for FY2018 mainly due to the full-year impact of the lease of an investment property of the Group, coupled with the stronger RM.

The segment also recorded a higher profit of S$1.31 million for FY2018 as compared with S$0.21 million for FY2017 primarily mainly to gain on completion of disposal of Jalan Hasil and Lots 4070 & 4078 of S$1.48 million, partially offset by non-recurring net gain on settlement of other receivables of S$0.51 million in 2017.

Investment in Property Development Companies Business Segment

Under the Group's Investment in property development companies business segment, share of results (net of tax) of IPark amounted to a profit of S$1.57 million for FY2018 as compared with S$0.61 million for FY2017. The share of results is based on the percentage-of-completion basis where revenue is recognized based on progressive payments from prospective owners.

For Star City, the Group recognized deemed interest income of S$0.47 million for FY2018, about unchanged from S$0.46 million for FY2017. This interest income is in respect of discount adjustments on the Company's loans to Star City. FY2017, the Group also made a provision of S$0.82 million pertaining to the loss recognized on derecognition of the Company's loans to Star City under Other operating expenses.

Consequently, the segment recorded a profit of S$2.13 million, as compared with S$0.26 million for FY2017.

DIVIDEND

The Board is pleased to announce a first and final dividend of 0.3 Singapore cents per ordinary share, tax exempt (one-tier), amounting to S$150,000 for FY2018, unchanged from FY2017.

CHAIRMAN'S STATEMENT

FUTURE PROSPECTS

Looking ahead, the printing cylinders business segment will remain challenging due to keen competition. Aside from controlling costs to the extent possible, the Group will continue to optimize its production by seeking out cheaper alternative sources of supply of raw materials, where available.

In the investment holding business segment, the Group will continue to optimize the rental income of its remaining two investment/leasehold properties after the completion of the disposal of Jalan Hasil and Lots 4070 and 4078.

Meanwhile, for the Group's investment in IPark in Malaysia, property sales launch for has been ongoing since October 2016. As at 7 January 2019, out of 7 factory units, 1 was sold and 2 units were rented out under Parcel 1. For Parcel 2, out of 43 units, 20 were sold while 13 units were rented out.

As there have been no movement in the development of the Star City project, Star City is currently exploring various options including, inter alia, possible disposal.

CHANGES TO BOARD COMPOSITION

During the year, there were some changes to the composition of the Board. Our Independent Director, Mr Lim Kang San, resigned on 27 April 2018. Mr Lim had been a non-executive Director of the Company since 28 June 2002.

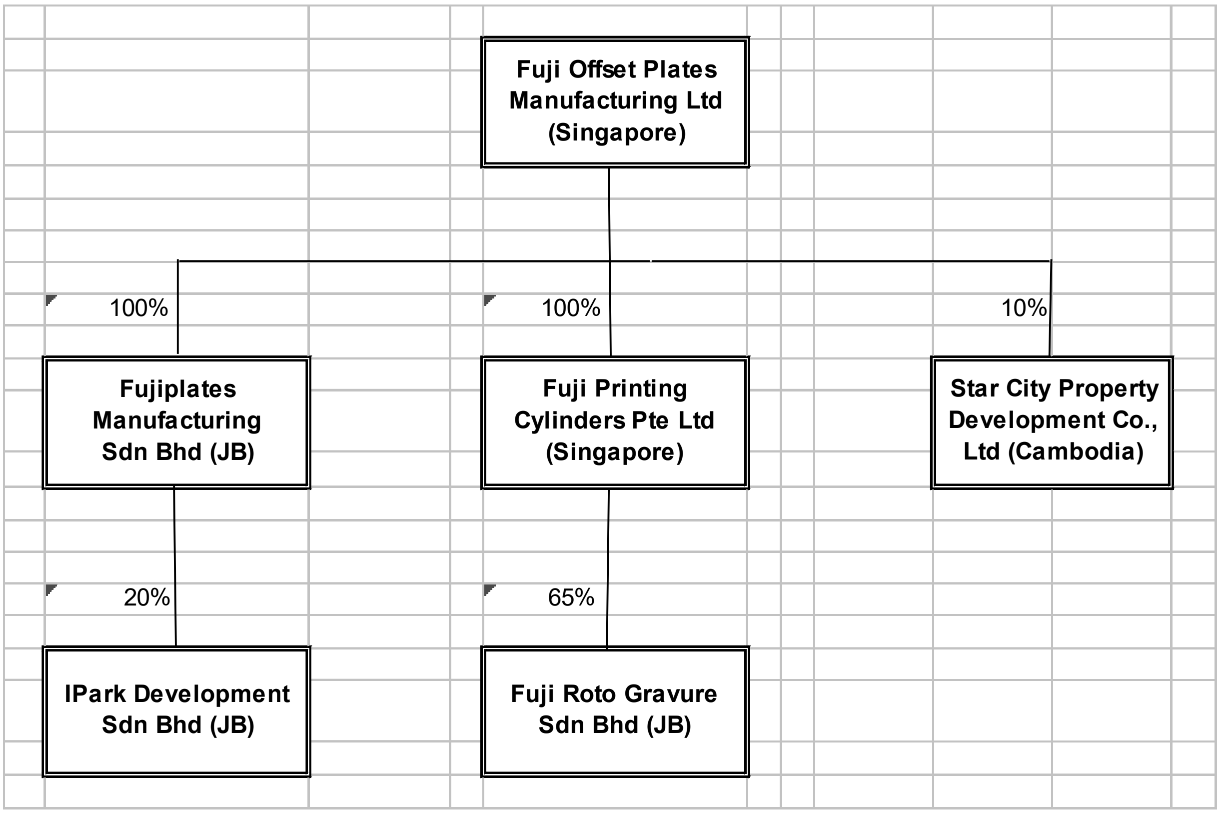
On behalf of the Board of Directors, I would like to thank Mr Lim for his invaluable contributions to the Board during his tenure and welcome Mr Lai Mun Onn who joined the Board with effect from 1 June 2018.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would also like to take this opportunity to express my heartfelt appreciation to all our shareholders, customers, business associates and partners for their continued support and confidence in the Group. I would also like to thank the management and staff for their dedication, hard work and contributions to the Group and to our Directors for their valuable contributions and guidance.

David Teo Kee Bock
Chairman

CORPORATE STRUCTURE



DIRECTORS' PROFILE

David Teo Kee Bock, Executive Chairman

Mr Teo is the founder of the Company and has been an Executive Director and Chairman of the Company since 18 November 1982.

Mr Teo has been involved in the printing industry for more than 30 years and has been the main driving force behind the growth of the Company. His areas of responsibilities include business development, strategic planning and marketing. Mr Teo is also a Director of two subsidiaries of the Group.

He is currently also the Chairman and Director of Apricot Capital Pte. Ltd.

Steven Teo Kee Chong, Managing Director

Mr Teo has been an Executive Director of the Company since 18 November 1982 and was appointed Managing Director on 19 May 1994.

Mr Teo has been involved in the printing industry for more than 30 years. As the Managing Director of the Company, Mr Teo is responsible for the day-to-day operations and management of the Group. Mr Teo is also a Director of the subsidiaries of the Group.

He is currently also the Managing Director of Regent Printing (Singapore) Pte Ltd.

Tan Keh Eyo, Lead Independent Director

Mr Tan was appointed as an Independent Director of the Company on 18 November 1997 and was subsequently appointed as the Lead Independent Director on 3 May 2017. He is the Chairman of the Audit Committee and is also a member of the Nominating and Remuneration Committees.

Mr Tan graduated with a Bachelor degree in Commerce from the Nanyang University, Singapore, in 1979. Ever since, he has been active in the Industrial Chemical Industries within the Asian region. Currently, he is a Marketing Consultant in his own business.

Low Beng Tin, Independent Director

Mr Low was appointed as an Independent Director of the Company on 3 May 2017. He is the Chairman of the Nominating Committee and is also a member of the Audit and Remuneration Committees.

Mr Low is also the Non-Executive Chairman/Independent Director of Cosmosteel Holdings Limited, Independent Director of Lian Beng Group Ltd, both of which are listed on the SGX-ST. He is also an Independent Director of J.P Nelson Holdings Ltd which is listed in Taiwan. Mr Low is currently the Executive Director of Assimilated Technologies (S) Pte Ltd.

Mr Low has close to 40 years of engineering experience in the oil and gas, petrochemical, chemical and marine industries. In recognition of his contribution to the community, he was conferred the Pingat Bakti Masyarakat (The Public Service Medal) in 2004 and the Bintang Bakti Masyarakat (The Public Service Star) in 2009 by the President of the Republic of Singapore.

He holds a Diploma in Electrical Engineering from Singapore Polytechnic, a Diploma in Management Studies from Singapore Institute of Management and was conferred a Masters in Business Administration (Chinese Programme) from the National University of Singapore.

DIRECTORS' PROFILE

Lai Mun Onn, Independent Director

Mr Lai Mun Onn is an Independent Director of the Company. He was appointed a Director on 1 June 2018. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

Mr Lai is also an Independent Director of Koh Brothers Group Limited, a company listed on the SGX-ST.

Mr Lai graduated from the University of London with a Bachelor of Law with Honours and obtained his Barrister-at-Law from Lincoln's Inn. In 1982, he was admitted as an Advocate and Solicitor of the Supreme Court of Singapore. He is presently a Notary Public and Commissioner for Oaths, and a member of the Singapore Institute of Arbitrators. He is a member of the Governing Council of the Singapore Golf Association, the Honorary Legal Advisor to the Basketball Association of Singapore and the President of the Keppel Club.

Mr Lai is the Managing Partner of Lai Mun Onn & Co., a law firm in Singapore.

Ang Kim Ton, Non-Executive Director

Mdm Ang was a Non-Executive Director of the Company from 1982 until her retirement in April 2008. She came out of retirement and was appointed on 28 April 2011 and every year since her last re-appointment on 28 April 2016.

Mdm Ang will not be seeking re-election as a Director of the Company at the upcoming Annual General Meeting ("**AGM**") of the Company scheduled to be held on 25 April 2019. She will retire as a Director of the Company with effect from 25 April 2019.

KEY EXECUTIVES' PROFILE

Adrian Teo Kee Tiong
Managing Director of Fuji Roto Gravure Sdn Bhd

Mr Teo was appointed as the Managing Director of Fuji Roto Gravure Sdn Bhd ("**FRG**"), an indirect 65%-owned subsidiary of the Group, on 2 December 1999.

He has been with FRG as its Executive Director and minority shareholder since its inception in 1995. Prior to that, Mr Teo was with Fuji Printing Cylinders Pte Ltd, the holding company of FRG, as its General Manager/Assistant to the Chairman from 1992 to 2004.

Mr Teo graduated with a Bachelor degree in Business Administration from the National University of Singapore.

Chua Thiam Chye
Group Financial Controller

Mr Chua was appointed as the Group Financial Controller on 1 January 2003. He has had extensive experience in various functions, mainly accounting and finance, from a multi-national company.

Mr Chua graduated with a degree in Business Administration from the then University of Singapore.

Eddie Teo Kwei Chieh
Assistant General Manager of Fujiplates Manufacturing Sdn Bhd

Mr Teo joined the Group on 19 July 1994 as the Financial Controller of FPM, a direct wholly-owned subsidiary of the Company, and is currently the Assistant General Manager of FPM. He has more than 16 years of working experience in banking operations and finance with a local bank as well as in manufacturing, business set-up and management.

He graduated with a Bachelor of Science degree in Finance and Management Information Systems from the Ohio State University.

Teo Weixian
Business Development Manager of the Company

Mr Teo was appointed as the Business Development Manager of the Company on 1 May 2008. Mr Teo's main responsibilities include assisting the Managing Director of the Company in the smooth running of its business operations and developing, planning and implementing policies and activities for the Group's diversification and development.

Mr Teo holds a Bachelor of Commerce degree from the University of New South Wales.

CORPORATE GOVERNANCE

The Directors and Management of Fuji Offset Plates Manufacturing Ltd (the "**Company**") are committed to high standards of corporate governance. The Board adopts practices based on the Code of Corporate Governance 2012 (the "**Code**"). All references to the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") shall mean the Listing Manual Section B: Rules of Catalist of the SGX-ST.

Board's Conduct of its Affairs – Principle 1
Board Composition and Guidance – Principle 2

The Board sets the overall strategy and policies of the Group on matters such as financial control, financial performance and risk management procedures. These functions are carried out either directly or delegated to Board committees, namely the Audit Committee (the "**AC**"), Nominating Committee (the "**NC**") and Remuneration Committee (the "**RC**"). In addition, the Board sets to:

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

Information on the Company's efforts on sustainability issues and management will be published by end May 2019.

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

All incoming Directors are also expected to receive comprehensive and tailored induction on joining the Board. This includes his duties as a Director and how to discharge those duties, and an orientation programme to ensure that they are familiar with the Company's business and governance practices. The Company shall provide training for first-time Directors in areas such as accounting, legal and industry-specific knowledge as appropriate.

All Directors shall receive regular training funded by the Company, particularly on relevant new laws, regulations and changing commercial risks, from time to time.

Upon appointment of each Director, the Company shall provide a formal letter to the Director, setting out the Director's duties and obligations.

To facilitate a more effective check on Management, non-executive Directors are encouraged to meet regularly without the presence of Management.

The Board has adopted internal guidelines for matters requiring Board approval, including but not limited to the appointment of Directors (as recommended by the NC) and their remuneration packages (as recommended by the RC), Board sub-committees and material transactions, including investment in and disposal of securities, investment properties, subsidiaries, associates and property development companies, operation of banking accounts, credit facilities, bank deposits, provision of corporate guarantees and the provision, capitalization, and denomination of loans to subsidiaries, associates and property development companies. The Board also approves the half year and full year results announcements, Interested Person Transactions and Annual Reports of the Company.

CORPORATE GOVERNANCE

During the financial year ended 31 December 2018 ("**FY2018**"), the Board consists of two executive Directors and four non-executive Directors, three of whom are independent. Notwithstanding the fact that Mr Tan Keh Eyo has served on the Board beyond nine years, the NC and the Board, after rigorous review considers him to be independent as he does not hold any shares in the Company, receives only a fixed fee income from the Company, is independent in character and judgement, and does not have any relationships that could interfere with the exercise of his independent business judgement. Mr Tan has exercised independence in his views and judgement in the Board and Board Committee meetings, and has displayed characteristics expected of independent Directors.

The Board meets at least twice a year. Ad-hoc Board meetings will be held as and when necessary. A total of two Board meetings were held in FY2018. Directors may participate in a meeting of the Board by means of telephone conference, videoconferencing, audio visual or other similar communications equipment under the Company's Constitution.

