

ANNUAL REPORT 2018

The Aerosol Coating Specialist



**SAMURAI 2K AEROSOL LIMITED**

(Company Registration No.201606168C)

*Samurai 2K Aerosol Limited (the “Company”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 16 January 2017. The initial public offering of the Company was sponsored by UOB Kay Hian Private Limited (the “Sponsor”).*

*This Annual Report has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant Catalist Rules. The Sponsor has not verified the contents of this Annual Report.*

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

*The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President, and Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.*

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## LEADING HIGH PERFORMANCE AEROSOL COATING SPECIALIST FOR AUTOMOTIVE REFINISHING AND REFURBISHING INDUSTRY

Samurai 2K Aerosol Limited (“Samurai 2K” or the “Company”, and together with its subsidiaries, the “Group”) is a leading aerosol coating specialist with a focus on high performance coating solutions for the automotive refinishing and refurbishing industry. We are principally engaged in the manufacturing, distribution and marketing of our products under our own brands.

Headquartered in Malaysia, our products are manufactured in our production facility located in Johor and are distributed in countries including Malaysia, Indonesia, Thailand, Philippines, Vietnam, Cambodia, United Kingdom, United States of America and Singapore.



**WE CHANGE THE AEROSOL  
AEROSOL CHANGES THE WORLD**

# CEO'S STATEMENT

DEAR SHAREHOLDERS,

I am honoured to present Annual Report of Samurai 2K Aerosol Limited (the "Company" and its subsidiaries, the "Group") for the financial year ended 31 March 2018 ("FY2018").

## **BUSINESS AND CORPORATE DEVELOPMENT**

During FY2018, our Group has:

- i. participated in the Specialty Equipment Market Association Show 2017, ("SEMA Show") held at Las Vegas, the United States of America from 31 October 2017 to 3 November 2017;
- ii. signed a Sales and Distribution Agreement with its distributor to grant the sole distributorship of the Group's range of products in Cambodia;
- iii. bagged double awards in the Sin Chew Business Excellence Awards 2017 namely, "CIMB-Sin Chew Regional Excellence Award" and "Product Excellence Award". The awards were honoured in recognition of our strong market penetration strategies, our ability to revolutionise the traditional spray painting works in the workshops into the DIY segment as well as our years of research and development in launching our innovative and disruptive products;
- iv. completed a placement of 9,921,000 shares at the issue price of S\$1.008 per share on 15 December 2017;



On 16 and 17 April 2018, the Group announced that its wholly-owned subsidiary, Orientus Industry Sdn Bhd has been granted the invention patent from the relevant authorities in the United States of America and Canada for its "Single Head 2K System".

## **RESULTS HIGHLIGHT**

Our Group's revenue increased by approximately RM50.7 million or 128.8% from RM39.3 million in the financial year ended 31 March 2017 ("FY2017") to RM90.0 million in FY2018. The increase in Group's revenue was mainly due to the improvement in the sales volume for our key markets namely, Indonesia, Malaysia, Thailand, Vietnam and Philippines have also registered healthy and encouraging growth. The growth in Group revenue was attributable to aggressive marketing initiatives such as demonstration and training activities for potential end-users, advertisements on social media and participation in exhibitions.

With the significant increase in Group's revenue, our Group recorded a net profit of RM11.9 million in FY2018, surpassing RM1.8 million recorded in FY2017 by approximately RM10.1 million, or 546.2%.

## **ACKNOWLEDGEMENT AND APPRECIATIONS**

On behalf of the Board, I would like to extend our greatest appreciation to our shareholders, valued customers and business associates for their continued support and confidence in our Group. I wish also to thank all our employees for their dedication, commitment and contribution to the success of the Group.

**Ong Yoke En**

Executive Director and Chief Executive Officer

## REVIEW OF INCOME STATEMENT

Revenue increased by approximately RM50.7 million or 128.8%. The increase in revenue was mainly due to (i) the increase in revenue from the “Paint – Standard” segment by RM 29.6 million, or 124.4% and (ii) the increase in revenue from the “Paint – Premium” segment by RM 20.7 million, or 144.0%. In terms of geographical segment, revenue contribution from Indonesia grew by RM40.0 million, or 223.5% to RM57.9 million. Revenue from Malaysia increased by RM6.5 million, or 35.9% to RM24.5 million while revenue from other markets (including Thailand, Vietnam, Philippines, United Kingdom and Singapore) increased by RM4.2 million, or 122.7% to RM7.6 million.

The increase in revenue was mainly due to sales volume increased by 9.02 million cans or 132.6% to 15.83 million cans in FY2018. Higher sales volume was achieved as a result of enhanced marketing initiatives taken such as advertisements on social media, exhibition, demonstration and training activities for potential end-users.

Gross profit increased by RM20.91 million, or 117.7% while gross profit margin for FY2018 and FY2017 were 43.0% and 45.1% respectively. The slight drop in the gross profit margin was mainly due to the appreciation of Ringgit Malaysia against Indonesian Rupiah during the financial year which has caused the export selling prices to Indonesia to be lower.

Other income/(expenses) comprised mainly of loss on foreign exchange. The Company incurred a loss on foreign exchange of RM4.1 million in FY2018 while a gain on foreign exchange of RM0.67 million in FY2017. The loss on foreign exchange was attributable to the appreciation of Ringgit Malaysia against Indonesian Rupiah.

Administrative expenses consisted of mainly directors’ remuneration, staff costs, professional fees, rental expenses and depreciation. The administrative cost increased by RM1.2 million, or 11.7%, mainly due to (i) the variable performance bonus for the Executive Directors and the increase in their salaries with effect from 1 July 2017 as per their service agreements dated 16 December 2016 of RM2.5 million from RM0.8 million in FY2017 to RM3.3 million in FY2018; (ii) higher salaries and related costs paid for supporting staff of RM1.1 million from RM2.2 million in FY2017 to RM3.3 million in FY2018 mainly due to increase in the number of staff; (iii) administrative and service tax expenses incurred by the subsidiaries, of RM0.8 million; (iv) higher professional fees and related expenses of RM0.6 million (v) increase in other miscellaneous expenses of RM0.3 million; and (vi) offset by the absence of initial public offering related expenses of RM4.4 million incurred in FY2017.

Marketing and distribution expenses increased by RM3.7 million or 107.2%, mainly due to higher (i) salaries and commission paid to sales team by RM0.6 million for the higher revenue generated; and (ii) marketing cost consisting of advertisement in social media, exhibition, demonstration, travelling and training for potential end-users by RM3.1 million.

## REVIEW OF FINANCIAL POSITION

Non-current assets increased by RM5.2 million mainly due to the increase in property, plant and equipment by RM5.3 million, or 48.4% as a result of acquisition of plant and machineries amounted to RM6.42 million for expansion purpose.

Current assets increased by RM46.0 million, or 146.0% mainly due to (i) increase in inventories by RM1.9 million or 29.4% in line with increased sales volume, (ii) increase in trade receivables by RM22.3 million due to increased sales volume and increase in other receivables by RM2.5 million mainly due to increase in advance payment to suppliers and goods and services tax receivables.

Non-current borrowings decreased by RM0.95 million, or 18.5% was due to repayment of bank borrowings.

Current liabilities increased by RM11.0 million, or 91.5% mainly due to increase in trade payables by RM10.2 million, or 182.5% in line with higher cost of sales and increase in the other payables by RM1.6 million, or 113.1% caused by the accrual of variable performance bonus for the Executive Directors amounting to RM 1.7 million (31 March 2017: NIL).

## CASH FLOW STATEMENT REVIEW

In FY2018, the Group recorded net cash used in operating activities of approximately RM1.4 million, arising from operating cash flow before changes in working capital of RM17.0 million offset by changes in net working capital outflow of RM14.2 million, net interest payment of approximately RM0.3 million and income tax payment of approximately RM3.9 million. The working capital outflow was mainly due to increase in trade and other receivables by RM24.7 million and offset by increase in trade and other payables by RM12.6 million.

The Group recorded a net cash outflow from investing activities of approximately RM6.3 million mainly due to the purchase of property, plant and equipment to expand its production.

The Group recorded a net cash inflow from financing activities of approximately RM27.3 million mainly due to proceed from issuance of ordinary shares of RM30.3 million. This was offset by net repayment of bank borrowings and finance leases of RM2.0 million and share issuance expenses of RM0.9 million.

As at 31 March 2018, the Group maintained a cash and cash equivalents balance of RM38.1 million.



## BOARD OF DIRECTORS



Standing from left: Mr Sia Yeak Hong, Dato' Loh Shin Siong, Mr Hau Hock Khun and Dato' Chang Chor Choong.  
Sitting from left: Mr Lim Siang Kai, Mr Ong Yoke En and Ms Lim Lay Yong.