The composition of the Board and Board committees are as follows:

Director	**Designation**	**Committee Membership**		
		Audit	**Nominating**	**Remuneration**
David Teo Kee Bock	Executive Chairman	-	-	-
Steven Teo Kee Chong	Managing Director	-	-	-
Ang Kim Ton	Non-Executive Director	-	-	-
Tan Keh Eyo(1)	Lead Independent Director	Chairman	Member	Member
Low Beng Tin(2)	Independent Director	Member	Chairman	Member
Lai Mun Onn(3)	Independent Director	Member	Member	Chairman

Notes:

(1) Appointed as Lead Independent Director and re-designated as the Chairman of the Audit Committee on 3 May 2017
(2) Appointed as Independent Director, Chairman of the Nominating Committee, and Member of the Audit and Remuneration Committees on 3 May 2017
(3) Appointed as Independent Director, Chairman of the Remuneration Committee, and Member of the Audit and Nominating Committees on 1 June 2018

CORPORATE GOVERNANCE

The attendance of the Directors at the Board and Board committees meetings held in FY2018 are as follows:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**
Name of Directors								
David Teo Kee Bock	2	2	NA	NA	NA	NA	NA	NA
Steven Teo Kee Chong	2	2	NA	NA	NA	NA	NA	NA
Ang Kim Ton	2	1	NA	NA	NA	NA	NA	NA
Tan Keh Eyo	2	2	2	2	1	1	1	1
Low Beng Tin	2	2	2	2	1	1	1	1
Lim Kang San(1)	2	-	2	-	1	-	1	-
Lai Mun Onn(2)	2	1	2	1	1	-	1	-

Notes:

(1) Resigned on 27 April 2018
(2) Appointed on 1 June 2018

NA denotes “Not Applicable”

Where appropriate, the Directors receive relevant briefings from time to time on new updates in relation to regulatory changes to accounting standards, Listing Manual, corporate governance and other regulations or statutory requirements. In FY2018, the Directors were briefed by external auditors on changes in accounting standards and other regulatory updates. In addition, induction, orientation and training will be provided to new and, where appropriate, existing Directors.

The Board comprises Directors who provide core competencies in accounting and finance, business experience, industry knowledge, strategic planning, legal knowledge and customer based experience and knowledge. Key information such as academic, professional and commercial qualifications of each Director is set out on pages 8 and 9 of this Annual Report.

The Independent and Non-Executive Directors constructively challenge and assist in the development of proposals on strategy, and assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance.

The Independent and Non-Executive Directors of the Company meet regularly to discuss any matters without the presence of Management as and when circumstances require.

The Board has examined its size and with a view to determining the impact of the number upon effectiveness, decided on what it considers an appropriate size for the Board, which facilitates effective decision making.

Chairman and Managing Director – Principle 3

Mr David Teo Kee Bock is the Chairman and Mr Steven Teo Kee Chong is the Managing Director. Both are executive Directors of the Company and are siblings.

Notwithstanding the above, there is a clear separation of the roles and responsibilities of the Chairman and Managing Director.

CORPORATE GOVERNANCE

As the Chairman of the Company, Mr David Teo Kee Bock assumes responsibility for promoting a culture of openness and debate at the Board, ensures effective communication with Shareholders, encourages constructive relations within the Board and between the Board and Management, facilitates the effective contribution of Non-Executive Directors in particular, the workings of the Board, schedules meetings, prepares meeting agendas in consultation with the Managing Director, exercises control of the quantity, quality and timeliness of the flow of information between the Management and the Board and assists in ensuring compliance with the Group's guidelines on corporate governance. At the same time, the Chairman is also involved with providing the strategic direction of the Group, business development and enhancing ties with the Group's customers.

The Chairman leads the Board to ensure its effectiveness on all aspects of its role.

As the Managing Director of the Company, Mr Steven Teo Kee Chong is responsible for the day-to-day operations and management of the Group.

In view of the relationship between Mr David Teo Kee Bock and Mr Steven Teo Kee Chong, Mr Tan Keh Eyo was appointed as the Lead Independent Director of the Company on 3 May 2017 and will be available to shareholders when they have concerns which cannot be resolved through the normal channel of the Chairman, Managing Director or Group Financial Controller or for which such contact is inappropriate. Also, the Independent Directors make up half the Board members. After meeting with shareholders or when there are issues to be discussed, the Lead Independent Director will lead meetings with other Independent Directors, without the presence of other Directors, and provide feedback, where appropriate, to the Chairman after such meetings.

Board Membership – Principle 4
Board Performance - Principle 5

The NC comprises three non-executive independent Directors and its Terms of Reference govern the responsibilities and administration of the NC. The Terms of Reference were formulated with guidance from the Code.

The members of the NC are as follows:

Low Beng Tin	(Chairman, independent/non-executive Director)
Tan Keh Eyo	(Lead independent/non-executive Director)
Lai Mun Onn	(Independent/non-executive Director)

The responsibilities of the NC include the following:

(a) identify and nominate candidates to the Board for the appointment of new Directors;
(b) review the Board structure, size and composition;
(c) review and recommend to the Board the re-election of Directors in accordance with the Company's Constitution at each Annual General Meeting ("**AGM**");
(d) review the independence of Board members and assess the adequacy of the Board members with multiple board representations;
(e) develop a process to evaluate the performance of the Board, its board committees and Directors;
(f) assess the effectiveness of the Board and the contributions of the Board members;
(g) review of board succession plan for Directors; and
(h) review of training and professional development programmes for the Board.

Key information in respect of the academic and professional qualifications, other directorships and principal commitments of each Director is set out in pages 8, 9 and 15. In addition, information on shareholdings in the Company and its related companies held by each Director is set out in pages 27 to 29 in the "Directors' Statement" section of this Annual Report.

CORPORATE GOVERNANCE

The information on date of first appointment, date of last re-election/re-appointment, directorship and chairmanships both present and those held over the preceding three (3) years in other listed companies, and other principal commitments of each Director is set out below:

Director	**Age**	**Designation**	**Date of Initial Appointment**	**Date of Last Re-election/ Re-appointment**	**Present Directorships in listed companies**	**Past Directorships in listed companies for the preceding three (3) years**
David Teo Kee Bock	68	Executive Chairman	18 November 1982	27 April 2018	-	Super Group Ltd
Steven Teo Kee Chong	65	Managing Director	18 November 1982	28 April 2017	-	-
Ang Kim Ton(1)	90	Non-Executive Director	28 April 2011	28 April 2016	-	-
Tan Keh Eyo	64	Lead Independent Director	18 November 1997	28 April 2017	-	-
Low Beng Tin	69	Independent Director	3 May 2017	27 April 2018	1) Comosteel Holdings Limited 2) Lian Beng Group Ltd 3) JP Nelson Holdings	1) Datapulse Technology Limited 2) OEL Holdings Limited
Lai Mun Onn	70	Independent Director	1 June 2018	NA	Koh Brothers Group Ltd	Super Group Ltd

Note:

(1) Mdm Ang was first appointed as non-executive Director on 18 November 1982 until her retirement in April 2008. She came out of retirement and was appointed on 28 April 2011 and has been re-appointed every year since in accordance with the Section 153(6) of the Companies Act, Chapter 50 of Singapore which was repealed with effect from 3 January 2016. Mdm Ang will not be seeking re-election as a Director of the Company at the upcoming AGM of the Company and will retire as a Director of the Company with effect from 25 April 2019.

For FY2018, the NC has reviewed and confirmed the independence of the Independent Directors of the Company, namely Mr Tan Keh Eyo, Mr Low Beng Tin and Mr Lai Mun Onn as noted on page 12.

In the event of a vacancy or where it is considered that the Board will benefit from the services of a new Director with particular skills, the NC will, in consultation with the Board, determine the selection criteria and select new Directors based on their experience and expertise.

Based on this criteria, the NC may approach external institutions, e.g. the Singapore Institute of Directors, search consultants or via open advertisements in the search for suitable candidates. The search for suitable candidates may also be from the contacts and network of existing Directors and management. Next, the NC will conduct formal interviews with shortlisted candidates to assess their suitability and ensure that the candidates meet its criteria and expectations. After the selection process, the NC will make the necessary recommendation to the Board for approval. The new Directors will undergo an orientation programme to provide them with background information on the Company to gain a better understanding of the Group's business.

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Pursuant to the Company's Constitution, all Directors submit themselves for re-election at least once every three years. In accordance with Article 106 of the Company's Constitution, one-third of the Directors, or if their number is not in a multiple of three, the number nearest to but not less than one-third, shall retire from office at every AGM. In addition, Article 90 of the Company's Constitution provides that all newly appointed Directors shall hold office only until the next AGM and are eligible to offer themselves for re-election.

Accordingly, the Board accepted the NC's nomination of the retiring Directors who have given their consent for re-election at the forthcoming AGM of the Company. The retiring Directors at the forthcoming AGM of the Company are Mdm Ang Kim Ton and Mr Tan Keh Eyo, who will retire under Article 106 of the Company's Constitution, and Mr Lai Mun Onn, who will retire under Article 90 of the Company's Constitution. However, Mdm Ang has given notice of her intention to retire and will not be seeking re-election as a Director of the Company at the AGM. She will retire as a Director of the Company with effect from 25 April 2019.

The information pertaining to Mr Tan Keh Eyo and Mr Lai Mun Onn, each of whom is standing for re-election as a Director at the Annual General Meeting of the Company on 25 April 2019, is set out in pages 24 to 26 of this Annual Report.

Mr Tan Keh Eyo will, upon re-election as a Director of the Company, remain as the Lead Independent Director of the Company, Chairman of the AC and a member of the RC and NC. Mr Lai Mun Onn will, upon re-election as a Director of the Company, remain as the Chairman of the RC, and a member of the AC and NC. Both Mr Tan Keh Eyo and Mr Lai Mun Onn do not have any relationships with any of the Directors, the Company and its 10% shareholders.

The evaluation of re-appointment of a Director takes into consideration, amongst other factors, the composition of the Board and each Director's competencies, commitment, contribution and performance.

The NC is of the view that the current Board comprises members with diverse competencies, experience and skills that match the demands facing the Group. The NC is also of the opinion that the size of the Board is appropriate taking into account the size, scope and nature of the operations of the Group. The NC has established a self-assessment process to evaluate the performance of the Board and its Board committees as a whole during FY2018 given the complementary and collective nature of the Directors' contributions. The Company did not engage any external facilitators for FY2018. The self-assessment process involves the evaluation of the performance of the Board and its Board committees as a whole, by each individual Director through completing a set of questionnaire, based on factors such as board structure, board process, board accountability and standards of conduct.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. Based on the individual Directors' confirmation to the NC on his ability to carry out his duties as a Director of the Company and to address any competing time commitments that may arise, the NC believes that it would not be necessary to put a maximum limit on the number of listed company board representations that each individual Director may hold.

The NC has evaluated the competing time commitments faced by Directors serving on multiple boards during FY2018 and is satisfied that the Directors have spent adequate time on the Group's affairs to fulfill their responsibilities.

Access to Information – Principle 6

Board members are provided with adequate information, including half-yearly financial management reports, prior to Board meetings, and on an on-going basis as well as board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets,

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any material variance between the projections and actual results should also be disclosed and explained. The Board has separate and independent access to senior management and the Company Secretary.

Board members are also entitled to request for additional information and Management shall provide them on a timely basis.

The Company Secretary and/or her nominee attends all meetings of the Board, the AC, the NC and the RC. The Directors have separate and independent access to the Company Secretary who assists the Board in ensuring that the Board procedures are followed and rules and regulations under the Listing Manual and the Companies Act are complied with. The Company Secretary prepares the minutes after each meeting. The Company Secretary also ensures that information flow within the Board and its board committees and between Management and non-executive Directors are good The Company Secretary also facilitates the orientation of the Board and Management and assists their professional developments as required.

Should Directors, whether as a group or individually, require independent professional advice, the Company will bear the expenses incurred if such advice is required to enable the Directors to discharge their duties professionally.

The Board is involved in the appointment and removal of the Company Secretary.

Procedures for Developing Remuneration Process – Principle 7
Level and Mix of Remuneration – Principle 8
Disclosure of Remuneration – Principle 9

The RC's Terms of Reference were formulated with guidance from the Code that governs the RC's responsibilities and administration. The RC comprises all non-executive independent Directors as follows:-

Lai Mun Onn	(Chairman, independent/non-executive Director)
Tan Keh Eyo	(Lead independent/non-executive Director)
Low Beng Tin	(Independent/non-executive Director)

The responsibilities of the RC include the following:

(a) recommend to the Board a framework of remuneration for Board members and key executives;
(b) determine remuneration packages for each executive Director and the Managing Director;
(c) review the remuneration packages of key executives of the Group to ensure that they are comparable within the industry and comparable companies, including performance-related elements; and
(d) review non-executive Directors' remuneration.

No Director is involved in determining his own remuneration. The RC and the Board are of the view that the remuneration packages of the executive Directors and key executives, which include a fixed component and a variable component linked to the Company's performance, is aligned to the interest of shareholders and are not excessive. The variable portion is linked to individual performance, and is dependent on the performance of the Group, as well as the contribution of the individual to the Group's performance. Non-executive Directors are paid a fixed fee appropriate to their level of contribution, taking into account factors such as effort, time spent and their responsibilities. Non-executive Directors' fees are tabled for shareholders' approval at every AGM. When required, the RC may seek advice, at the Company's expense, from external professionals in the field of executive compensation and related matters. External consultants were not used for FY2018.

Executive Directors have service contracts which are subject to renewal every three years. The RC is of the view that the Directors' service contracts are not excessively long or with onerous removal clauses. The notice period for either the Company or the Executive Directors to terminate the service contracts is six months.

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Apart from the above, the Company does not have any long-term incentives, including share option schemes, nor contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel as the incentives do not make up a significant percentage of their remuneration.

The following table shows a breakdown of the remuneration of Directors and key executives (in percentage terms):

Remuneration Bands	**Salary**	**Bonus**	**Directors' Fees**	**Allowance & Other Benefits**	**Total Compensation**
	%	%	%	%	%
Directors					
Below S$250,000					
David Teo Kee Bock	60	10	10	20	100
Steven Teo Kee Chong	52	9	8	31	100
Ang Kim Ton	-	-	100	-	100
Tan Keh Eyo	-	-	100	-	100
Low Beng Tin	-	-	100	-	100
Lai Mun Onn	-	-	100	-	100
Lim Kang San[(1)]	-	-	100	-	100
Key Executives					
Below S$250,000					
Adrian Teo Kee Tiong	48	21	-	31	100
Chua Thiam Chye	80	13	-	7	100
Eddie Teo Kwei Chieh	80	10	-	10	100
Teo Weixian	73	12	-	15	100
Lim Jit Toong[(2)]	-	-	-	-	Negligible

(1) Mr Lim resigned on 27 April 2018 and is no longer a Director of the Company.
(2) Mr Lim Jit Toong is no longer a key executive of the Company after the Group disposed of its 60% stake in Fuji Offset Plates (M) Sdn Bhd on 15 January 2018.

In view of the sensitive and confidential nature of their remuneration packages, the Company is of the view that it is in the best interest of the Company to disclose the remuneration paid to the Directors and key executives in bands of S$250,000. The aggregate total remuneration paid to the top four key executives (who are not Directors or the Managing Director) in FY2018 is S$407,000.

The remuneration of employees who are immediate family members of a Director, and whose remuneration exceeds S$50,000 during the year are as follows:

	Relationship
S$200,000-S$250,000 Adrian Teo Kee Tiong	Brother of Mr David Teo Kee Bock and Mr Steven Teo Kee Chong, all of whom are the sons of Mdm Ang Kim Ton
S$50,000-S$100,000 Teo Weixian	Son of Mr Steven Teo Kee Chong, nephew of Mr David Teo Kee Bock and grandson of Mdm Ang Kim Ton

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The remuneration disclosed is computed based on gross salaries, allowances and other benefits accruing during FY2018.

The Company does not have any termination or retirement benefits that may be granted to Directors, the Managing Director and top four key executives.

Accountability – Principle 10

The Board provides shareholders with a balanced and understandable assessment of the Group's performance, position and prospects on a half-yearly basis. The Company's management currently provides the Board with the appropriate management accounts of the Group's performance, position and prospects on a half-yearly basis.

As the Company's market capitalisation was below the S$75 million threshold limit as at 31 December 2018, it is not mandatory for the Company to announce its quarterly results. In view of limited resources and costs, the Board has decided not to volunteer announcing quarterly results for the time being. The Board will continue to assess the situation for compliance with quarterly reporting. In the meantime, the Company will continue to comply with the half-year and full-year announcements of its financial results and other price sensitive information, as and when necessary, in compliance with the requirements under the Listing Manual.

Risk Management and Internal Controls – Principle 11
Audit Committee ("AC") – Principle 12
Internal Audit – Principle 13

The AC has its own Terms of Reference, which were formulated with guidance from the Companies Act and the Code. The AC currently comprises three non-executive members, all of whom are independent pursuant to Rule 704(7) of the Listing Manual:

Tan Keh Eyo (Chairman, lead independent/non-executive Director)
Low Beng Tin (Independent/non-executive Director)
Lai Mun Onn (Independent/non-executive Director)

Two members of the AC have accounting or related financial management expertise or experience. Besides performing the functions of the AC laid down in Section 201B(5) of the Companies Act, Chapter 50 of Singapore, the AC's duties and responsibilities include the following:

(a) reviewing the financial statements, accounting policies and system of internal accounting controls, which are the responsibility of the Board of Directors acting through the AC. The AC meets periodically with management and performs the functions specified in the Companies Act. The AC held two meetings during FY2018. In performing its functions, the AC reviewed the overall scope of external audit. The AC met with the Company's external auditors, Ernst & Young LLP, to discuss the scope of their work, the results of their examinations and evaluation of the Company's system of internal controls. The AC also reviewed the assistance provided by the Company's officers to the external auditors;

(b) reviewing the Group's interim and annual announcements and reports before submission to the Board for approval. The AC reviewed the consolidated financial statements and the financial statements of the Company for FY2018 as well as the auditors' report thereon prior to their submission to the Board of Directors for adoption;

(c) reviewing procedures set up by the Group and the Company to identify, report and, where necessary, seek approval for related party and interested person transactions (as defined in Chapter 9 of the Listing Manual) in order to discharge the responsibilities specified in the requirements;

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(d) reviewing legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes (including financial, operational, compliance and information technology controls) and any reports received from regulators;

(e) reviewing the independence of the external auditors annually and recommendation to the Board of Directors on the re-appointment of external auditors at the AGM of the Company; and

(f) reviewing the adequacy of the Group's risk management policies and systems.

During the financial year, any changes in accounting standards and any issues which may have an impact on the Group's financial statements are highlighted to the AC by the external auditors, ensuring that the Board, through the AC, is kept abreast of such changes. The AC had conducted two meetings during the year and the duties as described above were carried out.

The AC meets with the external auditors, without the presence of the Company's management, on an annual basis. The AC had met with the external auditors once, without the presence of the Company's management, during the financial year. The AC had not met with the internal auditor without presence of the management during FY2018 due to the reason stated in page 21.

Non-audit fees paid to the auditors of the Company and other auditors for FY2018 amounted to S$10,000 and S$3,000 respectively for tax planning and compliance work. The AC has undertaken a review of all non-audit services provided by the auditors and is of the opinion that such services would not affect the independence and objectivity of the auditors. Audit fees paid to auditors of the Company and other auditors for FY2018 totaled S$63,000 and S$37,000 respectively.

The Company confirms that it has complied with Rule 712 and Rule 715 of the Listing Manual in relation to its external auditors.

The AC has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any Director or executive officer to attend its meetings.

The Directors are responsible for the Group's system of internal controls. While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal controls are designed to provide reasonable assurance that assets are safeguarded, the proper accounting records are maintained, and financial information used within the business and for publication is reliable. In designing these controls, the Directors have given regard to the risks to which the businesses are exposed, the likelihood of such risks occurring and the costs of protecting against them.

Based on the work performed by the external auditors, and having reviewed the effectiveness of the Group's system of internal controls established and maintained by the Group, the Board, with the concurrence of the AC, is of the opinion that the existing internal controls addressing the financial, operational, compliance, and information technology risks, and the risk management systems are adequate and effective as at 31 December 2018.

The Board has also received assurance from the Managing Director and the Group Financial Controller that:

(a) the financial records have been properly maintained and the financial statements for the financial year under review give a true and fair view of the Company's operations and finances; and

(b) the Company's risk management and internal control systems are adequate and effective throughout the financial year.

The Company outsources its internal audit function to an independent accountancy firm, M.S. Wong & Co. from Johor Bahru, Johor, Malaysia. The scope of the audit generally covers operational, financial controls, risk management and information technology of the sole manufacturing subsidiary of the Group, i.e. Fuji Roto Gravure Sdn Bhd ("**FRG**"). The internal auditors reports their findings and recommendations to the AC and

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follow up on actions implemented in their next audit review. The AC reviews the scope and results of the internal audit in 2018 and ensures that the internal audit function is adequately resourced.

Following the review of the internal audit plan and results for FY2018 and their evaluation of the system of internal controls, the AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Group.

However, due to M.S. Wong & Co.'s merger with Grant Thornton Malaysia, the firm will have to relinquish all internal audit jobs to the KL (Kuala Lumpur) advisory team unless the firm pass through their risk assessment process which may not be cost effective. Consequently, the Company is in the process of negotiating and appointing a firm to outsource its internal audit function. The Company will ensure that the firm appointed is staffed with persons with the relevant qualifications and experience.

The AC will ensure that the internal audit function is independent and effective.

The AC has adopted a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees may raise concerns about possible improprieties in matters of financial reporting or other matters such as the encounter of any improper conduct within the Group. The AC did not receive any complaint during FY2018. Procedures are in place for the proper follow-up and investigations of such whistle-blowing incidents, as and when they arise. The Group has extended the whistle-blowing policy to members of the public by means of the Company's website with effect from July 2016 as well.

Shareholders Rights – Principle 14
Communication with Shareholders – Principle 15
Conduct of Shareholder Meetings – Principle 16

The Company endeavors to maintain regular and effective communication with shareholders through timely and comprehensive announcements. It has adopted a policy of making all necessary disclosures in public announcements via the SGXNET. The annual report is sent to all shareholders on a timely basis and notices of all general meetings are advertised in newspapers and announced via the SGXNET.

The Company will have separate resolutions at general meetings on each distinct issue.

The Company encourages shareholders' participation during the general meetings. Shareholders are able to engage the Board and Management on the Group's business activities, financial performance and other business-related matters during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures.

The Company's Constitution allows any shareholder, who is unable to attend the general meetings in person, to appoint not more than two proxies to attend and vote in his/her place at the general meetings via proxy forms submitted in advance (i.e. not less than forty-eight (48) hours before the time appointed for holding the general meeting). The proxy form is sent with the notice of general meetings to all shareholders.

All Directors are encouraged to be present and available at general meetings to address shareholders' queries. The external auditors will also be present at the AGM of the Company to address any relevant queries raised by the shareholders.

All resolutions at general meetings are voted by poll and announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages are made via the SGXNET.

Minutes of general meetings including agenda, queries and responses from the Board have been prepared and is available upon request.

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In considering dividend payments, the Company takes into account, amongst other factors, current cash position, future cash requirements, profitability, retained earnings and business outlook. In this regard, the Company does not have a fixed dividend policy as having one will jeopardize the Company in times of adverse changes in market conditions. Nevertheless, it has been making dividend payments of 0.3 Singapore cents every year for the last five years. For FY2018, the Company is recommending a first and final one-tier tax-exempt dividend of 0.30 cents per share subject to shareholders' approval at the forthcoming AGM.

The Company does not have an Investor Relations Policy in place. However, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules of the SGX-ST and the Companies Act, Cap. 50. There is no dedicated investor relations team in place as the Board is of the view that the current communication channels are sufficient and cost-effective.

Dealings in Securities

The Company has established guidelines and a system of controls in monitoring the dealings in its securities by the Directors and key employees. In particular, it covers the identification of the parties subject to the control system, the reporting of securities dealings by the parties and the review of such reports by the AC.

This is executed by monitoring the monthly shareholders listing to track share transactions by the Directors and key employees.

In addition, the Company has implemented a policy whereby Directors and relevant executives are prohibited from dealing in the shares of the Company commencing one month prior to the release of the half-year and full-year announcements of the Company's financial results and ending on the date of announcement of the relevant results. They are also discouraged from dealing in the Company's securities on short-term considerations.

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Interested Person Transactions

The Company has adopted an internal policy with regards to transactions with interested persons and has set out procedures for the review and approval of the Group's interested person transactions to ensure that such transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The transactions during FY2018, for which the renewed general mandate was approved by shareholders at the AGM held on 27 April 2018, are provided below:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Interested person – Adrian Teo Kee Tiong **Company** Fuji Printing Cylinders Pte Ltd (FPC), a wholly-owned subsidiary of the Group Fuji Roto Gravure Sdn Bhd (FRG), where FPC owns 65% and Adrian Teo owns 35% **IPT transaction** Supply of printing cylinders by FRG to FPC Provision of technical services by the Group to FRG Lease of premises by Fujiplates Manufacturing Sdn Bhd to FRG	-	S$426,000

Risk Management

The Company does not have a separate risk management committee. Risk management oversight is through the AC while the Board is collectively responsible for the management of risks and sets the direction for the Group in the way risks are managed. The Board has ultimate responsibility for approving the strategy of the Group in addressing shareholders' expectations and does not expose the Group to an unacceptable level of operational, financial and compliance risks. Details of the Group's financial risk management objectives and policies are set out in pages 98 to 103 of this Annual Report.

Material Contracts

Save for the service contracts mentioned under the section on "Remuneration Committee" and transactions as disclosed in the "Interested Person Transactions" section above, there were no material contracts entered into by the Group involving the interests of the Directors or controlling shareholders, either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Non-Sponsor Fee

There was no non-sponsor fee paid to the Sponsor, Asian Corporate Advisors Pte. Ltd. for FY2018.

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Directors Standing for Re-election at the Annual General Meeting

The following information pertaining to Mr Tan Keh Eyo and Mr Lai Mun Onn, each of whom is standing for re-election as a Director of the Company at the Annual General Meeting on 25 April 2019, is provided pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

Name of Director	Tan Keh Eyo	Lai Mun Onn
The Board's comments on the re-election	Mr Tan has continued to discharge his duties well and contributes positively to the Company.	Mr Lai has continued to discharge his duties well and contributes positively to the Company.
Age	64	70
Country of principal residence	Singapore	Singapore
Whether appointment is executive and if so, the area of responsibility	Non-executive	Non-executive
Job title	Lead Independent Director Chairman, AC Member, RC and NC	Independent Director Chairman, RC Member, AC and NC
Date of first appointment as a Director	18 November 1997	1 June 2018
Date of last re-election/re-appointment as a Director	28 April 2017	NA
Professional Qualifications	Bachelor of Commerce, Nanyang University	Bachelor of Laws (Honours), University of London, Barrister-at-Law (Lincoln's Inn)
Working experience and occupation(s) during the past 10 years	Marketing Consultant, Intertrade Goods & Services, February 2002-present	Managing Partner, Lai Mun Onn & Co, March 1985-present
Shareholding interest in the Company and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries"	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Directorships - Past (for the last 5 years)	No	Super Group Ltd (now known as Jacobs Douwe Egberts HLD SGP SG PTE LTD, 2003-2017
Other Directorships – Present	No	Koh Brothers Group Limited, 1994-present
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? If Yes, please provide full details	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? If Yes, please provide full details	No	No
(c) Whether there is any unsatisfied judgment against him? If Yes, please provide full details	No	No

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(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? If Yes, please provide full details	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? If Yes, please provide full details	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? If Yes, please provide full details	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? If Yes, please provide full details	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? If Yes, please provide full details	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? If Yes, please provide full details	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or If Yes, please provide full details	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or If Yes, please provide full details	No	No

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(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or If Yes, please provide full details	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? If Yes, please provide full details	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? If Yes, please provide full details	No	No

The directors present their statement to the members together with the audited consolidated financial statements of Fuji Offset Plates Manufacturing Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

Directors

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

Teo Kee Bock
Teo Kee Chong
Ang Kim Ton
Low Beng Tin
Tan Keh Eyo
Lai Mun Onn

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

	Direct interest		**Deemed interest**	
	At the beginning of financial year	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Company				
Ordinary shares				
Teo Kee Bock	11,980,250	11,980,250	10,500	39,800
Teo Kee Chong	7,884,500	7,884,500	–	–
Ang Kim Ton	8,480,000	8,480,000	–	–

Directors' interest in shares or debentures (cont'd)

By virtue of Section 7 of the Act, Messrs Teo Kee Bock and Teo Kee Chong are deemed to have interests in the subsidiaries of Fuji Offset Plates Manufacturing Ltd, at the beginning and at the end of the financial year.

There were no changes in any of the other above-mentioned interests in the Company between the end of the financial year and 21 January 2019, save for Mr Teo Kee Bock's deemed interest in the Company of 40,700 ordinary shares as at 21 January 2019.

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

As disclosed in Note 26 of the accompanying financial statements, the Company and its related corporations have, in the normal course of business, entered into various transactions with one director, and a company in which a director has substantial financial interests. However, the directors have neither received nor become entitled to receive any benefit arising out of these transactions other than those to which they are ordinarily entitled to as shareholders of these companies.

Options

During the financial year, there were:

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

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

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

Audit Committee

The Audit Committee (the "AC") comprises three members, all of whom are non-executive directors. All of its members, including the Chairman, are independent.

The AC met as necessary and carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter. 50, including the following:

- Reviewed the audit plans of the external auditors of the Group and the Company, and reviewed the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external auditors;
- Reviewed the half yearly announcement and annual financial statements and the auditors' report on the annual financial statements before submission to the board of directors;
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual;

Audit Committee (cont'd)

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and independence and objectivity of the external auditors; and
- Recommends to the board of directors the external auditors to be nominated and reviewed the scope and results of the audit.

The Board of Directors and the Audit Committee have reviewed the adequacy of the Group's internal controls, including financial, operational, compliance, information technology risk and risk management systems. The Board of Directors with the concurrence of the Audit Committee is of the opinion that the system of internal controls in place are adequate in meeting the current scope of the Group's business operations.

Further information regarding the AC is disclosed in the Report on Corporate Governance.