### Mr Lim Siang Kai

*Non-Executive Chairman and Lead Independent Director*

Mr Lim Siang Kai was appointed to our Board on 3 October 2016 and was last re-elected as Director on 20 July 2017. Mr Lim has over 30 years of experience in securities, private and investment banking and fund management, having worked in and held various leadership roles in various banks and financial services companies since 1981. From 1988 to 1994, Mr Lim was also the president of Kingvic Securities Investment Consulting Enterprise, a firm registered with the Securities and Futures Commission of Taiwan. Mr Lim holds a Bachelor of Arts degree and a Bachelor of Social Science (Hons) degree from the National University of Singapore obtained in 1980 and 1981 respectively. He also has a Master of Arts in Economics from the University of Canterbury, New Zealand, which he obtained in 1983.

#### Past directorships in listed companies (for last three years)

- *Natural Cool Holdings Limited.*

#### Present directorships in listed companies (other than the Company)

- *ISDN Holdings Limited*
- *Joyas International Holdings Limited*
- *Blue Sky Power Holdings Limited*

## Mr Ong Yoke En

*Executive Director and Chief Executive Officer*

Mr Ong Yoke En was appointed to our Board on 9 March 2016 and was last re-elected as Director on 20 July 2017. He has more than 20 years of diverse and strong working experience in the aerosol industry holding leadership positions in various aerosol companies in Malaysia. Mr Ong builds and leads the senior executive team and sets the strategic direction of our Group. He is also actively involved in the research and development of our Group's aerosol products and has achieved a major innovation in the production of our dual head 2K system which improves on the user friendliness of an existing technology. Mr Ong also invented our Group's single head 2K system which was awarded a gold medal at the ITEX 2016 held in Kuala Lumpur, Malaysia by the Malaysian Invention and Design Society. He was also awarded a Special Innovation Award as a recognition of the same invention by The Moroccan Union of Inventors, an affiliate of the International Federation of Inventors' Associations at Toronto 2016. Mr Ong graduated from the Universiti Kebangsaan Malaysia with a Bachelor of Arts in 1993.

### **Past directorships in listed companies (for last three years)**

- *None*

### **Present directorships in listed companies (other than the Company)**

- *None*

## Ms Lim Lay Yong

*Executive Director and Chief Operating Officer*

Ms Lim Lay Yong was appointed to our Board on 3 October 2016 was last re-elected as Director on 20 July 2017. Ms Lim has a diverse and strong working experience having served in various capacities for more than 20 years in marketing and product manufacturing. In 2001 to 2014, Ms Lim gained extensive customer relations and marketing experience in her roles of planning marketing activities including organising roadshows for the Group's aerosol products. As the COO of our Group, Ms Lim oversees the daily operations of our Group, helps in designing and implementing business strategies, plans and procedures, as well as establishing policies that promote our Company's culture and vision, and managing relationships with vendors. Ms Lim graduated from the Simon Fraser University (Canada) with a Bachelor of Science (Biochemistry) in 1994 and obtained a Graduate Diploma in Health Science (Herbal Medicine) from The University of New England (Australia) in 2007.

### **Past directorships in listed companies (for last three years)**

- *None*

### **Present directorships in listed companies (other than the Company)**

- *None*

## Dato' Loh Shin Siong

*Non-Executive Director*

Dato' Loh Shin Siong was appointed to the Board on 16 December 2016 and was last re-elected as Director on 20 July 2017. He has business interests in various industries such as food and beverage and property development. Dato' Loh holds directorship in a few companies in which he is in charge of the overall business development and operations and formulates strategies to continually raise the standards of quality and service. Dato' Loh is also responsible for the management and operations in a real estate company and gained experience in property investment and development.

### **Past directorships in listed companies (for last three years)**

- *None*

### **Present directorships in listed companies (other than the Company)**

- *None*

# BOARD OF DIRECTORS

## **Dato' Chang Chor Choong**

*Non-Executive Director*

Dato' Chang Chor Choong was appointed to the Board on 16 December 2016 and was last re-elected as Director on 20 July 2017. Dato' Chang is currently a director at various private companies engaged in businesses across a range of industries including telecommunications, beverages and real estate development. Over years, he has gained experience in the overall management of companies and in setting directions and implementing various business strategies. Outside of his business commitments, Dato' Chang has been an advisor of Ku-Miau Temple since 2012.

### **Past directorships in listed companies (for last three years)**

- *None*

### **Present directorships in listed companies (other than the Company)**

- *None*

## **Mr Hau Hock Khun**

*Independent Director*

Mr Hau Hock Khun was appointed to our Board on 16 December 2016 and was last re-elected as Director on 20 July 2017. Mr Hau has more than 17 years of experience in the legal industry and his practice focuses on, amongst others, banking and finance law, Islamic banking law, general corporate and commercial law, company law, conveyancing and land law, probate and administration law and intellectual property law in Malaysia. Mr Hau is currently an executive director in charge of overall management and operations in a number of private companies. Mr Hau is a member of the Bar Council of Malaysia, a member of the Malaysia Mediation Centre and an associate member of the U.K. Chartered Institute of Arbitrators (United Kingdom) in 2009. Mr Hau graduated from Bond University, Australia with a Bachelor of Law in 1997. He later obtained a Master of Business Administration (Total Quality Management) from Newport University, USA.

### **Past directorships in listed companies (for last three years)**

- *None*

### **Present directorships in listed companies (other than the Company)**

- *Kumpulan H & L High – Tech Berhad*

## **Mr Sia Yeak Hong**

*Independent Director*

Mr Sia Yeak Hong was appointed to our Board on 16 December 2016 and was last re-elected as Director on 20 July 2017. Mr Sia is currently an audit principal at BDO Chartered Accountants in Malaysia, where he leads the audit team in the conduct of the assigned audit by planning, directing and coordinating audit activities. During his tenure with a few audit firms, Mr Sia was involved in statutory financial audit, financial due diligence, member's voluntary liquidation as well as cross-border financial reporting for various countries. His sector expertise includes manufacturing, plantation, hospitality, trading and property development and construction. In his senior management role in the private sector, he oversaw the financial, operation and internal control operating units of the group. Mr Sia is currently a Chartered Accountant of the Malaysia Institute of Accountants, a member of the Malaysian Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in Malaysia. Mr Sia graduated from Middlesex University (United Kingdom) with a Bachelor of Arts (Accounting & Finance).

### **Past directorships in listed companies (for last three years)**

- *None*

### **Present directorships in listed companies (other than the Company)**

- *None*





From left: Ms Lee Siong Kim, Mr Voon Kian Woon, Mr Soo Choon Siong and Ms Puah Thye Lay

### **Mr Soo Choon Siong**

#### *Chief Financial Officer*

Mr Soo Choon Siong joined our Group in August 2017. Mr Soo is a Chartered Accountant of the Chartered Accountants Australia & New Zealand and the Malaysian Institute of Accountants. He held various senior positions in both the professional sector and in the commercial sector as financial controller and finance director in various industries including biopharmaceutical, automotive leather and ceramic tile industries where he oversaw financial matters such as finance and treasury planning, financial risk management and investor relations. As our Group's Chief Financial Officer, Mr Soo is overall in charge of the finance department and reports to our CEO. Mr Soo graduated from Otago University, New Zealand in 1996 with a Bachelor of Commerce.

### **Mr Voon Kian Woon**

#### *General Manager (Finance)*

Mr Voon Kian Woon joined our Group in September 2014. Mr Voon started his own book keeping business in 2012 where he provided bookkeeping services to small businesses in Malaysia. In our Group, Mr Voon is in charge of, amongst others, preparing financial statements, business activity reports and forecasts. Mr Voon also supervises the accounting team and assists the management in making financial decisions. Mr Voon is currently an affiliate member of the Association of Chartered Certified Accountants ("ACCA"). He passed the professional level of the ACCA examinations in 2010. Mr Voon obtained a Bachelor of Science with First Class Honours in Applied Accounting from Oxford Brookes University in 2010.

### **Ms Lee Siong Kim**

#### *General Manager (Indonesia)*

Ms Lee Siong Kim joined our Group in 2011. Ms Lee has more than 10 years of experience in sales and marketing. She was a marketing manager at a company engaged in furniture business, where she was involved in the expansion and development of the business and marketing strategies of the company. Currently, Ms Lee is responsible for overseas business development of Orientus Industry Sdn. Bhd. as well as the overall business operations and sales performance of PT Samurai Paint.