Auditor

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

On behalf of the board of directors:

Teo Kee Chong
Director

Teo Kee Bock
Director

Singapore

3 April 2019

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 31 December 2018

Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fuji Offset Plates Manufacturing Ltd (the Company) and its subsidiaries (collectively, the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

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

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 31 December 2018

Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Investments in Star City Property Development Co Ltd

As at 31 December 2018, the Group has equity interest in and a loan made to Star City Property Development Co Ltd, a property developer that has invested in a land plot in Cambodia (the "investee"). The carrying amounts of these investments as at 31 December 2018 are $2,378,000 and $4,672,000, respectively and represent 21% of the Group's total assets. Upon adoption of SFRS(I) 9 *Financial instruments*, the Group recognised a fair value adjustment reserve of $934,000 at 1 January 2018 in relation to the measurement of the equity interest in the investee at fair value.

The Group is required to measure its equity interest in the investee at fair value through other comprehensive income and assess the amount of expected credit loss on the loan made to the investee that is carried at amortised cost as at year end. These measurements and assessments are primarily based on management's considerations of the marketability and valuation of the investee's land plot that is performed by an external valuation specialist. Based on its assessments, management has concluded that other than the adjustments that had been made to the amortised cost of the loan for changes in expected timing of repayment, there was no material expected credit loss allowance in respect of the loan made to the investee as at 31 December 2018. We determined these assessments to be a key audit matter due to the magnitude of the investments and the significant management judgements required.

As part of the audit, amongst others, we obtained an understanding of management's basis, approach and sources of information for determining the fair value of the equity interest in the investee, whether there has been significant increase in the loan's credit risk since initial recognition, and whether there are expected credit loss in addition to adjustments that had been made to the amortised cost of the loan for changes in expected timing of repayment. We assessed the objectivity and competence of the external valuation specialist who performed the valuation. We involved our internal valuation specialist to assist us in assessing the appropriateness of the valuation model, assumptions and market data such as recent prices of comparable transactions used by the external valuation specialist and adopted by the investee company in the valuation process. We evaluated management's assessment of the marketability of the investee's land plot by corroborating against our understanding and observations of the relevant property market, recent comparable transactions and economic outlook in Cambodia. We also assessed the adequacy of the disclosures relating to these investments in Notes 12, 15, 28 and 29 to the financial statements.

Investments in an associate company

As at 31 December 2018, the Group has 20% equity interest in and a loan made to an associate company, IPark Development Sdn Bhd, a private company in Malaysia that is engaged in property development (the "associate"). The carrying amounts of these investments as at 31 December 2018 are $8,860,000 and $3,452,000, respectively and represent 37% of the Group's total assets.

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 31 December 2018

Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Investments in an associate company (cont'd)

The Group is required to assess whether there is any objective evidence that its investments in the associate is impaired and the amount of expected credit loss on the loan made to the associate that is carried at amortised cost as at year end. These assessments are primarily based on management's considerations and analyses of the historical and expected operating and financial performance of the associate's property development activities, as well as the prevailing market conditions and economic outlook that may impact the profitability of the development. Based on its assessments, management has concluded that there was no objective evidence of impairment or material expected credit loss allowance in respect of the investments in the associate as at 31 December 2018. We determined these assessments to be a key audit matter due to the magnitude of the investments and the significant management judgements required.

As part of the audit, amongst others, we obtained an understanding of management's basis, approach and sources of information for determining whether there is any objective evidence of impairment, whether there has been significant increase in the loan's credit risk since initial recognition, and whether the expected credit loss is material to the financial statements. We visited the property development site and held discussions with the development project manager to obtain an understanding of the development progress. We obtained the latest property development cost budget prepared by the third-party developer who is the majority investor and evaluated the budget by corroborating key budgeted items to supporting agreements and our observations from the site visit and discussion. We reviewed the associate's sales performance reports and projections by discussing with the project sales manager and comparing them against recent transacted sales prices of the development as well as historical sales and margins trends. We considered management's assessment of the prevailing and expected economic conditions including the relevant business and property market outlook and industry default rates indicated from external information sources. We also assessed the adequacy of the disclosures relating to these investments in Notes 11, 15 and 29 to the financial statements.

Other Information

Management is responsible for 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.

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 31 December 2018

Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment 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.

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 31 December 2018

Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

Report on the Audit of the Financial Statements (cont'd)

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 31 December 2018

Independent Auditor's Report to the Members of Fuji Offset Plates Manufacturing Ltd

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 Lee Wei Hock.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

3 April 2019

Consolidated Statement of Comprehensive Income
For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Revenue	3	5,015	5,055
Cost of sales		(3,058)	(3,132)
Gross profit		1,957	1,923
Other income		1,743	760
Distribution expenses		(279)	(278)
Administrative expenses		(1,950)	(1,998)
Other operating expenses		–	(1,340)
Results from operating activities		1,471	(933)
Finance income (net)	4	608	511
Share of results of associate (net of tax)		1,573	612
Profit before tax	6	3,652	190
Income tax expense	5	(126)	(229)
Profit/(loss) from continuing operations for the year, net of tax		3,526	(39)
Discontinued operation			
Loss from discontinued operation, net of tax	32	–	(144)
Profit/(loss) for the year		3,526	(183)
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Fair value gain on equity instrument, at FVOCI		588	–
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation		(159)	362
Other comprehensive income for the year, net of tax		429	362
Total comprehensive income for the year		3,955	179
Profit/(loss) for the year attributable to:			
Owners of the Company			
Profit/(loss) from continuing operations, net of tax		3,346	(211)
Loss from discontinued operation, net of tax		–	(116)
		3,346	(327)
Non-controlling interests			
Profit from continuing operations, net of tax		180	172
Loss from discontinued operation, net of tax		–	(28)
		180	144
Profit/(loss) for the year		3,526	(183)

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

Consolidated Statement of Comprehensive Income
For the financial year ended 31 December 2018 (cont'd)

	Note	2018 $'000	2017 $'000
Total comprehensive income attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax		3,951	87
Total comprehensive income from discontinued operations, net of tax		–	(116)
		3,951	(29)
Non-controlling interests			
Total comprehensive income from continuing operations, net of tax		4	236
Total comprehensive income from discontinued operations, net of tax		–	(28)
		4	208
Total comprehensive income for the year		3,955	179
Earnings/(loss) per share attributable to owners of the Company			
Basic and diluted (cents per share)	23	6.70	(0.66)

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

Balance Sheets
As at 31 December 2018

	Note	Group			Company		
		31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
		$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets							
Property, plant and equipment	7	4,040	4,014	5,659	235	284	–
Intangible assets	8	45	68	98	–	–	–
Investment properties	9	1,983	2,032	553	–	–	–
Subsidiaries	10	–	–	–	7,809	7,809	9,231
Long-term prepayments	13	299	320	486	–	–	–
Investment in associate	11	8,860	7,262	6,524	–	–	–
Long-term loan due from associate	15	3,452	89	87	–	–	–
Other investment	12	2,378	2,024	1,587	2,378	2,024	1,587
Other receivable	15	4,672	5,261	5,093	4,672	5,261	5,093
		25,729	21,070	20,087	15,094	15,378	15,911
Current assets							
Investment properties held for sale	9	–	958	385	–	–	–
Inventories	14	651	755	733	–	–	–
Prepayments		45	126	42	1	1	–
Trade and other receivables	15	1,453	1,824	1,915	466	351	233
Tax recoverable		443	310	285	–	–	–
Cash and bank deposits	16	4,771	5,184	6,919	561	512	608
		7,363	9,157	10,279	1,028	864	841
Assets of disposal group classified as held for sale	32	–	580	–	–	–	–
Total assets		33,092	30,807	30,366	16,122	16,242	16,752
Current liabilities							
Trade and other payables	17	849	1,114	1,111	1,273	495	256
Loans and borrowings	18	96	92	36	57	54	–
Provision		41	32	35	13	12	15
Current tax payable		5	48	27	–	–	–
		991	1,286	1,209	1,343	561	271
Non-current liabilities							
Loans and borrowings	18	84	180	100	59	117	–
Deferred tax liabilities	20	807	801	747	–	–	–
		891	981	847	59	117	–
Liabilities directly associated with disposal group classified as held for sale	32	–	201	–	–	–	–
Total liabilities		1,882	2,468	2,056	1,402	678	271

Balance Sheets
As at 31 December 2018 (cont'd)

	Note	Group			Company		
		31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
		$'000	$'000	$'000	$'000	$'000	$'000
Equity attributable to owners of the Company							
Share capital	21	14,807	14,807	14,807	14,807	14,807	14,807
Reserves	22	13,334	10,467	10,646	(87)	757	1,674
		28,141	25,274	25,453	14,720	15,564	16,481
Non-controlling interests		3,069	3,065	2,857	–	–	–
Total equity		31,210	28,339	28,310	14,720	15,564	16,481
Total equity and liabilities		33,092	30,807	30,366	16,122	16,242	16,752

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

Statements of Changes in Equity
For the financial year ended 31 December 2018

	Attributable to owners of the Company							
Group	**Share capital** $'000	**Foreign currency translation reserve** $'000	**Fair value adjustment reserve** $'000	**Revaluation reserve** $'000	**Retained earnings** $'000	**Total** $'000	**Non-controlling interests** $'000	**Total equity** $'000
At 1 January 2018	14,807	298	–	–	10,169	25,274	3,065	28,339
Effect on adoption of SFRS(I) 9	–	–	(934)	–	–	(934)	–	(934)
At 1 January 2018	14,807	298	(934)	–	10,169	24,340	3,065	27,405
Profit for the year	–	–	–	–	3,346	3,346	180	3,526
<u>Other comprehensive income</u>								
Fair value gain on equity instrument, at FVOCI	–	–	588	–	–	588	–	588
Foreign currency translation	–	17	-	–	–	17	(176)	(159)
Total comprehensive income for the year	–	17	588	–	3,346	3,951	4	3,955
Dividends on ordinary shares (Note 24)	–	–	–	–	(150)	(150)	–	(150)
At 31 December 2018	14,807	315	(346)	–	13,365	28,141	3,069	31,210

Statements of Changes in Equity
For the financial year ended 31 December 2018 (cont'd)

Group	Share capital $'000	Foreign currency translation reserve $'000	Fair value adjustment reserve $'000	Revaluation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
	Attributable to owners of the Company							
At 1 January 2017	14,807	(9,565)	–	1,478	18,733	25,453	2,857	28,310
Effect on adoption of SFRS(I)	–	9,565	–	(1,478)	(8,087)	–	–	–
At 1 January 2017	14,807	–	–	–	10,646	25,453	2,857	28,310
(Loss)/profit for the year	–	–	–	–	(327)	(327)	144	(183)
Other comprehensive income								
Foreign currency translation	–	298	–	–	–	298	64	362
Total comprehensive income for the year	–	298	–	–	(327)	(29)	208	179
Dividends on ordinary shares (Note 24)	–	–	–	–	(150)	(150)	–	(150)
At 31 December 2017	14,807	298	–	–	10,169	25,274	3,065	28,339

Statements of Changes in Equity
For the financial year ended 31 December 2018 (cont'd)

Company	**Share capital** $'000	**Fair value adjustment reserve** $'000	**Retained earnings** $'000	**Total** $'000
At 1 January 2018	14,807	–	757	15,564
Effect on adoption of SFRS(I) 9	–	(934)	–	(934)
At 1 January 2018	14,807	(934)	757	14,630
Loss for the year	–	–	(348)	(348)
Fair value gain on equity instrument, at FVOCI	–	588	–	588
Total comprehensive income for the year	–	588	(348)	240
Dividends on ordinary shares (Note 24)	–	–	(150)	(150)
At 31 December 2018	14,807	(346)	259	14,720
At 1 January 2017	14,807	–	1,674	16,481
Loss for the year	–	–	(767)	(767)
Total comprehensive income for the year	–	–	(767)	(767)
Dividends on ordinary shares (Note 24)	–	–	(150)	(150)
At 31 December 2017	14,807	–	757	15,564

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

Consolidated Cash Flow Statement
For the financial year ended 31 December 2018

	Note	2018 $'000	2017 $'000
Operating activities			
Profit before tax from continuing operations		3,652	190
Loss from discontinued operation		–	(144)
Profit before tax, total		3,652	46
Adjustments for:			
Depreciation of property, plant and equipment	7	531	491
Depreciation of investment properties	9	49	44
Gain on disposal of investment properties	9	(1,482)	–
Gain on disposal of property, plant and equipment	6	–	(185)
Gain on settlement of fully impaired other receivables	6	–	(514)
Loss recognised on derecognition of Star City loan	6	–	818
Loss on remeasurement to fair value less costs to sell for disposal group	32	–	73
Amortisation of intangible assets and long-term prepayments	8,13	45	44
Share of results of associate		(1,573)	(612)
Interest expense	4	11	5
Interest income	4	(619)	(516)
Foreign exchange (gain)/loss		(116)	457
Operating cash flows before changes in working capital		498	151
Changes in working capital:			
Decrease/(increase) in inventories		107	(145)
Decrease/(increase) in trade and other receivables		376	(105)
Decrease/(increase) in prepayments		81	(84)
Decrease in trade and other payables		(18)	(127)
Cash flows generated from/(used in) operations		1,044	(310)
Income taxes paid		(299)	(180)
Interest received		65	55
Net cash flows generated from/(used in) operating activities		810	(435)
Investing activities			
Purchase of property, plant and equipment	7	(554)	(522)
Refund for intangible assets		–	8
Proceeds from disposal of investment properties		2,214	–
Proceeds from disposal of property, plant and equipment		–	185
Proceeds from settlement of fully impaired other receivables		–	514
Loan to an associate		(3,345)	–
Repayment from/(loan to) Star City		478	(1,420)
Deposit received in relation to investment properties held for sale		–	231
Net cash flows used in investing activities		(1,207)	(1,004)

Consolidated Cash Flow Statement
For the financial year ended 31 December 2018 (cont'd)

	Note	2018 $'000	2017 $'000
Financing activities			
Interest paid on finance leases	4	(11)	(5)
Dividends paid to owners of the Company	24	(150)	(150)
Payments to hire purchase creditors		(92)	(36)
Net cash flows used in financing activities		(253)	(191)
Net decrease in cash and cash equivalents		(650)	(1,630)
Effect of exchange rate changes on cash and cash equivalents		36	96
Cash and cash equivalents at 1 January		5,385	6,919
Cash and cash equivalents at 31 December	16	4,771	5,385
Cash and cash equivalents			
- Continuing operations		4,771	5,184
- Discontinued operation		–	201
Cash and cash equivalents at 31 December	16	4,771	5,385

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

Notes to the Financial Statements
For the financial year ended 31 December 2018

1. Corporate information

Fuji Offset Plates Manufacturing Ltd (the Company) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 2 Jalan Rajah #06-28, Golden Wall Flatted Factory, Singapore 329134.

The principal activities of the Company are those relating to investments in commercial, industrial, hospitality, residential and/or mixed development properties and investment holding.