### **Ms Puah Thye Lay**

#### *Sales Director*

Ms Puah Thye Lay joined our Group in 2009. Ms Puah has approximately 20 years of sales experience. Ms Puah worked in a few fast-moving consumer goods companies where she led a team of salesmen and merchandisers and assisted in the expansion of the business. As Sales Director, Ms Puah is in charge of the sales department and is currently involved in the training of our Group's sales team in a few countries.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr Lim Siang Kai  
*(Non-Executive Chairman and Lead Independent Director)*

Mr Ong Yoke En  
*(Executive Director and Chief Executive Officer)*

Ms Lim Lay Yong  
*(Executive Director and Chief Operating Officer)*

Dato' Loh Shin Siong  
*(Non-Executive Director)*

Dato' Chang Chor Choong  
*(Non-Executive Director)*

Mr Hau Hock Khun  
*(Independent Director)*

Mr Sia Yeak Hong  
*(Independent Director)*

## AUDIT COMMITTEE

Mr Lim Siang Kai *(Chairman)*

Mr Hau Hock Khun

Mr Sia Yeak Hong

## REMUNERATION COMMITTEE

Mr Hau Hock Khun *(Chairman)*

Mr Lim Siang Kai

Mr Sia Yeak Hong

## NOMINATING COMMITTEE

Mr Sia Yeak Hong *(Chairman)*

Mr Hau Hock Khun

Mr Lim Siang Kai

## COMPANY SECRETARIES

Mr Tan Chee How *(FCIS)*

## REGISTERED OFFICE

36A Hongkong Street  
Holy Building  
Singapore 059675

## PRINCIPAL PLACE OF BUSINESS

### MALAYSIA

4 Jalan Dato' Yunus 1  
Taman Perindustrian Dato Yunus Sulaiman  
Lima Kedai  
81120 Skudai, Johor, Malaysia

### INDONESIA

Jl. Sunter Mas Utara, Blok H1 No 17W  
RT 021 RW 008, Sunter Jaya Sub-District,  
Tanjung Priok District, North Jakarta  
14350 Indonesia

### UNITED STATES OF AMERICA

627, Montrose Avenue  
South Plainfield  
New Jersey 07080  
United States of America

## CONTINUING SPONSOR

### JOB KAY HIAN PRIVATE LIMITED

8 Anthony Road  
#01-01  
Singapore 229957

## AUDITORS

### BAKER TILLY TFW LLP

600 North Bridge Road  
#05-01  
Parkview Square  
Singapore 188778

Partner-in-charge: Ms Guo Shuqi (a member of the Institute of Singapore Chartered Accountants)  
(Date of appointment: since financial year ended 31 March 2016)

## SHARE REGISTRAR

### BOARDROOM CORPORATE & ADVISORY SERVICES PTE LTD

50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

## PRINCIPAL BANKER

### OVERSEA-CHINESE BANKING CORPORATION LIMITED

65 Chulia Street OCBC Centre  
Singapore 049513

## DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the “Board”) of Samurai 2K Aerosol Limited (the “Company” and its subsidiaries, the “Group”) is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This corporate governance report, set out in tabular form, outlines the Company’s corporate governance structures and practices that were in place during the financial year ended 31 March 2018 (“FY2018”), with specific reference made to the principles of the Code of Corporate Governance 2012 (the “Code”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “SGX-ST”) in January 2015 (the “Guide”).

The Board and Management have taken step to align the governance framework with the recommendations of the Code, where applicable, and where deviations from the Code, appropriate explanations are provided.

Guideline	Code and/or Guide Description	Company’s Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code?	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.
	If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices during the financial year under review.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
<b>BOARD MATTERS</b>																										
<b>The Board's Conduct of Affairs</b>																										
1.1	What is the role of the Board?	<p>As at the date of this Annual Report, the Board comprises of seven directors as follows:</p> <table border="1" data-bbox="368 280 874 1500"> <thead> <tr> <th data-bbox="368 1167 416 1500">Name of Director</th> <th data-bbox="368 584 416 1167">Designation</th> <th data-bbox="368 280 416 584">Date appointed</th> </tr> </thead> <tbody> <tr> <td data-bbox="416 1167 496 1500">Mr Lim Siang Kai</td> <td data-bbox="416 584 496 1167">Non-Executive Chairman and Lead Independent Director</td> <td data-bbox="416 280 496 584">3 October 2016</td> </tr> <tr> <td data-bbox="496 1167 576 1500">Mr Ong Yoke En</td> <td data-bbox="496 584 576 1167">Executive Director and Chief Executive Officer ("CEO")</td> <td data-bbox="496 280 576 584">9 March 2016</td> </tr> <tr> <td data-bbox="576 1167 655 1500">Ms Lim Lay Yong</td> <td data-bbox="576 584 655 1167">Executive Director and Chief Operating Officer ("COO")</td> <td data-bbox="576 280 655 584">3 October 2016</td> </tr> <tr> <td data-bbox="655 1167 703 1500">Dato' Loh Shin Siong</td> <td data-bbox="655 584 703 1167">Non-Executive Director</td> <td data-bbox="655 280 703 584">16 December 2016</td> </tr> <tr> <td data-bbox="703 1167 751 1500">Dato' Chang Chor Choong</td> <td data-bbox="703 584 751 1167">Non-Executive Director</td> <td data-bbox="703 280 751 584">16 December 2016</td> </tr> <tr> <td data-bbox="751 1167 799 1500">Mr Hau Hock Khun</td> <td data-bbox="751 584 799 1167">Independent Director</td> <td data-bbox="751 280 799 584">16 December 2016</td> </tr> <tr> <td data-bbox="799 1167 874 1500">Mr Sia Yeak Hong</td> <td data-bbox="799 584 874 1167">Independent Director</td> <td data-bbox="799 280 874 584">16 December 2016</td> </tr> </tbody> </table> <p>The Board is involved in the supervision of the management of the Group's operations. It reviews strategies, policies and financial performance and assesses key risks provided by Management as well as the adequacy of internal controls and risk management of the Group. Day-to-day management and implementation of business strategies are delegated to the Executive Directors. Each director is expected during the course of carrying out his duties, to act in good faith and to make decisions objectively at all times, as fiduciaries in the best interest of the Company.</p> <p>The Board's role is to:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(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;</li> <li>(c) review management performance;</li> </ul>	Name of Director	Designation	Date appointed	Mr Lim Siang Kai	Non-Executive Chairman and Lead Independent Director	3 October 2016	Mr Ong Yoke En	Executive Director and Chief Executive Officer ("CEO")	9 March 2016	Ms Lim Lay Yong	Executive Director and Chief Operating Officer ("COO")	3 October 2016	Dato' Loh Shin Siong	Non-Executive Director	16 December 2016	Dato' Chang Chor Choong	Non-Executive Director	16 December 2016	Mr Hau Hock Khun	Independent Director	16 December 2016	Mr Sia Yeak Hong	Independent Director	16 December 2016
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Guideline	Code and/or Guide Description	Company's Compliance or Explanation																
		<p>(d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;</p> <p>(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</p> <p>(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.</p>																
1.2	All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.	All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.																
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	<p>The Board has delegated certain functions to the various Board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") (the "Board Committees"). Each of the Board Committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The duties, authorities and responsibilities of each Board Committee are set out in their respective terms of reference. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. As at the date of this Annual Report, the respective compositions of the Board Committees are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">AC</th> <th style="text-align: center;">NC</th> <th style="text-align: center;">RC</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Lim Siang Kai</td> <td>Sia Yeak Hong</td> <td>Hau Hock Khun</td> </tr> <tr> <td>Member</td> <td>Sia Yeak Hong</td> <td>Lim Siang Kai</td> <td>Sia Yeak Hong</td> </tr> <tr> <td>Member</td> <td>Hau Hock Khun</td> <td>Hau Hock Khun</td> <td>Lim Siang Kai</td> </tr> </tbody> </table>		AC	NC	RC	Chairman	Lim Siang Kai	Sia Yeak Hong	Hau Hock Khun	Member	Sia Yeak Hong	Lim Siang Kai	Sia Yeak Hong	Member	Hau Hock Khun	Hau Hock Khun	Lim Siang Kai
	AC	NC	RC															
Chairman	Lim Siang Kai	Sia Yeak Hong	Hau Hock Khun															
Member	Sia Yeak Hong	Lim Siang Kai	Sia Yeak Hong															
Member	Hau Hock Khun	Hau Hock Khun	Lim Siang Kai															
1.4	Have the Board and Board Committees met in the last financial year?	The Board meets at least two times in each financial year and as warranted by particular circumstances, as deemed appropriate by the Board members. Tele-conferencing and video-conferencing at meetings are permitted under the Company's Constitution. In addition to holding meetings, important matters regarding the Group are also put to the Board for decision making by way of written resolutions.																



Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																		
		<p>The number of Board and Board Committee meetings and the record of attendance of each Director during FY2018 are set out below:</p> <table border="1" data-bbox="300 295 703 1503"> <thead> <tr> <th></th> <th>Board</th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td><b>Number of meetings held</b></td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td><b>Name of director</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Lim Siang Kai</td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Ong Yoke En</td> <td>2</td> <td>2</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Lim Lay Yong</td> <td>2</td> <td>2*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Hau Hock Khun</td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Sia Yeak Hong</td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Dato' Loh Shin Siong</td> <td>2</td> <td>2*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Dato' Chang Chor Choong</td> <td>2</td> <td>2*</td> <td>1*</td> <td>1*</td> </tr> </tbody> </table> <p>* by invitation</p>		Board	AC	NC	RC	<b>Number of meetings held</b>	2	2	1	1	<b>Name of director</b>					Lim Siang Kai	2	2	1	1	Ong Yoke En	2	2	1*	1*	Lim Lay Yong	2	2*	1*	1*	Hau Hock Khun	2	2	1	1	Sia Yeak Hong	2	2	1	1	Dato' Loh Shin Siong	2	2*	1*	1*	Dato' Chang Chor Choong	2	2*	1*	1*
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1.5	<p>What are the types of material transactions which require approval from the Board?</p>	<p>The matters which specifically require the Board's approval or guidance are those involving:</p> <ul style="list-style-type: none"> <li>● material acquisitions and disposals of assets;</li> <li>● major investments;</li> <li>● borrowings;</li> <li>● share issuances, dividends and other returns to shareholders;</li> <li>● corporate strategies and objectives;</li> <li>● Group's budget and business plans;</li> <li>● financial and management performances;</li> <li>● executive compensation;</li> <li>● internal controls and risk management;</li> <li>● financial results announcements; and</li> <li>● commitments to banking facilities granted by financial institutions.</li> </ul> <p>A formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision has also been adopted by the Board.</p>																																																		

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.6	<p>(a) Are new Directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?</p>	<p>All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's business as well as the expected duties of a director of a listed company and be provided with industry-relevant information. To obtain a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational offices and facilities and meet with key management personnel. All newly appointed Directors will attend training class organised by Singapore Institute of Directors.</p> <p>The Directors are updated by Company Secretary, from time to time, when new laws or regulations affecting the Group are introduced. New releases issued by the SGX-ST which are applicable to the Directors are circulated to the Board. In addition, the Directors are kept updated on changes or amendments to accounting standards by the external auditors. The Directors are also encouraged to attend seminars, conference and training courses that will assist them in executing their obligations and responsibilities as Directors to the Company.</p>
1.7	Upon appointment of each director, has the Company provided a formal letter to the director, setting out the director's duties and obligations?	Formal letters of appointment are furnished to newly-appointed Directors, upon their appointments, stating among other matters, the roles, obligations, duties and responsibilities as a member of the Board.
<b><u>Board Composition and Guidance</u></b>		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	<p>As at the date of this report, the Board comprises seven directors, three of whom are Independent Directors, which complies with the Code's guideline on the proportion of Independent Directors on the Board. The Non-Executive Chairman, Mr Lim Siang Kai, is an Independent Director and not part of the management team, and as the Independent Directors make up at least one-third of the Board, there is a strong and independent element on the Board and no individual or small group of individuals dominate the Board's decision-making process.</p> <p>Please refer to 1.1 for the composition of the Board.</p>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.3 4.3	<p>Has the independence of the Independent Directors been reviewed in the last financial year?</p> <p>(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>The NC had reviewed and is of the view that Mr Lim Siang Kai, Mr Sia Yeak Hong and Mr Hau Hock Khun are independent. The Independent Directors had also confirmed their independence in accordance with the Code during the NC meeting held on 25 May 2018 and all the Independent Directors have provided their independence declaration.</p> <p>The Independent Directors do not have any relationship as stated in the Code that would otherwise deem any of them not to be independent.</p>
2.4	<p>Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.</p>	<p>None of the Independent Directors had served beyond nine years from the date of his appointment.</p>
2.5	<p>Has the Board examine its size and decided on what it considers an appropriate size for the Board, which facilitates effective decision making?</p>	<p>The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's businesses, and the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity without interfering with efficient decision-making.</p>

<b>Guideline</b>	<b>Code and/or Guide Description</b>	<b>Company's Compliance or Explanation</b>																					
2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p>	<p>The Board and NC take into account, <i>inter alia</i>, the Directors' contributions, areas of expertise and scope of work on an annual basis in evaluating whether the Board's composition is adequate.</p> <p>The Board and NC are satisfied that the current Board's size and composition are appropriate for the Group. The NC and the Board are also of the view that the present Board has the appropriate mix of expertise, experience and competencies such as accounting or finance, legal, business or management experience and industry knowledge for the effective functioning of the Board.</p> <p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <table border="1"> <thead> <tr> <th><b>Core Competencies</b></th> <th><b>Number of Directors</b></th> <th><b>Proportion of Board</b></th> </tr> </thead> <tbody> <tr> <td>Accounting or finance</td> <td align="center">2</td> <td align="center">29%</td> </tr> <tr> <td>Business management</td> <td align="center">7</td> <td align="center">100%</td> </tr> <tr> <td>Legal or corporate experience</td> <td align="center">3</td> <td align="center">43%</td> </tr> <tr> <td>Relevant industry knowledge or experience</td> <td align="center">2</td> <td align="center">29%</td> </tr> <tr> <td>Strategic planning experience</td> <td align="center">7</td> <td align="center">100%</td> </tr> <tr> <td>Customer based experience or knowledge</td> <td align="center">4</td> <td align="center">60%</td> </tr> </tbody> </table>	<b>Core Competencies</b>	<b>Number of Directors</b>	<b>Proportion of Board</b>	Accounting or finance	2	29%	Business management	7	100%	Legal or corporate experience	3	43%	Relevant industry knowledge or experience	2	29%	Strategic planning experience	7	100%	Customer based experience or knowledge	4	60%
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	<p>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p>	<p>The Board has taken the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> <li>• The NC reviews the existing attributes and competencies of the Board at least once a year in order to determine the desired expertise or experience required to strengthen or supplement the Board; and</li> <li>• Evaluation by the Directors at least once a year of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.</li> </ul> <p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</p>																					

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.7	<p>How have the non-executive directors:</p> <p>(a) constructively challenge and help develop proposals on strategy; and</p> <p>(b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance?</p>	<p>The Board, particularly the Independent Directors, which are Non-Executive Directors, must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. To ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively.</p> <p>This enables the Non-Executive Directors to constructively challenge and help develop proposals on strategy and also review the performance of Management in meeting agreed goals and objectives, and extend guidance to Management. The Directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views.</p>
2.8 3.4	<p>Have the Non-Executive Directors/Independent Directors met in the absence of key management personnel in the last financial year?</p>	<p>The Independent Directors do discuss and/or meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.</p> <p>The Independent Directors had met and discussed with the external and internal auditors one time respectively in the absence of key management personnel in FY2018.</p>
<p><b>Chairman and Chief Executive Officer</b></p>		
3.1 3.2	<p>Are the duties between Chairman and CEO segregated?</p>	<p>There is a clear division of responsibilities between the Chairman and CEO, which ensures there is a balance of power and authority, such that no one individual represents a considerable concentration of power. Mr Lim Siang Kai, the Non-Executive Chairman and Lead Independent Director, and Mr Ong Yoke En, the Executive Director and CEO, are not related to each other.</p> <p>Mr Lim Siang Kai, the Non-Executive Chairman and Lead Independent Director leads the Board discussion and also ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda and ensures that Directors are provided with complete, adequate and timely information. He chairs the Board meetings and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues, and promotes a culture of openness and discussion at the Board. He also facilitates the effective contribution of Non-Executive Directors and promotes high standards of corporate governance. He encourages constructive relations within the Board and between the Board and the Management, and ensures effective communications between the Company and its shareholders. He is the contact person for Shareholders in situations where there are concerns or issues which communication through normal channels with the CEO and/or Chief Financial Officer ("CFO") has no resolved or where such communication is inappropriate. He will also take the lead in ensuring compliance with the Code.</p>



Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>The responsibilities of Mr Ong Yoke En, the Executive Director and CEO, encompass managing the day-to-day business activities of the Group, developing and executing the Group's strategies, reporting back to the Board on the performance of the Group, and providing guidance to the Group's employees. The CEO also encourages constructive communication between Management and the Board.</p>
<b>Board Membership</b>		
4.1 4.2	What are the duties of the NC?	<p>The NC comprises the Independent Directors, Mr Lim Siang Kai, Mr Hau Hock Khun and Mr Sia Yeak Hong. The Chairman of the NC is Mr Sia Yeak Hong.</p> <p>The NC holds at least one (1) meeting in each financial year. The terms of reference and the key roles of the NC include, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>(a) reviewing and approving any new employment of related persons and proposed terms of their employment;</li> <li>(b) recommending to the Board on Board appointments, including the re-nomination of the existing Directors for re-election in accordance with the Constitution at each annual general meeting and having regard to the Director's contribution and performance;</li> <li>(c) determining annually, and as and when circumstances require, whether or not a Director of the Company is independent;</li> <li>(d) in respect of a Director who has multiple board representations on various companies, if any, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple Boards and discharging his duties towards other principal commitments;</li> <li>(e) deciding whether or not a Director of the Company is able to and has been adequately carrying out his duties as a director;</li> <li>(f) deciding how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value;</li> <li>(g) reviewing and approving the employment of persons related to the Directors, Executive Officers or substantial Shareholders and the proposed terms of their employment;</li> <li>(h) reviewing the succession plans for the Executive Directors and Executive Officers; and</li> <li>(i) reviewing the training and professional development programmes for the Board.</li> </ul>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
4.4	<p>(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</p> <p>(b) If a maximum has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p> <p>(d) Have the Directors adequately discharged their duties?</p>	<p>The NC will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long-term shareholders' value. The Board will also implement a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board.</p> <p>Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director of the Company. In the event that any member of the NC has an interest in a matter being deliberated upon by the NC, he will abstain from participating in the review and approval process relating to that matter.</p> <p>For reasons set out in 4.4(b) below, the Board has not determined the maximum number of listed company board representations each Director may hold.</p> <p>The Board, with the concurrence of the NC, has agreed that the Company shall not impose a maximum number of listed board representations on the Directors as the Board is of the opinion that setting a fixed number would not adequately take into account the varied circumstances of each Director. The NC will instead focus on whether a Director has sufficient time to adequately discharge his duties to the Company. The NC would monitor and determine annually, on a case-by-case basis, whether the Directors have given sufficient time and attention to the affairs of the Company and adequately carry out his duties as a Director of the Company. The NC is of the view that it is for each Director to assess his/her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. All Directors have declared their board memberships as and when practicable.</p> <p>In accessing the capacity of the Directors, the NC takes into consideration the expected and/or competing time commitments of the Directors, size and composition of the Board, and nature and scope of the Group's operations and size.</p> <p>The NC is satisfied that the Directors are able to devote adequate time and attention to the affairs of the Company and have adequately carried out their duties as Directors of the Company in FY2018.</p>
4.5	Are there alternate Directors?	The Company does not have any alternate directors.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																		
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p>The following table sets out the process for selecting and appointing of new directors:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">1.</td> <td style="width: 30%;">Determination of selection criteria</td> <td>The NC, in consultation with the Board would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Search for suitable candidates</td> <td>The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders and may engage external search consultants where necessary.</td> </tr> <tr> <td style="text-align: center;">3.</td> <td>Assessment of shortlisted candidates</td> <td>The NC would meet and interview the shortlisted candidates to assess their suitability.</td> </tr> <tr> <td style="text-align: center;">4.</td> <td>Appointment of director</td> <td>The NC would recommend the selected candidate to the Board for consideration and approval.</td> </tr> </table> <p>The following table sets out the process for re-electing incumbent directors:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">1.</td> <td style="width: 30%;">Assessment of director</td> <td> <ul style="list-style-type: none"> <li>a) The NC would assess the contributions and performance of the Director in accordance with the performance criteria set by the Board; and</li> <li>b) The NC would also review the range of expertise, skills and attributes of current needs of the Board.</li> </ul> </td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Re-appointment of director</td> <td>Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td> </tr> </table>	1.	Determination of selection criteria	The NC, in consultation with the Board would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.	2.	Search for suitable candidates	The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders and may engage external search consultants where necessary.	3.	Assessment of shortlisted candidates	The NC would meet and interview the shortlisted candidates to assess their suitability.	4.	Appointment of director	The NC would recommend the selected candidate to the Board for consideration and approval.	1.	Assessment of director	<ul style="list-style-type: none"> <li>a) The NC would assess the contributions and performance of the Director in accordance with the performance criteria set by the Board; and</li> <li>b) The NC would also review the range of expertise, skills and attributes of current needs of the Board.</li> </ul>	2.	Re-appointment of director	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.
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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>Our Directors have no fixed term of office.</p> <p>Pursuant to the Company's Constitution, one third (or the number nearest to one third) of the Directors shall retire from office by rotation and be eligible for re-election at the Company's Annual General Meeting ("AGM"), at least once every three (3) years.</p> <p>The Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.</p> <p>The Company may by Ordinary Resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Additional Directors appointed by the Board after the AGM but during the financial year, shall only hold office until the next AGM and thereafter be eligible for re-election at the AGM, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.</p> <p>All the Directors will be retiring at the forthcoming AGM pursuant to Regulation 104 of the Company's Constitution and are to be nominated for re-election.</p>
4.7	<p>Please provide the following key information regarding the Directors'.</p> <ul style="list-style-type: none"> <li>● Academic and professional qualifications</li> <li>● Shareholding in the Company and its related corporation</li> <li>● Board committees served on (as a member or chairman), date of first appointment and last re-appointment as a director;</li> </ul>	<p>The key information of the Directors, including their appointment dates and directorships held in the past 3 years, are set out on page 10 of this Annual Report.</p> <p>The shareholdings of the individual directors of the Company are set out on page 39. None of the directors hold shares in the subsidiaries of the Company.</p> <p>Directors who are seeking re-appointment at the forthcoming AGM to be held on 25 July 2018 are stated in the Notice of AGM set out on page 92 of this Annual Report.</p>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	<ul style="list-style-type: none"> <li>• Directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments;</li> <li>• Indicate which directors are executive, non-executive or considered by the NC to be independent; and</li> <li>• The names of the directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions.</li> </ul>	
<b>Board Performance</b>		
5.1	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	<p>The NC established a process for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution of each individual Director to the effectiveness of the Board. This assessment is conducted by the NC at least once a year by way of a Board evaluation where the Directors complete a questionnaire seeking their views on various aspects of Board performance, such as Board composition, information and process. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director. The Board will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors.</p> <p>Objective performance criteria used to assess the performance include both quantitative and qualitative criteria.</p>
5.2		
5.3		



# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>The Board and the NC believe that the financial indicators are mainly used to measure the Management's performance and hence are less applicable to the Non-Executive Directors.</p> <p>The NC had conducted the Board's performance evaluation as a whole subsequent to FY2018 together with the performance evaluation of the AC, RC and NC. The performance criteria for the Board and Board Committees' evaluation, as determined by the NC, cover the following areas:</p> <ul style="list-style-type: none"> <li>a) Composition and Size</li> <li>b) Conduct of Meeting</li> <li>c) Effectiveness and Training</li> <li>d) Board committees</li> <li>e) Communication with Shareholders</li> <li>f) Provision of information to the Board</li> <li>g) Standards of Conduct</li> <li>h) Financial performance</li> <li>i) Board compensation</li> </ul> <p>The performance criteria for the individual director cover the following areas:</p> <ul style="list-style-type: none"> <li>a) Attendance in meetings</li> <li>b) Adequacy of preparation for meetings</li> <li>c) Participation in discussions</li> <li>d) Contribution in own specialist relevant area</li> <li>e) Area of expertise</li> </ul>
(a)	What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>For FY2018, the NC had conducted the assessment via a questionnaire which is completed by each Director for the evaluation of the Board and Board Committees. The Company Secretary compiles Directors' responses into a consolidated summary report which was circulated to the Board via email. Each Director also completed a self-assessment form to assess each Director's contributions to the Board's effectiveness. The criteria for assessment include performance of principal functions and fiduciary duties, level of participation at meetings and individual attendance record.</p>
(b)	Has the Board met its performance objectives?	<p>The NC has assessed the current Board's performance to-date and is of the view that the Board has met its performance objectives.</p>

<b>Access to Information</b>																			
<p>6.1 6.2 10.3</p>	<p>The following table set outs the type and information provided by key management personnel to Independent Directors:</p> <table border="1" data-bbox="300 280 587 1496"> <thead> <tr> <th></th> <th>Information</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Board papers and financial statements included the explanatory on the variances</td> <td>Half yearly</td> </tr> <tr> <td>2</td> <td>Budget and forecast included the explanatory on the variances</td> <td>Half yearly</td> </tr> <tr> <td>3</td> <td>Report on on-going or planned corporate activity</td> <td>Half yearly</td> </tr> <tr> <td>4</td> <td>IA's report</td> <td>Yearly</td> </tr> <tr> <td>5</td> <td>Shareholding statistics</td> <td>Yearly</td> </tr> </tbody> </table> <p>Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p>		Information	Frequency	1	Board papers and financial statements included the explanatory on the variances	Half yearly	2	Budget and forecast included the explanatory on the variances	Half yearly	3	Report on on-going or planned corporate activity	Half yearly	4	IA's report	Yearly	5	Shareholding statistics	Yearly
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4	IA's report	Yearly																	
5	Shareholding statistics	Yearly																	
<p>6.3 6.4</p>	<p>What is the role of the Company Secretary?</p> <p>The Company Secretary and/or a representative of the Company Secretary attends all meetings of the Board and Board Committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of Board and Board Committees' meetings are circulated to the Board. The Company Secretary is also responsible for the proper maintenance of the records of Board and Board Committees meetings and records of discussions on key deliberations and decisions taken. The directors have separate and independent access to the Company Secretary. The appointment and the removal of the Company Secretary are subject to the Board's approval.</p> <p>All Directors have direct access to the Group's independent professional advisors, as and when necessary, to discharge his/her responsibilities effectively. In addition, the Directors, either individually or as a group, may seek separate independent professional advice, if necessary. The cost of all such professional advice is borne by the Company.</p>																		