The principal activities of the subsidiaries and associate are disclosed in Notes 10 and 11 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

2.2 *First-time adoption of SFRS(I)*

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

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

2. Summary of significant accounting policies (cont'd)

2.2 *First-time adoption of SFRS(I) (cont'd)*

Exemptions applied on adoption of SFRS(I)

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

- Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 January 2017. As a result, an amount of $9,565,000 was adjusted against the opening retained earnings as at 1 January 2017.

- The comparative information comply with SFRS(I) 15 *Revenue from Contracts with Customers* but do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

On transition to SFRS(I), the Group had elected the option to treat the carrying amount of freehold land and buildings amounting to $3,885,000, revalued under the previous accounting policy as its deemed cost as at 1 January 2017 and depreciated it based on its expected remaining useful life.

SFRS(I) 15 *Revenue from Contracts with Customers*

The Group adopted SFRS(I) 15 on 1 January 2018, and retrospectively applied the changes arising from this adoption by adjusting its retained earnings as at 1 January 2017. The Group had assessed the impact on its 1 January 2017 retained earnings to be not material. However, the Group equity accounted its share of results of the associate which engages in property development activities in Malaysia. Such results, which were previously prepared on completed contract revenue recognition basis, are now prepared using the percentage-of-completion method as a result of SFRS(I) 15. Consequently, the Group's share of results of the associate for the financial year ended 31 December 2017 was retrospectively adjusted to account for this change.

SFRS(I) 9 *Financial Instruments*

On 1 January 2018, the Group adopted SFRS(I) 9 which is effective for annual periods beginning on or after 1 January 2018. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

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

The Group and the Company elect to measure their currently held unquoted equity securities at FVOCI. As a result of the change in measurement basis of these instruments which were previously measured at cost to FVOCI, the carrying amount of these instruments and the fair value adjustment reserve as at 1 January 2018 have been adjusted.

2. Summary of significant accounting policies (cont'd)

2.2 *First-time adoption of SFRS(I) (cont'd)*

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

Impairment

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

Upon adoption of SFRS(I) 9, the Group had assessed additional impairment on the Group's financial instruments to be not material.

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

The following is a reconciliation of the impact arising from the first-time adoption of SFRS(I), SFRS(I) 15 and SFRS(I) 9 on the balances of the Group and the Company:

	Previously reported (FRS) $'000	Adjustments $'000	As adjusted (SFRS(I)) $'000
Group			
At 1 January 2017			
Foreign currency translation reserve	(9,565)	9,565	–
Revaluation reserve	1,478	(1,478)	–
Retained earnings	18,733	(8,087)	10,646
For financial year ended 31 December 2017			
Administrative expenses	(1,983)	(15)	(1,998)
Share of results of associate (net of tax)	(446)	1,058	612
Foreign currency translation	387	(25)	362
At 31 December 2017			
Property, plant and equipment	4,053	(39)	4,014
Investment in associate	6,204	1,058	7,262
Reserves	9,448	1,019	10,467
At 1 January 2018			
Other investment	2,024	(934)	1,090
Fair value adjustment reserve	–	(934)	(934)
Company			
At 1 January 2018			
Other investment	2,024	(934)	1,090
Fair value adjustment reserve	–	(934)	(934)

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

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

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

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

<u>SFRS(I) 16 *Leases*</u>

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

The Group plans to adopt SFRS (I) 16 retrospectively, with the lease liability measured based on the remaining lease payments discounted using the incremental borrowing rate as of the date of initial application, 1 January 2019.

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

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

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

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

SFRS(I) 16 *Leases (cont'd)*

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

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary assessment on the impact arising from the initial adoption of SFRS(I) 16 on 1 January 2019 and has concluded this to be not material. The Group expects to recognise right-of-use assets and lease liabilities for its leases previously classified as operating leases upon adoption of SFRS(I) 16. In addition, the Group expects an increase in its earnings before interest, tax and depreciation (EBITDA) and gearing ratio.

2.4 *Consolidation*

(a) Basis of consolidation

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

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

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.4 ***Consolidation (cont'd)***

(b) Business combinations and goodwill

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

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

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

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

2.5 ***Transactions with non-controlling interests***

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

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

2. Summary of significant accounting policies (cont'd)

2.6 *Foreign currency*

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

(a) Transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

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

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded using the cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.19. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

2. Summary of significant accounting policies (cont'd)

2.7 *Property, plant and equipment (cont'd)*

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated.

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

Buildings	-	30 to 60 years
Plant and machinery	-	2 to 10 years
Renovations	-	2 to 10 years
Office equipment, furniture and fittings	-	2 to 10 years
Motor vehicles	-	6 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 residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.8 *Intangible assets*

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

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

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

2. Summary of significant accounting policies (cont'd)

2.9 *Long-term prepayments*

Long-term prepayments represent premium paid on leasehold land. Long-term prepayments are stated at cost less accumulated amortisation and impairment losses. They are amortised in profit or loss using the straight-line method over the lease term of 40 years.

2.10 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or for sales in the ordinary course of business. Investment properties comprise completed investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted for as finance leases.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are measured at cost less depreciation and accumulated impairment losses.

Depreciation is provided on the straight-line basis so as to write-off the cost of the investment property over its estimated useful life of 50 years. Freehold land is not depreciated.

The carrying value of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment properties.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.11 *Subsidiaries*

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

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

2. Summary of significant accounting policies (cont'd)

2.12 ***Associates***

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associate using the equity method from the date on which it becomes an associate.

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

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

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

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

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

2.13 ***Cash and bank deposits***

Cash and bank deposits comprise cash at bank and on hand, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Summary of significant accounting policies (cont'd)

2.14 ***Financial instruments***

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

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

Investments in equity instruments

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

De-recognition

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

2. Summary of significant accounting policies (cont'd)

2.14 *Financial instruments (cont'd)*

(b) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

The Group has not designated any financial liability upon initial recognition at fair value through profit or loss.

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

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. 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 de-recognition 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.

2.15 *Impairment of financial assets*

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

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

2. Summary of significant accounting policies (cont'd)

2.15 *Impairment of financial assets (cont'd)*

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.16 *Impairment of non-financial assets*

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

2. Summary of significant accounting policies (cont'd)

2.17 *Inventories*

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

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2.18 *Provisions*

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

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

2.19 *Borrowing costs*

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

2.20 *Employee benefits*

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. As for the companies in Malaysia, the companies make contributions to the Employee Provident Fund Scheme in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2. Summary of significant accounting policies (cont'd)

2.20 *Employee benefits (cont'd)*

(b) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.21 *Leases*

(a) As lessee

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

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

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

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.23(b). Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.22 *Non-current assets held for sale and discontinued operations*

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.23 *Revenue*

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

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

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sales of goods is recognised when the Group satisfies the performance obligation at a point in time, which is when the control of the promised goods has been transferred to the customer, depending on the contractual terms and the practices in the legal jurisdictions. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods

(b) Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2. Summary of significant accounting policies (cont'd)

2.24 *Taxes*

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.24 *Taxes (cont'd)*

(b) Deferred tax (cont'd)

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

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.25 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 *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.

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

2.27 *Share capital and share issuance expenses*

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

2. Summary of significant accounting policies (cont'd)

2.28 *Significant accounting judgments and estimates*

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

2.28.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Impairment assessment of investment in and loan to associate

The Group has a 20% equity interest in IPark Development Sdn Bhd, a private company in Malaysia that is engaged in property development (Note 11). When objective evidence of impairment is identified, management estimates the recoverable amount of the Group's investment in IPark on a value in use basis using a discounted cash flow model. The assessment of whether any objective evidence of impairment exists requires management judgement. When making the assessment, management considers factors such as actual performance of the underlying property development relative to its budget, its expected future performance, as well as prevailing market conditions and economic outlook that may impact the profitability of the development. Based on its assessment, management has concluded that there were no objective evidence of impairment in respect of the investment in and loan to the associate at year end.

2.28.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2. Summary of significant accounting policies (cont'd)

2.28 *Significant accounting judgments and estimates (cont'd)*

2.28.2 Key sources of estimation uncertainty (cont'd)

(a) Impairment assessment of investment in and loan to an investee company

As at 31 December 2018, the Group has investment in and loan to an investee company, Star City Property Development Co Ltd, amounting to $2,378,000 (31 December 2017: $2,024,000, 1 January 2017: $1,587,000) and $4,672,000 (31 December 2017: $5,261,000, 1 January 2017: $5,093,000) respectively. The investment in and loan to this investee company represent 21% (31 December 2017: 24%, 1 January 2017: 22%) of the Group's total assets. Management took into consideration the valuation of the underlying land held by the investee company in their impairment assessment of the investment and the loan.

(b) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

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

(c) Income taxes

The Group has exposure to income taxes in 2 jurisdictions. Significant judgment is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's tax recoverable, income tax payable and deferred tax liabilities at the balance sheet date were $443,000 (31 December 2017: $310,000, 1 January 2017: $285,000), $5,000 (31 December 2017: $48,000, 1 January 2017: $27,000) and $807,000 (31 December 2017: $801,000, 1 January 2017: $747,000) respectively.

3. Revenue

	Group 2018 $'000	Group 2017 $'000
Sales of goods	4,815	4,879
Rental income	200	176
	5,015	5,055

Revenue represents the net invoiced value of goods sold and services rendered in the normal course of business. All inter-company transactions have been eliminated in arriving at the Group's revenue.

Information about the disaggregation of the Group's revenue is detailed in Note 31. The Group recognises revenue from sales of goods at a point in time.

4. Finance income (net)

	Group 2018 $'000	Group 2017 $'000
Interest income on bank deposits	84	52
Discount adjustment on loan to Star City (Note 15)	472	464
Interest income from loan to associate (Note 15)	63	–
	619	516
Hire purchase interest	(11)	(5)
	608	511

5. Income tax expense

	Group 2018 $'000	Group 2017 $'000
Current tax expense		
Current year	112	218
Under/(over)provision in respect of prior years	9	(37)
	121	181
Deferred tax expense (Note 20)		
Movement in temporary differences	10	(3)
(Over)/underprovision in respect of prior years	(5)	51
	5	48
Income tax expense recognised in profit or loss	126	229

5. Income tax expense (cont'd)

Reconciliation of effective tax rate

Relationship between tax expense and profit before tax

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

	Group	
	2018	**2017**
	$'000	$'000
Profit before tax from continuing operations	3,652	190
Tax at the domestic rates applicable to profits in the countries where the Group operates	892	118
Income not subject to taxation	(131)	(191)
Expenses not deductible for tax purposes	25	361
Deferred tax assets not recognised	147	118
Tax incentive	(75)	(50)
Share of results of associate	(378)	(147)
Effect of gain subject to real property gain tax	(399)	–
Underprovision in respect of prior years	4	14
Others	41	6
	126	229

The corporate income tax rate applicable to Singapore companies of the Group is 17% (2017: 17%).

Malaysian subsidiaries' current income tax is calculated at the statutory rate of 24% (2017: 24%) of estimated assessable profit.

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

6. Profit before tax from continuing operations

The following items have been included in arriving at profit before tax from continuing operating:

	Group	
	2018	**2017**
	$'000	$'000
Other income		
Gain on disposal of investment properties	(1,482)	–
Gain on disposal of property, plant and equipment	–	(185)
Other income arising from sale of scrap	(69)	(43)
Gain on settlement of fully impaired other receivables	–	(514)
Foreign exchange gain	(133)	–
Cost of sales and expenses		
Employee benefits expenses (Note 19)	1,689	1,703
Inventories recognised as an expense in cost of sales (Note 14)	1,204	1,295
Depreciation of property, plant and equipment (Note 7)	531	491
Depreciation of investment properties (Note 9)	49	44
Operating lease expenses	30	30
Amortisation of intangible assets (Note 8)	23	23
Amortisation of long-term prepayments (Note 13)	22	21
Foreign exchange loss	–	522
Loss recognised on derecognition of Star City loan (Note 15)	–	818
Loss on remeasurement to fair value less costs to sell for disposal group (Note 32)	–	73
Audit fees paid to:		
Auditors of the Company	63	78
Other auditors	37	21
Non-audit fees paid to:		
Auditors of the Company	10	10
Other auditors	3	3

7. Property, plant and equipment

Group	Freehold land	Buildings	Plant and machinery	Renovations	Office equipment, furniture and fittings	Motor vehicles	Total
	At cost						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
At 1 January 2017	161	3,724	7,903	243	693	1,431	14,155
Reclassified to investment properties	(80)	(1,801)	–	–	–	–	(1,881)
Additions	–	–	354	–	18	322	694
Disposals	–	–	(920)	–	(7)	(380)	(1,307)
Attributable to discontinued operations	–	–	–	–	(8)	(25)	(33)
Translation difference	–	–	151	3	17	16	187
At 31 December 2017 and 1 January 2018	81	1,923	7,488	246	713	1,364	11,815
Additions	–	–	525	22	7	–	554
Disposals	–	–	(37)	–	(1)	–	(38)
Translation difference	–	–	11	–	3	2	16
At 31 December 2018	81	1,923	7,987	268	722	1,366	12,347

7. Property, plant and equipment (cont'd)

Group	Freehold land $'000	Buildings $'000	Plant and machinery $'000	Renovations $'000	Office equipment, furniture and fittings $'000	Motor vehicles $'000	Total $'000
	At cost						
Accumulated depreciation							
At 1 January 2017	–	–	6,606	221	575	1,094	8,496
Depreciation for the year	–	40	340	5	29	77	491
Disposals	–	–	(920)	–	(7)	(380)	(1,307)
Attributable to discontinued operations	–	–	–	–	(8)	(25)	(33)
Translation difference	–	–	124	3	17	10	154
At 31 December 2017 and 1 January 2018	–	40	6,150	229	606	776	7,801
Depreciation for the year	–	40	325	7	30	129	531
Disposals	–	–	(37)	–	(1)	–	(38)
Translation difference	–	–	11	–	2	–	13
At 31 December 2018	–	80	6,449	236	637	905	8,307
Net carrying amount							
At 1 January 2017	161	3,724	1,297	22	118	337	5,659
At 31 December 2017	81	1,883	1,338	17	107	588	4,014
At 31 December 2018	81	1,843	1,538	32	85	461	4,040

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7. Property, plant and equipment (cont'd)

Company	**Plant and machinery** $'000	**Renovations** $'000	**Office equipment, furniture and fittings** $'000	**Motor vehicles** $'000	**Total** $'000
Cost					
At 1 January 2017	12	114	96	606	828
Additions	–	–	3	285	288
Disposals	–	–	–	(317)	(317)
At 31 December 2017, 1 January 2018 and 31 December 2018	12	114	99	574	799
Accumulated depreciation					
At 1 January 2017	12	114	96	606	828
Depreciation for the year	–	–	–	4	4
Disposals	–	–	–	(317)	(317)
At 31 December 2017 and 1 January 2018	12	114	96	293	515
Depreciation for the year	–	–	1	48	49
At 31 December 2018	12	114	97	341	564
Net carrying amount					
At 1 January 2017	–	–	–	–	–
At 31 December 2017	–	–	3	281	284
At 31 December 2018	–	–	2	233	235

7. Property, plant and equipment (cont'd)

Assets held under hire purchase

The carrying amount of motor vehicles held by the Group under hire purchase at the balance sheet date is $384,000 (31 December 2017: $488,000, 1 January 2017: $258,000). The carrying amount of motor vehicles held under hire purchase by the Company at the balance sheet date is $234,000 (31 December 2017: $281,000, 1 January 2017: Nil).

In 2017, the Group acquired property, plant and equipment with an aggregate cost of $694,000 of which $172,000 was financed under hire purchase arrangements. Cash payments of $522,000 were made to purchase property, plant and equipment. There were no additions financed under hire purchase arrangement in 2018.

Assets pledged as security

At 31 December 2017, the Group's buildings with a carrying amount of $1,883,000 (1 January 2017: $3,724,000) are pledged to secure banking facilities granted to a subsidiary. No assets are pledged as security as at 31 December 2018.

8. Intangible assets

Group	**Technical know-how** $'000	**Computer software** $'000	**Total** $'000
Cost			
At 1 January 2017	110	347	457
Adjustments	–	(8)	(8)
Translation difference	–	7	7
At 31 December 2017 and 1 January 2018	110	346	456
Translation difference	–	1	1
At 31 December 2018	110	347	457
Accumulated amortisation			
At 1 January 2017	110	249	359
Amortisation charge for the year	–	23	23
Translation difference	–	6	6
At 31 December 2017 and 1 January 2018	110	278	388
Amortisation charge for the year	–	23	23
Translation difference	–	1	1
At 31 December 2018	110	302	412
Net carrying amount			
At 1 January 2017	–	98	98
At 31 December 2017	–	68	68
At 31 December 2018	–	45	45

9. Investment properties and investment properties held for sale

(a) Investment properties

	Group 2018 $'000	2017 $'000
Balance sheet:		
Cost		
At 1 January	2,266	715
Transfer from property, plant and equipment	–	1,881
Transfer from prepayments	–	337
Transfer to investment properties held for sale	–	(726)
Translation difference	3	59
At 31 December	2,269	2,266
Accumulated depreciation		
At 1 January	234	162
Transfer from prepayments	–	185
Transfer to investment properties held for sale	–	(162)
Depreciation for the year	49	44
Translation difference	3	5
At 31 December	286	234
Net carrying amount		
At 1 January	2,032	553
At 31 December	1,983	2,032
Valuation		
At 1 January	3,576	838
At 31 December	3,450	3,576
Statement of comprehensive income:		
Rental income from investment properties:		
- Minimum lease payments	200	181
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	10	45

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

9. Investment properties and investment properties held for sale (cont'd)

Valuation of investment properties

The fair values of the investment properties as at 31 December 2018 and 31 December 2017 were based on directors' valuations.

The fair value of the investment properties as at 31 December 2016 was based on valuations performed by Vest Land Real Estate Agency, an independent valuer with recent experience in the location and category of the properties being valued. The valuations were based on estimated marketable price of the factory and industrial land assessed by the independent valuer. In relying on the valuation reports, management had exercised its judgement and was satisfied that the valuation methods and estimates are reflective of then prevailing market conditions.

The investment properties held by the Group as at 31 December 2018 are as follows:

Description and Location	Existing Use	Tenure
Lot 6680, Mukim of Tebrau	Industrial	Freehold
PLO 210, Jalan Angkasa Mas Utama, Johor Darul Ta'zim	Industrial	Leasehold

(b) Investment properties held for sale

The Group entered into a sale and purchase agreement with YFM Industrial Sdn Bhd, an unrelated party, on 14 February 2017, in respect of the investment property located at 10 Jalan Hasil Industrial Estate, 81200 Johor Bahru, Johor, Malaysia with a carrying value of $394,000 (1 January 2017: $385,000) as of 31 December 2017. The sale was completed on 7 March 2018 and the entire proceeds amount of $1,371,000 was received on that date.

On 22 November 2017, the Group entered into a sale and purchase agreement with Modern Unit Sdn. Bhd., an unrelated party, in respect of the investment property located at Lot 4070 & 4078 Taman Gembira, Johor Bahru, Johor, Malaysia with a carrying value of $564,000 as of 31 December 2017. The sale was completed on 26 June 2018 and the entire proceeds of $1,146,000 was received on that date.

Accordingly, these investment properties were respectively recorded as investment properties held for sale in the balance sheet as at 31 December 2017 and 1 January 2017. There are no investment properties held for sale as at 31 December 2018.

Properties pledged as security

Investment properties amounting to $958,000 (1 January 2017: $385,000) were mortgaged to secure banking facilities granted to a subsidiary as at 31 December 2017. There are no investment properties being mortgaged as securities at 31 December 2018.

10. Subsidiaries

	Company		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Shares, at cost	5,758	5,758	5,758
Long-term loan to a subsidiary	2,051	2,051	3,473
	7,809	7,809	9,231

The long-term loan to a subsidiary is non-trade in nature, unsecured and interest-free. Management has assessed the loan to, in substance, form a part of the Company's net investment in the subsidiary.

(a) Composition of the Group

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest		
			31.12.2018	**31.12.2017**	**1.1.2017**
			%	%	%
Held by the Company:					
Fuji Printing Cylinders Pte Ltd *	Singapore	Trading in printing cylinders and its related products	100	100	100
Fujiplates Manufacturing Sdn. Bhd. **	Malaysia	Letting of properties and investment holding	100	100	100
Held through Fuji Printing Cylinders Pte Ltd:					
Fuji Roto Gravure Sdn. Bhd. **	Malaysia	Manufacture and sale of gravure printing cylinders and related services in the printing industry	65	65	65
Held through Fujiplates Manufacturing Sdn Bhd:					
Fuji Offset Plates (M) Sdn Bhd. ***	Malaysia	Sale of offset printing plates and materials in printing industries	–	60	60

* Audited by Ernst & Young LLP Singapore.
** Audited by member firm of Ernst & Young Global in Malaysia.
*** The subsidiary was disposed on 15 January 2018.

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10. Subsidiaries (cont'd)

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

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

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest %	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 December 2018:					
Fuji Roto Gravure Sdn Bhd	Malaysia	35	180	3,069	–
31 December 2017:					
Fuji Roto Gravure Sdn Bhd	Malaysia	35	172	2,884	–
1 January 2017:					
Fuji Roto Gravure Sdn Bhd	Malaysia	35	277	2,652	–

(c) Summarised financial information about a subsidiary with material NCI

Summarised financial information before intercompany eliminations of a subsidiary with material NCI are as follows:

	Fuji Roto Gravure Sdn Bhd		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Summarised balance sheet			
Current			
Assets	7,493	7,073	6,616
Liabilities	(542)	(588)	(800)
Net current assets	6,951	6,485	5,816
Non-current			
Assets	2,028	1,935	1,965
Liabilities	(212)	(180)	(204)
Net non-current assets	1,816	1,755	1,761
Net assets	8,767	8,240	7,577

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10. Subsidiaries (cont'd)

(c) Summarised financial information about a subsidiary with material NCI (cont'd)

	Fuji Roto Gravure Sdn Bhd	
	2018	**2017**
	$'000	$'000
Summarised statement of comprehensive income		
Revenue	4,719	4,770
Profit before taxation	671	638
Profit for the year	514	491
Other comprehensive income	180	172
Total comprehensive income	694	663
Other summarised information		
Net cash flows from operating activities	607	(226)
Acquisition of property, plant and equipment	(554)	(407)

11. Investment in associate

		Group	
	31.12.2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Shares, at cost	6,748	6,748	6,748
Share of results	2,197	612	12
Translation differences	(85)	(98)	(236)
	8,860	7,262	6,524

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest		
			31.12.2018	**31.12.2017**	**1.1.2017**
			%	%	%
IPark Development Sdn Bhd	Malaysia	Property development	20	20	20

11. Investment in associate (cont'd)

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

Summarised balance sheet	**IPark Development Sdn Bhd**		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Current			
Assets	122,815	102,308	50,915
Liabilities	76,136	36,489	17,727
Net current assets	46,679	65,819	33,188
Non-current			
Assets	38,720	16,581	123
Liabilities	40,505	47,493	–
Net non-current (liabilities)/assets	(1,785)	(30,912)	123
Net assets	44,894	34,907	33,311
Proportion of the Group's ownership	20%	20%	20%
Group's share of net assets	8,979	6,981	6,662
Other adjustments	(119)	281	(138)
Carrying amount of the investment	8,860	7,262	6,524

	2018	**2017**
	$'000	$'000
Summarised statement of comprehensive income		
Profit for the year	7,865	3,060

12. Other investment

	Group and Company		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Non-current:			
Financial asset			
Unquoted equity instrument, at FVOCI	2,378	–	–
Available-for-sale financial asset			
Unquoted equity instrument, at cost	–	2,024	1,587

Unquoted shares are stated at cost as at 31 December 2017 and 1 January 2017. The impact arising from the adoption of SFRS(I) 9 is disclosed in Note 2.2.

The investment relates to the Group's equity interest in a company in Cambodia, Star City Property Development Co Ltd ("Star City").

12. Other investment (cont'd)

In 2018, the Group received a repayment of its interest-free advances to Star City amounting to S$478,000. In 2017, the Group made additional interest-free advances amounting to $1,420,000 to Star City. For financial report purposes, the deemed interest foregone on these interest-free advances is accounted for as part of the Company's cost of investment in Star City. The Group recorded its equity interest in Star City amounting to $2,378,000 (31 December 2017: $2,024,000, 1 January 2017: $1,587,000) as other investment and advances to Star City amounting to $4,672,000 (31 December 2017: $5,261,000, 1 January 2017: $5,093,000) as non-current other receivables (Note 15) as at 31 December 2018.

13. Long-term prepayments

	Group $'000
Premium paid on leasehold land, at cost	
At 1 January 2017	1,217
Translation differences	(236)
At 1 January 2017	981
Transfer to investment properties	(337)
Translation differences	14
At 31 December 2017 and 1 January 2018	658
Translation differences	2
At 31 December 2018	660
Accumulated amortisation	
At 1 January 2017	603
Translation differences	(108)
At 1 January 2017	495
Transfer to investment properties	(185)
Amortisation charge for the year	21
Translation differences	7
At 31 December 2017 and 1 January 2018	338
Amortisation charge for the year	22
Translation difference	1
At 31 December 2018	361
Net carrying amount	
At 1 January 2017	486
At 31 December 2017	320
At 31 December 2018	299

The long-term prepayments were mortgaged to secure banking facilities granted to a subsidiary as at 31 December and 1 January 2017.

14. Inventories

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Balance sheet:			
Raw materials	529	640	543
Work-in-progress	84	73	72
Finished goods	38	42	118
	651	755	733
Statement of comprehensive income:			
Inventories recognised as an expense in cost of sales (Note 6)	1,204	1,295	1,327

15. Trade and other receivables

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Current:						
Trade receivables	1,401	1,752	1,744	–	1	1
Deposits	13	13	15	2	2	3
Other receivables	39	59	156	1	5	6
Amount due from a subsidiary	–	–	–	463	343	223
	1,453	1,824	1,915	466	351	233
Non-current:						
Long-term loan due from associate	3,452	89	87	–	–	–
Other receivable (Note 12)	4,672	5,261	5,093	4,672	5,261	5,093
Total trade and other receivables (current and non-current)	9,577	7,174	7,095	5,138	5,612	5,326
Add:						
Cash and bank deposits (Note 16)	4,771	5,184	6,919	561	512	608
Total financial assets carried at amortised cost	14,348	12,358	14,014	5,699	6,124	5,934

Trade and other receivables (current)

Trade receivables and amount due from a subsidiary are non-interest bearing, generally on 30 to 90 days' terms and to be settled in cash. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

15. Trade and other receivables (cont'd)

Long-term loan due from associate (non-current)

The loan is unsecured and bears interest at 6-month Kuala Lumpur Interbank Offered Rate (KLIOR) + 0.5% per annum. The loan is granted by shareholders to the investee in proportion of their respective shareholdings in the investee entity for purpose of funding development costs. It is denominated in Malaysian Ringgit and any repayment of the loan by the associate, whether in whole or in part, shall be decided by a majority of its board of directors and shall at all times be in proportion to the outstanding loan amounts owed to each of the shareholders.

Long-term loans due from associate as at 31 December and 1 January 2017 were in respect of interest receivable on the loan as well as an earlier loan prior to the loan's capitalisation into ordinary and non-cumulative redeemable preference shares in 2016 and recorded as investment in associate in Note 11.

Other receivable (non-current) (Note 12)

Other receivable relates to USD-denominated amounts advanced to Star City Property Development Co., Ltd ("Star City"). The advance is for purpose of purchasing and carrying out development of residential and commercial units for sale on two parcels of land in Cambodia ("Property") by Star City. The amount is unsecured and non-interest bearing, has no repayment terms and is not expected to be repaid within the next twelve months. The fair value of the loan is calculated based on effective interest rate of 8.5% per annum with expected repayment period of 3 years. During the financial year ended 31 December 2017, due to an extension of the expected repayment date arising from delay in project development the Group and the Company de-recognised an amount of $818,000 from the other receivable balance.

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to $658,000 (31 December 2017: $908,000, 1 January 2017: $890,000) and $Nil (31 December 2017: $1,000 and 1 January 2017: $1,000) respectively, that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	31.12.2017	1.1.2017
	$'000	$'000
Group		
Past due 1 – 30 days	331	357
Past due 31 – 90 days	364	403
More than 90 days	213	130
	908	890
Company		
Past due 1 – 30 days	–	–
Past due 31 – 90 days	–	–
More than 90 days	1	1
	1	1

15. Trade and other receivables (cont'd)

Trade receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the end of the reporting period and the movement of allowance accounts used to record the impairment are as follows:

	Group		Company	
	31.12.2017	**1.1.2017**	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	284	200	1	1
Less: Allowance for impairment losses	(71)	(70)	–	–
	213	130	1	1
Movement in allowance account:				
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
At 1 January	(70)	(72)	–	–
Written off	–	–	–	–
Exchange differences	(1)	2	–	–
At 31 December	(71)	(70)	–	–

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

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	Company
	31.12.2018	**31.12.2018**
	$'000	$'000
Trade receivables – nominal amounts	212	–
Less: Allowance for doubtful amounts	(72)	–
	140	–
Movement in allowance account:		
	2018	**2018**
	$'000	$'000
At 1 January	(71)	–
Written off	–	–
Exchange differences	(1)	–
At 31 December	(72)	–

15. Trade and other receivables (cont'd)

During the financial year ended 31 December 2017, the Company's claim to recover a defaulted amount of approximately $831,000 under an Equity Transfer Agreement dated 31 July 2010 between the Company and A-Smart was amicably settled. Pursuant to the settlement, the Company received a payment for a sum of $600,000 and recognised as gain on settlement of fully impaired other receivables of $514,000 in profit or loss after deducting associated legal costs.

Trade and other receivables denominated in foreign currencies at the end of reporting are as follows:

	Group and Company		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
United States Dollar	7,034	5,261	5,093

16. Cash and bank deposits

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Cash at banks and in hand	3,689	3,686	4,258	561	512	608
Fixed deposits with banks	1,082	1,498	2,661	–	–	–
Cash and bank deposits	4,771	5,184	6,919	561	512	608

As at 31 December 2017 and 2018, the Group does not have any outstanding bank overdraft balance. At 31 December 2017, the Group's bank overdraft facilities are secured by investment properties including held for sale, and property, plant and equipment with net carrying value of approximately $3,179,000. At 1 January 2017, the Group's bank overdraft facilities are secured by buildings and investment property held for sale with net carrying values of approximately $3,724,000 and $385,000 respectively.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates.

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For the financial year ended 31 December 2018

16. Cash and bank deposits (cont'd)

The weighted average effective interest rates per annum as at the end of the reporting period are as follows:

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	%	%	%	%	%	%
Cash at banks	0.10	0.02-0.10	0.10	0.10	0.10	0.10
Fixed deposits with banks	0.85-4.08	0.70-4.18	0.10-4.10	–	–	–

Interest rates are repriced at interval of not more than three months.

Cash and bank deposits denominated in foreign currencies at the end of the reporting period are as follows:

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000	$'000	$'000	$'000
United States Dollar	29	29	147	19	20	25

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Cash and bank deposits			
- Continuing operations	4,771	5,184	6,919
- Discontinued operation	–	201	–
Cash and cash equivalents	4,771	5,385	6,919

17. Trade and other payables

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables	116	176	270	–	–	–
Accrued operating expenses	470	500	505	268	234	256
Deposits received	65	302	32	–	–	–
Other payables	198	132	304	5	7	–
Amounts due to related companies	–	4	–	1,000	254	–
Total trade and other payables	849	1,114	1,111	1,273	495	256
Add:						
- Loans and borrowings (Note 18)	180	272	136	116	171	–
Less:						
- Deposits received	–	231	–	–	–	–
Trade and other payables representing total financial liabilities carried at amortised cost	1,029	1,155	1,247	1,389	666	256

Deposits received include part considerations received in advance for the sales of investment properties (Note 9(b)) which amounted to approximately $Nil (31 December 2017: $231,000, 1 January 2017: $Nil).

Trade payables/other payables

These amounts are non-interest bearing. Trade payables are normally settled on 60-day term while other payables have an average term of six months.

Amounts due to related companies

These amounts are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Trade and other payables denominated in foreign currencies as at the end of reporting period are as follows:

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000	$'000	$'000	$'000
United States Dollar	2	–*	4	–	–	–

* Amount less than $1,000

18. Loans and borrowings

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Current:						
Obligations under finance leases (Note 25)	96	92	36	57	54	–
Non-current:						
Obligations under finance leases (Note 25)	84	180	100	59	117	–
Total loans and borrowings	180	272	136	116	171	–

These obligations are secured by a charge over the leased assets (Note 7). The effective interest rates per annum at the balance sheet date range from 4.5% to 4.7% (31 December 2017: 4.5% to 4.7%, 1 January 2017: 4.5%) per annum for the Group and 4.7% (31 December 2017: 4.7%, 1 January 2017: Nil) per annum for the Company.

A reconciliation of liabilities arising from financing activities is as follows:

		Cash flows	**Non-cash changes**		
	31.12.2017		**Additions to property, plant and equipment**	**Reclassification***	**31.12.2018**
	$'000	$'000	$'000	$'000	$'000
Obligations under finance lease					
Current	92	(92)	–	96	96
Non-current	180	–	–	(96)	84
Total	272	(92)	–	–	180

* The "reclassification" column relates to reclassification of non-current portion of obligations under finance leases due to passage of time.

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18. Loans and borrowings (cont'd)

		Cash flows	Non-cash changes		
	1.1.2017		**Additions to property, plant and equipment**	**Reclassification***	**31.12.2017**
	$'000	$'000	$'000	$'000	$'000
Obligations under finance lease					
Current	36	(36)	54	38	92
Non-current	100	–	118	(38)	180
Total	136	(36)	172	–	272

* The "reclassification" column relates to reclassification of non-current portion of obligations under finance leases due to passage of time.

19. Employee benefits

	Group 2018	Group 2017
	$'000	$'000
Employee benefits expenses (including directors) (Note 6):		
Staff costs	1,560	1,591
Defined contribution pension schemes	121	115
Others	8	(3)
	1,689	1,703

20. Deferred tax

Movements in deferred tax liabilities during the reporting periods are as follows:

Group	At 1.1.2017 $'000	Recognised in profit or loss (Note 5) $'000	Exchange differences $'000	At 31.12.2017 $'000	Recognised in profit or loss (Note 5) $'000	Exchange differences $'000	At 31.12.2018 $'000
Deferred tax liabilities							
Differences in depreciation of property, plant and equipment for tax purposes	(248)	(48)	(6)	(302)	(5)	(1)	(308)
Revaluation to fair value: Freehold land and buildings*	(499)	–	–	(499)	–	–	(499)
	(747)	(48)	(6)	(801)	(5)	(1)	(807)

* Relates to cumulative fair value adjustments on freehold land and buildings prior to 1 January 2017. Refer to Note 2.2 for information on first-time adoption of SFRS(I).

20. Deferred tax (cont'd)

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Tax losses	11,650	12,105	11,439	12,822	12,105	11,399
Others	12	12	12	12	12	12
	11,662	12,117	11,451	12,834	12,117	11,411

There are no temporary differences relating to investment in subsidiaries at the end of the reporting period.

<u>Unrecognised tax losses</u>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group or the Company can recognise the benefits.

The tax losses are available for set off against future taxable profits subject to agreement by the tax authority and compliance with the tax regulations of the respective tax jurisdiction.

There are no income tax consequences (31 December 2017: Nil, 1 January 2017: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 24).

21. Share capital

	Group and Company			
	2018		2017	
	No. of shares		**No. of shares**	
	'000	$'000	'000	$'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	49,913	14,807	49,913	14,807

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

22. Reserves

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Foreign currency translation reserve	315	298	–	–	–	–
Fair value adjustment reserve	(346)	–	–	(346)	–	–
Retained earnings	13,365	10,169	10,646	259	757	1,674
	13,334	10,467	10,646	(87)	757	1,674

Foreign currency translation reserve

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency; and

(b) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Fair value adjustment reserve

The fair value adjustment reserve relates to fair value adjustment arising from the adoption of SFRS(I) 9. Details on adoptions of new standards are discussed in Note 2.2.

23. Earnings/loss per share

Basic and diluted earnings/loss per share are calculated by dividing profit/loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2018	**2017**
	$'000	$'000
Earnings/(loss) per share is based on:		
Profit/(loss) for the year attributable to owners of the Company	3,346	(327)

	No. of shares	
	2018	**2017**
Weighted average number of shares in issue during the year	49,912,500	49,912,500

Diluted earnings/(loss) per share is similar to basic earnings/(loss) per share as there are no potential dilutive ordinary shares.

24. Dividends

	Group and Company	
	2018	**2017**
	$'000	$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- final tax exempt (one-tier) dividend of 0.3 cent per share (2017: 0.3 cent per share)	150	150
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholder's approval at the AGM:		
Proposed final tax exempt (one-tier) dividend of 0.3 cent per share (2017: 0.3 cent per share)	150	150

25. Commitments

(a) Operating lease commitments – as lessee

(i) On 1 August 2008, the Company entered into a lease for the Company's office at Jalan Rajah, Singapore, with a renewal option. The lease was renewed for another 2 years with effect from 1 August 2017 at the same rental rate.

The amount paid under the lease for the financial year ended 31 December 2018 was $30,000 (31 December 2017: $30,000, 1 January: $30,000).

(ii) The future minimum lease payments under the non-cancellable operating leases at the end of the reporting period are as follows:

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Not later than 1 year	18	30	18
Later than 1 year but not later than 5 years	–	18	–
	18	48	18

25. Commitments (cont'd)

(b) Operating lease commitments – as lessor

The Group leases out its investment properties. Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Not later than 1 year	–	16	–

(c) Finance lease commitments

The Group has finance leases for certain items of motor vehicles. These leases do not have terms of renewal, purchase options or escalation clauses. The lease term is for 3 to 5 years (31 December 2017: 3 to 5 years, 1 January 2017: 5 years). The effective interest rate is 4.5% to 4.7% (31 December 2017: 4.5% to 4.7%, 1 January 2017: 4.5%) per annum. The interest rate is fixed at contract date, and does not expose the Group to interest rate risk. The lease is on a fixed repayment basis and no arrangement has been entered into for contingent rental payable. The Group's obligations under the finance leases are secured by the leased assets.

Future minimum lease payments under the finance leases together with the present value of the net minimum lease payments are as follows:

25. Commitments (cont'd)

(c) Finance lease commitments (cont'd)

	31.12.2018		**31.12.2017**		**1.1.2017**	
	Minimum lease payments	**Present value of payments (Note 18)**	**Minimum lease payments**	**Present value of payments (Note 18)**	**Minimum lease payments**	**Present value of payments (Note 18)**
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Not later than 1 year	102	96	103	92	41	36
Later than 1 year and not later than 5 years	86	84	188	180	106	100
Total minimum lease payments	188	180	291	272	147	136
Less: future finance charges	(8)	–	(19)	–	(11)	–
Present value of minimum lease payments	180	180	272	272	136	136
Company						
Not later than 1 year	61	57	61	54	–	–
Later than 1 year and not later than 5 years	61	59	123	117	–	–
Total minimum lease payments	122	116	184	171	–	–
Less: future finance charges	(6)	–	(13)	–	–	–
Present value of minimum lease payments	116	116	171	171	–	–

26. Related party transactions

(a) Compensation of key management personnel

Key management personnel of the Group and Company are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The directors are considered as key management personnel of the Group and Company.

Key management personnel compensation comprised:

	Group	
	2018	**2017**
	$'000	$'000
Directors' fees	120	90
Central Provident Fund contributions	15	15
Short-term employee benefits	394	371
	529	476

Key management personnel compensation comprised:

Directors of the Company	529	476

(b) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2018	**2017**
	$'000	$'000
Company in which a director of the Company have substantial financial interests		
Printing expenses	3	4
One director of the Company (2017: One)		
Rental expenses	30	30

27. Contingent liabilities

During the financial year ended 31 December 2017, intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities granted to subsidiaries amounting to $Nil (31 December 2017: $3,325,000, 1 January 2017: $3,256,000). The financial guarantees have expired as at 31 December 2018 and the banking facilities are no longer available to the subsidiaries.

28. Fair value of assets and liabilities

(a) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

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

- Level 3 – Unobservable inputs for the asset or liability.

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

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

The fair value of financial assets by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	31.12.2017 $'000		**1.1.2017** $'000	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Other investment (Note 12)				
Unquoted equity instrument, at cost	2,024	*	1,587	*

* Investment in equity instrument carried at cost

Fair value information has not been disclosed for the investment in equity instrument that is carried at cost because fair value cannot be measured reliably. This equity instrument represents ordinary shares in Star City that is not quoted on any market and do not have any comparable industry peer that is listed.

28. Fair value of assets and liabilities (cont'd)

(c) Assets and liabilities measured at fair value

The following table shows an analysis of the financial asset measured at fair value at the end of the reporting period:

	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices** (Level 2)	**Significant unobservable inputs** (Level 3)	**Total**
31 December 2018	$'000	$'000	$'000	$'000
Financial assets:				
Other investment (Note 12)				
Unquoted equity instrument, at FVOCI	–	–	2,378	2,378

There are no assets or liabilities measured at fair value at 31 December 2017 and 1 January 2017.

(d) Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	**Fair value as at 31 December $'000**	**Valuation technique**	**Unobservable inputs**	**Relationship of unobservable inputs to fair value**
2018				
Unquoted equity security	2,378	Net assets value [1]	Capital value per square metre of land area	The higher the capital value, the higher the fair value

[1] The fair value of unquoted equity security is determined by reference to the underlying net assets value of the investee company.

28. Fair value of assets and liabilities (cont'd)

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's asset not measured at fair value at the end of the reporting period but for which fair value is disclosed:

	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical asset (Level 1)	**Significant observable inputs other than quoted prices** (Level 2)	**Significant unobservable inputs** (Level 3)	**Total**	**Carrying Amount**
	$'000	$'000	$'000	$'000	$'000
31 December 2018					
Non-current assets					
Investment properties					
Note 9 (a)	–	–	3,450	3,450	1,983
31 December 2017					
Non-current assets					
Investment properties					
Note 9 (a)	–	–	3,576	3,576	2,032
Current assets					
Investment properties held for sale					
Note 9 (b)	2,517	–	–	2,517	958
1 January 2017					
Non-current assets					
Investment properties					
Note 9 (a)	–	–	838	838	553
Current assets					
Investment properties held for sale					
Note 9 (b)	1,343	–	–	1,343	385

Determination of fair value

The fair values as at 31 December 2018 and 31 December 2017 as disclosed in the table above are based on estimated marketable price of the factory and industrial land by directors and contracted sale prices (1 January 2017: independent valuer and contracted sale prices).

28. Fair value of assets and liabilities (cont'd)

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

Cash and bank deposits (Note 16), trade and other receivables-current (Note 15), long-term loan due from associate (Note 15), loans and borrowings (Note 18) and trade and other payables (Note 17).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their relatively short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period. The difference between the carrying value and fair value of fixed rate instruments is assessed to be not significant.

The fair value of non-current other receivable is not materially different from its carrying amount as at the end of the reporting period.

29. Financial risk management objectives and policies

The Group and Company are exposed to financial risks arising from its operations. The key financial risks include credit risk, liquidity risk and foreign currency risk.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

(a) Credit risk

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

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

The Group and the Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

29. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

The Group and the Company have determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's and the Company's historical information.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

At the end of the reporting period, approximately 13% (31 December 2017: 14%, 1 January 2017: 13%) of the Group's trade receivable was due from a major customer in the printing cylinders business segment.

The Group and the Company provide for lifetime expected credit losses for all trade receivables, using a provision matrix. The provision rates are determined based on the Group's and the Company's historical observed default rates analysed in accordance to days past due by relevant grouping of customers. The expected credit losses assessment also incorporates forward looking information such as forecast of default credit risk. Trade and other receivables, and long-term loan from associate that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and bank deposits are entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 (Trade and other receivables).

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company monitor and maintain a level of cash and bank deposits deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group and the Company ensure that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations which excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the Financial Statements
For the financial year ended 31 December 2018

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	**Note**	**Cash flows** Within 1 year	**Cash flows** 2 to 5 years	**Total**
31 December 2018		$'000	$'000	$'000
Financial assets:				
Trade and other receivables	15	1,453	10,486	11,939
Cash and bank deposits	16	4,771	–	4,771
Total undiscounted financial assets		6,224	10,486	16,710
Financial liabilities:				
Trade and other payables	17	849	–	849
Loans and borrowings	25(c)	102	86	188
Total undiscounted financial liabilities		951	86	1,037
Total net undiscounted financial assets		5,273	10,400	15,673

Group	**Note**	**Cash flows** Within 1 year	**Cash flows** 2 to 5 years	**Total**
31 December 2017		$'000	$'000	$'000
Financial assets:				
Trade and other receivables	15	1,824	7,447	9,271
Cash and bank deposits	16	5,184	–	5,184
Total undiscounted financial assets		7,008	7,447	14,455
Financial liabilities:				
Trade and other payables	17	883	–	883
Loans and borrowings	25(c)	103	188	291
Total undiscounted financial liabilities		986	188	1,174
Total net undiscounted financial assets		6,022	7,259	13,281

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

		Cash flows		
Group	**Note**	**Within 1 year**	**2 to 5 years**	**Total**
1 January 2017		$'000	$'000	$'000
Financial assets:				
Trade and other receivables	15	1,915	6,592	8,507
Cash and bank deposits	16	6,919	–	6,919
Total undiscounted financial assets		8,834	6,592	15,426
Financial liabilities:				
Trade and other payables	17	809	–	809
Loans and borrowings	25(c)	41	106	147
Total undiscounted financial liabilities		850	106	956
Total net undiscounted financial assets		7,984	6,486	14,470

		Cash flows		
Company	**Note**	**Within 1 year**	**2 to 5 years**	**Total**
31 December 2018		$'000	$'000	$'000
Financial assets:				
Trade and other receivables	15	466	7,034	7,500
Cash and bank deposits	16	561	–	561
Total undiscounted financial assets		1,027	7,034	8,061
Financial liabilities:				
Trade and other payables	17	1,273	–	1,273
Loans and borrowings	25(c)	61	61	122
Total undiscounted financial liabilities		1,334	61	1,395
Total net undiscounted financial assets		(307)	6,973	6,666

29. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

		Cash flows		
Company	**Note**	**Within 1 year**	**2 to 5 years**	**Total**
31 December 2017		$'000	$'000	$'000
Financial assets:				
Trade and other receivables	15	351	7,358	7,709
Cash and bank deposits	16	512	–	512
Total undiscounted financial assets		863	7,358	8,221
Financial liabilities:				
Trade and other payables	17	495	–	495
Loans and borrowings	25(c)	61	123	184
Total undiscounted financial liabilities		556	123	679
Total net undiscounted financial assets		307	7,235	7,542

		Cash flows		
Company	**Note**	**Within 1 year**	**2 to 5 years**	**Total**
1 January 2017		$'000	$'000	$'000
Financial assets:				
Trade and other receivables	15	233	6,505	6,738
Cash and bank deposits	16	608	–	608
Total undiscounted financial assets		841	6,505	7,346
Financial liabilities:				
Trade and other payables	17	256	–	256
Total undiscounted financial liabilities		256	–	256
Total net undiscounted financial assets		585	6,505	7,090

29. Financial risk management objectives and policies (cont'd)

(c) Foreign currency risk

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar. Exposure to currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level.

Sensitivity analysis

A 10% strengthening of Singapore Dollar against the following currencies at the reporting date would decrease the profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit before tax 2018	Profit before tax 2017
Group	$'000	$'000
United States Dollar	467	529
Company		
United States Dollar	467	528

A 10% weakening of Singapore Dollar against the above currency would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

30. Capital management

Capital includes debt and equity items as disclosed in the table below.

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017.

There were no changes in the Group's approach to capital management during the year. The Company and its subsidiaries are not subject to externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables, loans and borrowings, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company.

30. Capital management (cont'd)

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$'000	$'000	$'000
Trade and other payables (Note 17)	849	1,114	1,111
Loans and borrowings (Note 18)	180	272	136
Less: Cash and bank deposits from continuing operations (Note 16)	(4,771)	(5,184)	(6,919)
Net debt	(3,742)	(3,798)	(5,672)
Equity attributable to the owners of the Company	28,142	25,274	25,453
Total capital	28,142	25,274	25,453
Capital and net debt	24,400	21,476	19,781
Gearing ratio	–	–	–

31. Segment reporting

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

(i) Printing plates and cylinders is the manufacture and sale of gravure printing cylinders and related services in the printing industry;

(ii) Investment holding;

(iii) Investment in property development companies.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

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

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

31. Segment reporting (cont'd)

	Printing plates and cylinders		Investment holding		Investment in property development companies		Adjustments and eliminations		Notes	Total operations	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**		**2018**	**2017**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
Revenue:											
External customers	4,815	4,879	200	176	–	–	–	–		5,015	5,055
Inter-segment revenue	–	–	235	225	–	–	(235)	(225)	A	–	–
Total revenue	4,815	4,879	435	401	–	–	(235)	(225)		5,015	5,055
Results:											
Segment profit/(loss)	1,131	1,285	1,318	205	2,127	258	(924)	(1,558)	B	3,652	190
Depreciation of property, plant and equipment	441	446	90	45	–	–	–	–		531	491
Depreciation of investment properties	–	–	49	44	–	–	–	–		49	44
Amortisation of long-term prepayments and intangible assets	45	44	–	–	–	–	–	–		45	44
Loss recognised on derecognition of Star City loan	–	–	–	–	–	818	–	–		–	818
Loss on remeasurement to fair value less costs to sell for disposal group	–	73	–	–	–	–	–	–		–	73
Interest income	33	29	32	23	554	464	–	–		619	516
Interest expense	(11)	(5)	–	–	–	–	–	–		(11)	(5)
Gain on settlement of fully impaired other receivables	–	–	–	(514)	–	–	–	–		–	(514)

Notes to the Financial Statements
For the financial year ended 31 December 2018

31. Segment reporting (cont'd)

	Printing plates and cylinders			Investment holding			Investment in property development companies			Adjustments and eliminations			Notes	Total operations		
	31.12.2018	31.1.2017	1.1.2017	31.12.2018	31.1.2017	1.1.2017	31.12.2018	31.1.2017	1.1.2017	31.12.2018	31.1.2017	1.1.2017		31.12.2018	31.1.2017	1.1.2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000	$'000
Assets and Liabilities																
Segment assets	8,087	10,156	15,851	4,400	4,901	938	20,161	15,440	13,291	444	310	286		33,092	30,807	30,366
Capital expenditure – property, plant and equipment/ intangible assets	554	687	936	–	–	–	–	–	–	–	–	–		554	687	936
Segment liabilities	512	760	1,114	97	332	31	–	–	–	1,273	1,376	911	C	1,882	2,468	2,056

Notes:

(A) Inter-segment revenues are eliminated on consolidation.

(B) The following items are (deducted from)/added to segment profit/(loss) to arrive at "profit/(loss) before tax" presented in the consolidated statement of comprehensive income:

	2018	**2017**
	$'000	$'000
Loss from inter-segment sales	(235)	(225)
Unallocated finance costs	133	(522)
Unallocated corporate expenses	(822)	(811)
	(924)	(1,558)

(C) Unallocated segment liabilities in respect of hire purchase creditors and deferred tax liabilities and current tax payable.

Notes to the Financial Statements
For the financial year ended 31 December 2018

31. Segment reporting (cont'd)

Geographical information

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

	Revenue		Non-current assets		
	2018	**2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	S$'000	S$'000	S$'000	S$'000	S$'000
Singapore	1,059	1,214	235	284	–
Malaysia	3,928	3,802	18,444	13,501	13,407
Cambodia	–	–	7,050	7,285	6,680
Bangladesh	–	–	–	–	–
Sri Lanka	26	34	–	–	–
Other countries	2	5	–	–	–
	5,015	5,055	25,729	21,070	20,087

Information about a major customer

Revenue from one major customer amounted to $625,000 (2017: $545,000) arising from sales by the printing cylinders business segment.

32. Discontinued operation and disposal group classified as held for sale

On 1 December 2017, the Company announced the decision of its board of directors to dispose of one of its subsidiaries, Fuji Offset Plates (M) Sdn Bhd ("FOPM"), which was previously reported in the printing plates and cylinders business segment. As at 31 December 2017, the assets and liabilities related to FOPM have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale", and its results are presented separately in profit or loss as "Loss from discontinued operation, net of tax". The disposal of FOPM was completed on 15 January 2018.

32. Discontinued operation and disposal group classified as held for sale (cont'd)

Balance sheet disclosures

The major classes of assets and liabilities of FOPM classified as held for sale as at 31 December are as follows:

	Group 2017 $'000
Assets:	
Inventories	143
Trade and other receivables	236
Cash and short-term deposits	201
Assets of disposal group classified as held for sale	580
Liabilities:	
Trade and other payables	(201)
Liabilities directly associated with disposal group classified as held for sale	(201)
Net assets directly associated with disposal group classified as held for sale	379

Income statement disclosures

The results of FOPM for the years ended 31 December are as follows:

	Group 2017 $'000
Revenue	512
Expenses	(587)
Loss from operations	(75)
Finance income	4
Loss recognised on remeasurement to fair value less costs to sell	(73)
Loss before tax from discontinued operation	(144)
Loss from discontinued operation, net of tax	(144)

32. Discontinued operation and disposal group classified as held for sale (cont'd)

Cash flow statement disclosures

The cash flows attributable to FOPM are as follows:

	Group 2017 $'000
Operating	(40)
Investing	4
Net cash outflows	(36)

Loss per share disclosures

Loss per share from discontinued operation attributable to owners of the Company (cent per share)	
Basic	(0.29)
Diluted	(0.29)

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively.

33. Authorisation of financial statements

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 3 April 2019.

MAJOR PROPERTIES OF THE GROUP
As at 31 December 2018

Description & Location	Effective Group Interest	Site Area (Sq Metres)	Built-up Area (Sq Metres)	Remaining Tenure
2-storey factory warehouse cum office building at PLO 210, Jalan Angkasa Mas Utama Tebrau II Industrial Estate 81100 Johor Bahru Johor, Malaysia	100%	8,094	5,381	34 years
2-storey factory warehouse cum office building at PLO 158, Jalan Angkasa Mas 6 Tebrau II Industrial Estate 81100 Johor Bahru Johor, Malaysia	100%	8,094	4,945	45 years

SHAREHOLDING STATISTICS
As at 15 March 2019

Issued and fully paid-up share capital	- S$14,807,000
Number of issued and paid-up shares (excluding treasury shares and subsidiary holdings)	- 49,912,500 ordinary shares
Number/Percentage of treasury shares and subsidiary holdings	- Nil
Class of shares	- Ordinary shares
Voting rights	- 1 vote per ordinary share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	5	0.67	98	0.00
100 - 1,000	156	21.00	84,675	0.17
1,001 - 10,000	439	59.08	1,823,350	3.65
10,001 - 1,000,000	134	18.04	6,328,855	12.68
1,000,001 and above	9	1.21	41,675,522	83.50
Total	743	100.00	49,912,500	100.00

Twenty Largest Shareholders

No.	Name	No. of Shares	%
1	Teo Kee Bock	11,980,250	24.00
2	Ang Kim Ton	8,480,000	16.99
3	Teo Kee Chong	7,884,500	15.80
4	OKG Construction & Trading Pte Ltd	7,531,000	15.09
5	Toh Boon Chuan	1,460,000	2.93
6	Lek San Construction Pte Ltd	1,276,200	2.56
7	CGS-CIMB Securities (Singapore) Pte. Ltd.	1,050,572	2.10
8	Teo Chin Wen (Zhang JingWen)	1,010,000	2.02
9	Teo WeiXian (Zhang WeiXian)	1,003,000	2.01
10	Teo Jue Ren	1,000,000	2.00
11	Chang Hin Chong	449,000	0.90
12	Khua Hock Leong	320,000	0.64
13	Oh Cher Kiat	300,000	0.60
14	Deputy of Lim Yok Tiong	287,000	0.58
15	Poh Heng	192,000	0.38
16	Goh Kheng Sing	115,000	0.23
17	Raffles Nominees (Pte.) Limited	100,700	0.20
18	Koh Beng Han	100,000	0.20
19	Hoo Len Yuh	90,000	0.18
20	DBS Vickers Securities (Singapore) Pte Ltd	85,000	0.17
	Total	44,714,222	89.58

Substantial Shareholders
(as recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Teo Kee Bock	11,980,250	24.00	40,700 (1)	0.08
Ang Kim Ton	8,480,000	16.99	-	-
Teo Kee Chong	7,884,500	15.80	-	-
OKG Construction & Trading Pte Ltd	7,531,000	15.09	-	-

(1) Deemed interest in shares held by spouse and CPF Board Nominee.

Approximately 22.0% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

FUJI OFFSET PLATES MANUFACTURING LTD
(Company Registration No.: 198204769G)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Fuji Offset Plates Manufacturing Ltd (the "**Company**") will be held at Conference Room, 2 Jalan Rajah, #06-28, Golden Wall Flatted Factory, Singapore 329134 at 3:00 p.m. on Thursday, 25 April 2019 for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Independent Auditors' Report thereon.

   (Resolution 1)

2. To declare a first and final one-tier tax-exempt dividend of 0.3 Singapore cents per share for the financial year ended 31 December 2018 (2017: 0.3 Singapore cents per share).

   (Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to the Constitution of the Company:-

Mr Lai Mun Onn	(retiring under Article 90)	**(Resolution 3)**
Mr Tan Keh Eyo	(retiring under Article 106)	**(Resolution 4)**

   *Mr Lai Mun Onn will, upon re-election as a Director of the Company, remain as an Independent Director, the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees respectively, and will be considered independent pursuant to Rule 704(7) of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") .*

   Mr Tan Keh Eyo will, upon re-election as a Director of the Company, remain as Lead Independent Director, the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees respectively, and will be considered independent pursuant to Rule 704(7) of Catalist Rules of SGX-ST.

   Detailed information required pursuant to Rule 720(5) of the Catalist Rules of SGX-ST is on pages 24 to 26 of the annual report.

4. To note the retirement of Mdm Ang Kim Ton, who is retiring pursuant to Article 106 of the Constitution of the Company, as the Non-Executive Director of the Company.

5. To approve the payment of Directors' fees of S$118,082 for the financial year ended 31 December 2018 (2017: S$120,000).

   (Resolution 5)

6. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 6)

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

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

8. **Authority to issue new shares**

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

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

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

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

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

provided that:

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

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

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

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

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

(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, the Constitution of the Company for the time being; and

NOTICE OF ANNUAL GENERAL MEETING

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

[See Explanatory Note (i)]

(Resolution 7)

9. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited:

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in the Appendix to the Annual Report to Shareholders dated 10 April 2019 (the "**Appendix**") with any party who is of the class of Interested Persons described in the Appendix, provided that such transactions are carried out on normal commercial terms and in accordance with the review procedures of the Company for such Interested Person Transactions as set out in the Appendix (the "**Shareholders' Mandate**");

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

(c) authority be given to the Directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate as they may think fit.

[See Explanatory Note (ii)]

(Resolution 8)

By Order of the Board

Kelly Kiar Lee Noi
Secretary
Singapore, 10 April 2019

Explanatory Notes:

(i) The Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to shareholders.

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

NOTICE OF ANNUAL GENERAL MEETING

(ii) The Ordinary Resolution 8 in item 9 above, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at 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.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting.

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member (which number and class of shares shall be specified).

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

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 2 Jalan Rajah, #06-28 Golden Wall Flatted Factory, Singapore 329134 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

4. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

Personal data privacy:

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

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*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor (the "**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Sponsor has not independently verified the contents of this notice including the correctness of any of the figures used, statements or opinions made.*

This notice has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms Foo Quee Yin.
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