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>REMUNERATION MATTERS</b>		
<b>Developing Remuneration Policies</b>		
7.1 7.2 7.4	What is the role of the RC?	<p>The RC comprises the Independent Directors, Mr Lim Siang Kai, Mr Hau Hock Khun and Mr Sia Yeak Hong. The Chairman of the RC is Mr Hau Hock Khun.</p> <p>The terms of reference of RC include, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> <li>- reviewing and recommending to the Board, a framework of remuneration policies to determine the specific remuneration packages and terms of employment for each Director, the CEO and key executive of the Company; and</li> <li>- carrying out its duties in the manner that it deems expedient, subject always to any restrictions that may be imposed upon the RC by the Board from time to time.</li> </ul> <p>The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Director and key executives. The recommendations of the RC are submitted to the Board for endorsement. All aspects of remuneration, including, but not limited to, Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are reviewed by the RC. The Directors are not involved in deciding their own remuneration. Each member of the RC abstains from voting on any resolutions in respect of his remuneration package.</p> <p>If necessary, the RC may seek expert advice outside the Company on remuneration of the Directors and key executives. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.</p>
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company during FY2018.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Level and Mix of Remuneration</b>		
8.1	What are the measures for assessing the performance of executive directors and key management personnel?	In reviewing and determining the remuneration packages of the Executive Directors and the Group's key management personnel, the RC considers the Executive Directors' and key management personnel's responsibilities, skills, expertise and contribution to the Group's performance when designing their respective remuneration packages, as so ensure that the level of remuneration is appropriate to attract, retain and motivate the Executive Directors' and key management personnel to run the Company successfully.
8.2	Are there long-term incentive schemes for Executive Directors and key management personnel?	The RC administers the Company's Performance Share Plan (the "PSP") and the Employee Share Option Scheme ("ESOS"), which were adopted since 16 December 2016. No awards were granted under the PSP and no share options were granted under the ESOS since the establishment of the PSP and ESOS, respectively. Further details about the PSP and ESOS are set out in the Company's Offer Document.
8.3	How is the remuneration for non-executive directors determined?	The Non-Executive Directors (including the Independent Directors) do not have service agreements with the Company and accordingly do not receive any salary. They are paid Directors' fees, which are determined by the Board based on the effort, time spent and responsibilities of the Directors (including but not limited to their appointments to the various Board Committees). The Directors' fees of the Non-Executive Directors are subject to approval by shareholders at each AGM.
8.4	Are there any contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company?	There are no contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. Further, Executive Directors owe a fiduciary duty to the Company. The Company shall be able to avail itself to remedies against the Executive Directors in the event of the breach of fiduciary duties. Notwithstanding the foregoing, the RC does not rule out the implementation of such contractual provision in future and will review and monitor the situation regularly.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																																													
<b>Disclosure on Remuneration</b>																																																																															
9	What is the Company's remuneration policy?	The Company's remuneration policy is critical to attract, retain and motivate employees as so to align with the Group's long-term business strategy, objectives, values and interest as well create value for the shareholders.																																																																													
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that full disclosure would be prejudicial to its business interest given the highly competitive environment the Group operates in. As such, the remuneration of the Directors is disclosed in bands of S\$250,000.</p> <p>The breakdown for the remuneration (in percentage terms) of the Directors for FY2018 is as follows:</p> <table border="1"> <thead> <tr> <th>Name of Director</th> <th>Base Salary</th> <th>Variable Bonus</th> <th>Allowance</th> <th>Director Fees</th> <th>Company's EPF contribution</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><b>Below S\$250,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Lim Siang Kai</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>-</td> <td>100%</td> </tr> <tr> <td>Hau Hock Khun</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>-</td> <td>100%</td> </tr> <tr> <td>Sia Yeak Hong</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>-</td> <td>100%</td> </tr> <tr> <td>Dato' Loh Shin Siong</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>-</td> <td>100%</td> </tr> <tr> <td>Dato' Chang Chor Choong</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>-</td> <td>100%</td> </tr> <tr> <td><b>S\$250,001 – S\$500,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Lim Lay Yong</td> <td>39%</td> <td>58%</td> <td>2%</td> <td>-</td> <td>1%</td> <td>100%</td> </tr> <tr> <td><b>S\$500,001 – S\$750,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ong Yoke Eh</td> <td>45%</td> <td>49%</td> <td>5%</td> <td>-</td> <td>1%</td> <td>100%</td> </tr> </tbody> </table> <p>The Directors' fees, as a lump sum, had been approved in the last Annual General Meeting.</p> <p>There are no termination or retirement benefits, as well as post-employment benefits that are granted to the Directors.</p>	Name of Director	Base Salary	Variable Bonus	Allowance	Director Fees	Company's EPF contribution	Total	<b>Below S\$250,000</b>							Lim Siang Kai	-	-	-	100%	-	100%	Hau Hock Khun	-	-	-	100%	-	100%	Sia Yeak Hong	-	-	-	100%	-	100%	Dato' Loh Shin Siong	-	-	-	100%	-	100%	Dato' Chang Chor Choong	-	-	-	100%	-	100%	<b>S\$250,001 – S\$500,000</b>							Lim Lay Yong	39%	58%	2%	-	1%	100%	<b>S\$500,001 – S\$750,000</b>							Ong Yoke Eh	45%	49%	5%	-	1%	100%
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9.3	<p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/ fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p>	<p>During FY2018, the Group only had four (4) top key management personnel (who are not also Directors of the Company).</p> <p>The breakdown for the remuneration of the Company's key management personnel during FY2018 is as follows:</p> <table border="1" data-bbox="379 300 708 1496"> <thead> <tr> <th>Name of Key Executive</th> <th>Base Salary</th> <th>Bonus</th> <th>Allowance and incentive</th> <th>Company's EPF contribution</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><b>Below S\$250,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Soo Choon Siong</td> <td>80%</td> <td>4%</td> <td>5%</td> <td>11%</td> <td>100%</td> </tr> <tr> <td>Puah Thye Lay</td> <td>64%</td> <td>5%</td> <td>16%</td> <td>15%</td> <td>100%</td> </tr> <tr> <td>Lee Siong Kim</td> <td>77%</td> <td>8%</td> <td>8%</td> <td>7%</td> <td>100%</td> </tr> <tr> <td>Voon Kian Woon</td> <td>59%</td> <td>17%</td> <td>15%</td> <td>9%</td> <td>100%</td> </tr> </tbody> </table> <p>There are no termination or retirement benefits, as well as post-employment benefits that are granted to the key executives</p>	Name of Key Executive	Base Salary	Bonus	Allowance and incentive	Company's EPF contribution	Total	<b>Below S\$250,000</b>						Soo Choon Siong	80%	4%	5%	11%	100%	Puah Thye Lay	64%	5%	16%	15%	100%	Lee Siong Kim	77%	8%	8%	7%	100%	Voon Kian Woon	59%	17%	15%	9%	100%
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9.4	<p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</p> <p>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</p>	<p>The total remuneration paid to the top four (4) key management personnel for FY2018 was S\$253,000.</p> <p>Mr Ong How En, the brother of Mr Ong Yoke En, the Executive Director and CEO of the Company, is currently employed as a technical manager in the Group. The remuneration paid to him for services rendered to the Group was below S\$50,000 in FY2018.</p> <table border="1" data-bbox="1209 286 1426 1496"> <thead> <tr> <th>Name</th> <th>Base Salary</th> <th>Bonus</th> <th>Allowance and incentive</th> <th>Company EPF contribution</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><b>Below S\$50,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ong How En</td> <td>58%</td> <td>5%</td> <td>22%</td> <td>15%</td> <td>100%</td> </tr> </tbody> </table>	Name	Base Salary	Bonus	Allowance and incentive	Company EPF contribution	Total	<b>Below S\$50,000</b>						Ong How En	58%	5%	22%	15%	100%																		
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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
9.5	Please provide details of the employee share scheme(s).	<p>The Company adopted the ESOS and PSP on 16 December 2016. The ESOS and PSP will provide eligible participants with an opportunity to participate in the equity of the Company so as to motivate them, to higher standards of performance through increased dedication and loyalty, and to give recognition to those who have contributed significantly to the growth and performance of the Group. As at the date of this Annual Report, no option and/or awards have been granted under the ESOS and PSP respectively. Further details of the ESOS and PSP are set out in the Company's Offer document dated 9 January 2017 ("<b>Offer Document</b>").</p>
9.6	<p>(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</p> <p>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</p>	<p>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group in FY2018. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.</p> <p>The performance criteria used to assess the remuneration of Executive Directors and key management personnel is based on the following qualitative and quantitative components:</p> <ol style="list-style-type: none"> <li>1. Leadership</li> <li>2. Teamwork</li> <li>3. People development</li> <li>4. Responsibilities and commitment</li> <li>5. Profitability performance of the Group, ie: Profit before tax at least RM7.5 million</li> </ol>
	(c) Were all of these performance conditions met? If not, what were the reasons?	<p>The RC has reviewed and is satisfied that the performance conditions were met in FY2018.</p>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Accountability</b>		
10.1 10.2	<p>The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.</p>	<p>The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects.</p> <p>The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Catalyst Rules, where appropriate. The Independent Directors in consultation with management will request for management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.</p> <p>Management provides appropriately detailed management accounts of the Group's performance on a quarterly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group.</p>
<b>Risk Management and Internal Controls</b>		
11.1	<p>The Board should determine the company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.</p>	<p>The Board reviews the Group's business and operational activities to identify areas of significant business risk as well as the measures in place to control and mitigate these risks within the Group's policies and business strategies. The risk assessment exercise also includes identifying and assessing key risk areas to the Group such as financial, operational, compliance and information technology risks based on the feedback of the internal auditors and external auditors. The Board also oversees the Management in implementing the risk management and internal controls system.</p> <p>The Board is also responsible for governance of risk management, and determining the Company's levels of risk tolerance and risk policies. The Board consults with the external auditors and internal auditors to determine the risk tolerance level and corresponding risk policies.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
11.2 11.4	The Board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.	<p>The AC evaluates the findings of the external and internal auditors on the Group's internal controls annually.</p> <p>Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.</p> <p>The Board has not established a separate risk committee and relies on internal control policies and procedures established and maintained by the Group, and the regular audits, monitoring and reviews performed by the internal and external auditors in carrying out its responsibility of overseeing the Company's risk management and policies.</p>
11.3	(a) In relation to the major risks faced by the Company including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board, with the concurrence of the AC, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2018.</p> <p>The basis for the Board's view are as follows:</p> <ul style="list-style-type: none"> <li>● Assurance has been received from the CEO and CFO (refer to Section 11.3(b) below);</li> <li>● Key management personnel regularly evaluates, monitors and reports to the AC on material risks;</li> <li>● Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns; and</li> <li>● An external audit was performed by the independent auditor and control gaps in financial controls were highlighted to the AC and key management personnel were properly addressed.</li> </ul>
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	<p>The Board has obtained such assurance from the CEO and CFO in respect of FY2018.</p> <p>The Board has relied on the independent auditor's report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's finances.</p> <p>The Board has additionally relied on yearly review done by the internal auditors ("IA") to ensure that the Group's risk management and internal control systems are effective and adequate.</p>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<p>12.1 12.3 12.4</p>	<p>What is the role of the AC?</p>	<p>The Directors recognise the importance of corporate governance and the offering of high standards of accountability to the shareholders. The AC meets periodically to perform the following functions, amongst others:</p> <ul style="list-style-type: none"> <li>(a) assist the Board in the discharge of its responsibilities on financial reporting matters;</li> <li>(b) review with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of the audits compiled by the internal and external auditors; review the interim and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalyst Rules and any other statutory/regulatory requirements;</li> <li>(c) review the effectiveness and adequacy of the internal controls, including financial, operational, compliance and informational technology controls, and risk management systems and ensure coordination between the internal and external auditors, and the management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);</li> <li>(d) review the scope and results of the external audit, and the independence and objectivity of the external auditors;</li> <li>(e) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;</li> <li>(f) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;</li> <li>(g) review significant financial reporting issues and judgements with the CFO and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board of Directors;</li> </ul>



Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(h) to review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the CFO and the internal and external auditors, including financial, operational, compliance and information technology controls, and risk management systems via reviews carried out by the IA;</p> <p>(i) monitor and review the implementation of recommendations from external and internal auditors, if any, to address any control weakness;</p> <p>(j) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalyst Rules (if any);</p> <p>(k) review any potential conflicts of interests;</p> <p>(l) review and approve all hedging policies and instruments (if any) to be implemented by the Group;</p> <p>(m) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC.</p> <p>(n) review and establish procedures for receipt, retention and treatment of complaints received by our Group pertaining to, amongst others, criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group; and</p> <p>(o) generally to undertake such other functions and duties as may be required by statute or the Catalyst Rules, and by such amendments made thereto from time to time.</p>
12.2	Are the members of the AC appropriately qualified to discharge its responsibilities?	The AC has at least two members, including the AC Chairman, who have recent and relevant accounting and related financial management expertise and experience. They are Mr Lim Siang Kai and Mr Sia Yeak Hong.
12.5	Has the AC met with the auditors in the absence of key management personnel?	The AC has met with the external and internal auditors one time respectively in the absence of key management personnel in FY2018.
12.6	Has the AC reviewed the independence of the EA?	The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the external auditors at the forthcoming AGM.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	<p>(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.</p> <p>(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.</p>	<p>A breakdown of the audit and non-audit fees paid to the Company's auditor is disclosed on page 67 of this Annual Report.</p> <p>The AC undertook the annual review of the independence and objectivity of the external auditors by reviewing the non-audit services provided and the fees paid to them. The AC is of the view that the nature and extent of non-audit services provided by the external auditors do not affect the independence and objectivity of the external auditors.</p>
12.7	Does the Company have a whistle-blowing policy?	<p>The Group has established a whistle-blowing policy which provides the channel for employees of the Group to raise their concerns about improprieties in financial reporting or other matters to the any of AC members, in good faith and in confidence.</p> <p>The Company's staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle-blowing report to any of AC member via <a href="mailto:whistleblow@samuraipaint.jp">whistleblow@samuraipaint.jp</a>.</p> <p>There were no whistle-blowing reports received in FY2018.</p>
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	The AC had been briefed by the external auditors on the changes or amendments to the accounting standards which have a direct impact on the financial statements.
12.9	Are any of the members of the AC a former partner or director of the Company's existing auditing firm or auditing corporation?	None of the AC member (i) is a former partner or director of the Company's existing auditing firm or auditing corporation in the previous 12 months and (ii) holds any financial interest in the auditing firm or auditing corporation.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Internal Audit</b>		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	<p>The Company's internal audit function is outsourced to Nexia TS Risk Advisory Pte. Ltd that reports directly to the AC Chairman and administratively to the CEO and CFO. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit.</p> <p>The AC is satisfied that the IA is adequately qualified (given, <i>inter alia</i>, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.</p>
<b>Shareholders' Rights</b>		
14.1	Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares.	<p>The Company's corporate governance practices promote the fair and equitable treatment to all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Company's business development and financial performance which could have a material impact on the price or value of its shares, so as to enable shareholders to make informed decisions in respect of their investments in the Company.</p>
14.2	Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.	<p>Shareholders are informed of shareholders' meetings through notices contained in Annual Reports or circulars sent to all shareholders. These notices are also published in The Business Times and posted onto the SGXNET.</p> <p>The notice of AGM, together with the annual report, is despatched to all shareholders at least 14 days before the scheduled AGM date. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.</p> <p>All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company shall conduct poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, shall be explained by the scrutineers at such general meetings.</p>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
14.3	Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	<p>The Company's Constitution allow an individual shareholder to appoint not more than two proxies to attend and vote on his or her behalf at the general meetings.</p> <p>A member who is a relevant intermediary may appoint more than two proxies to attend, speak and at the general meeting but each proxy must be appointed to exercise the rights attached to different shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.</p>
<b>SHAREHOLDER RIGHTS AND RESPONSIBILITIES</b>		
<b><u>Communication with Shareholders</u></b>		
15.1	Does the Company have an investor relations policy?	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 Catalyst Rules and the Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost effective.
15.2 15.3 15.4	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p>	<p>The Company does not practice selective disclosure. In line with continuous disclosure obligations of the Company pursuant to the Catalyst Rules and the Companies Act, the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.</p> <p>Information will first be disseminated through SGXNET and where relevant, followed by news release and the Company's website. The Company will also make announcements from time to time to update investors and shareholders on developments that are of interest to them. The Company strives to supply shareholders with reliable and timely information so as to strengthen the relationship with its shareholders based on trust and accessibility.</p> <p>No, the Company does not have a dedicated investor relations team. The Company's investor relations function is led by CFO who has the strategic management responsibility to integrate finance, accounting, corporate communication to enable effective communication between the Company and all shareholders, stakeholders, analysts and media.</p> <p>Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website <a href="http://samurai2kaerosol.com">http://samurai2kaerosol.com</a>.</p>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
15.5	Does the Company have a dividend policy?	<p>The Company currently does not have a fixed dividend policy.</p> <p>In considering the form, frequency and amount of future dividends in respect of any particular financial year or period, the Directors will take into account the following factors:</p> <ul style="list-style-type: none"> <li>(a) the financial position, results of operations and cash flow of the Group;</li> <li>(b) the ability of the subsidiaries to make dividend payment to the Company;</li> <li>(c) the expected working capital requirements and general financing condition of the Group;</li> <li>(d) the actual and projected financial performance of the Group; and</li> <li>(e) any other factors deemed relevant by the Directors.</li> </ul>
	Is the Company is paying dividends for the financial year? If not, please explain why.	<p>The Board is proposing a first and final (one-tier tax exempt) cash dividend ("Proposed Dividend") of S\$0.006 per ordinary share in the capital of the Company in respect of FY2018. The Proposed Dividend are subject to the shareholders' approval at the upcoming Annual General Meeting.</p>
<b>CONDUCT OF SHAREHOLDER MEETINGS</b>		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	<p>The Company's Constitution allows all shareholders to appoint proxies to attend general meeting and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.</p> <p>The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The external auditors are also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.</p> <p>All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.</p> <p>All minutes of general meetings will made available to shareholders upon their request.</p>



Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>COMPLIANCE WITH APPLICABLE CATALIST RULES</b>		
<u>Catalist Rule</u>	<u>Rule Description</u>	<u>Company's Compliance or Explanation</u>
711A	Sustainability Report	The Company will issue its Sustainability Report by March 2019 and will upload it on the SGXNET.
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715 in the appointment of its auditors.
1204(8)	Material Contracts	Save as disclosed in page 252 of the Offer Document, there were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	<p>The Board and the AC are of the opinion that the internal controls and risk management systems are adequate to address the financial, operational, compliance and information technology risk based on the following:</p> <ul style="list-style-type: none"> <li>● internal controls and the risk management system established by the Company;</li> <li>● work performed by the IA and EA;</li> <li>● assurance from the CEO and CFO; and</li> <li>● reviews done by the various Board Committees and key management personnel.</li> </ul>
1204(17)	Interested Persons Transaction ("IPT")	<p>The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.</p> <p>The Group does not have a general mandate for IPTs. There were no interested person transactions of S\$100,000 or more transacted during FY2018.</p>
1204(19)	Dealing in Securities	<p>The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.</p> <p>The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements respectively, and ending on the date of the announcement of the relevant results.</p>
1204(21)	Non-sponsor fees	In FY2018, the Company paid to its sponsor, UOB Kay Hian Private Limited non-sponsor fees of S\$250,009.20 for acting as its placement agent for the placement exercise.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																												
1204(22)	Use of IPO and Placement Proceeds	<p>Pursuant to the Company's initial public offering ("IPO") and the placement exercise completed on 15 December 2017 ("Placement"), the Company received net proceeds from the IPO and Placement of approximately S\$2.35 million and S\$9.60 million respectively (the "Net Proceeds"). Please refer to the Offer Document and announcement on the Placement dated 27 November 2017 for further details.</p> <p>As at 26 June 2018, the Net Proceeds have been utilised as follows:</p> <table border="1" data-bbox="343 271 742 1518"> <thead> <tr> <th></th> <th>Estimated amount allocated (S\$'000)</th> <th>Net Proceeds utilised (S\$'000)</th> <th>Balance of Net Proceeds (S\$'000)</th> </tr> </thead> <tbody> <tr> <td>Net IPO Proceeds</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Expansion of production facilities</td> <td>1,200</td> <td>(1,200)</td> <td>-</td> </tr> <tr> <td>General working capital</td> <td>1,150</td> <td>(291)*</td> <td>859</td> </tr> <tr> <td><b>Net Placement Proceeds</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Business development and expansion</td> <td>9,600</td> <td>(718)</td> <td>8,882</td> </tr> <tr> <td></td> <td>11,950</td> <td>(2,209)</td> <td>9,741</td> </tr> </tbody> </table> <p>*Utilised for the payment of operating expenses incurred by the Company's wholly-owned subsidiary Samurai 2K USA Inc.</p> <p>The above utilisations of proceeds are in line with the intended use of proceeds as set out in the Offer Document and the Placement announcement dated 27 November 2017.</p>		Estimated amount allocated (S\$'000)	Net Proceeds utilised (S\$'000)	Balance of Net Proceeds (S\$'000)	Net IPO Proceeds				Expansion of production facilities	1,200	(1,200)	-	General working capital	1,150	(291)*	859	<b>Net Placement Proceeds</b>				Business development and expansion	9,600	(718)	8,882		11,950	(2,209)	9,741
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# DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Samurai 2K Aerosol Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2018.

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 46 to 89 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore; and
- (ii) 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:

Ong Yoke En (First director)  
Lim Lay Yong  
Lim Siang Kai  
Dato' Chang Chor Choong  
Hau Hock Khun  
Dato' Loh Shin Siong  
Sia Yeak Hong

## Arrangement to enable directors to acquire benefits

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 in or debentures of the Company or any other body corporate.

## Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

	Number of ordinary shares Shareholdings registered in the name of directors	
	At 1.4.2017	At 31.3.2018
<b>The Company</b>		
Ong Yoke En	50,384,000	50,384,000
Lim Lay Yong	15,000,000	15,000,000
Dato' Chang Chor Choong	4,250,000	4,250,000
Dato' Loh Shin Siong	4,250,000	4,250,000

# DIRECTORS' STATEMENT

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

The director, Ong Yoke En, by virtue of Section 7 of the Companies Act is deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations and in the shares held by the Company in the following subsidiary not wholly owned by the Group:

	Number of ordinary shares	
	At 1.4.2017	At 31.3.2018
PT Samurai Paint	2,010	2,010

The directors' interest in the ordinary shares of the Company as at 21 April 2018 were the same as those as at 31 March 2018.

## Share options

The Samurai 2K Aerosol Limited's Employee Share Option Scheme (the "Scheme") and Performance Share Plan (the "Plan") were approved and adopted by the members at the shareholders' meeting held on 16 December 2016.

The Scheme and Plan are administered by the Remuneration Committee of the Company, comprising of Mr Hau Hock Khun, Mr Lim Siang Kai and Mr Sia Yeak Hong. A member of our Remuneration Committee who is also a participant of the Scheme and Plan must not be involved in its deliberation in respect of options and awards granted or to be granted to him.

a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any other corporation in the Group were granted.

b) Options exercised

During the financial year, there were no shares of the Company or any other corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any other corporation in the Group under option.

## Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

Lim Siang Kai (Chairman)  
Hau Hock Khun  
Sia Yeak Hong

# DIRECTORS' STATEMENT

## Audit Committee (cont'd)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act. Their functions are detailed in the Report on Corporate Governance.

The Audit Committee also:

- (a) reviewed the independence and objectivity of the external auditor;
- (b) reviewed the audit plan and scope of work carried out by the external auditor and also met with the external auditor to discuss the results of their audit and their evaluation of the system of internal accounting controls;
- (c) reviewed the overall scope and timing of the work to be carried out by the internal auditors and also met with internal auditors to discuss the results of their internal audit procedures;
- (d) reviewed the financial statements of the Company and the Group for the financial year ended 31 March 2018 and the independent auditor's report thereon; and
- (e) reviewed interested person transactions.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

## Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Ong Yoke En  
Director

Lim Lay Yong  
Director

26 June 2018



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SAMURAI 2K AEROSOL LIMITED AND ITS SUBSIDIARIES

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Samurai 2K Aerosol Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 46 to 89, which comprise the statements of financial position of the Group and the Company as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

#### *Basis for Opinion*

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

#### *Key Audit Matters*

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

##### 1 Impairment of trade receivables

The impairment of trade receivables is considered a key audit matter as it requires the application of significant estimates and assumptions by management and due to the significance of the asset to the Group's total assets.

As at 31 March 2018, trade receivables amount to RM25,147,000 (2017: RM2,887,000) which represents approximately 27% (2017: 7%) of the Group's total assets. Trade receivables comprise one debtor that represents approximately 74% of the total trade receivables balance. Trade receivables are stated at amortised cost less any allowance for doubtful receivables.

The Group tests impairment of trade receivables using the aging of the receivables, historical collection trends, the Group's past experience of loss and current economic trends which involve significant management estimates.

The credit risk and aging of the trade receivables are as disclosed in Note 23(b) to the financial statements.

#### *Our procedures to address the key audit matter*

We obtained an understanding of the Group's credit policy and credit assessment procedures. We also assessed the reliability and accuracy of the trade receivables aging report. We evaluated management's assessment of the recoverability of the Group's major trade receivable balances and material trade receivables which are past due at the end of the reporting period.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SAMURAI 2K AEROSOL LIMITED AND ITS SUBSIDIARIES (cont'd)

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

#### Key Audit Matters (cont'd)

##### 1 Impairment of trade receivables (cont'd)

###### *Our procedures to address the key audit matter (con't)*

For these receivable balances, we obtained evidence of receipts subsequent to the balance sheet date and discussed with management on the collectability of receivables without subsequent collection. We corroborated the reasons for the delay in payments and assessed any allowance for doubtful receivables to be made by considering amongst others, factors such as past payment practices and the ongoing business relationship with the debtors. We selected samples to circulate trade receivables confirmation including the major trade receivable balance and received reply to our confirmation request directly from the debtor.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

##### 2 Impairment review of investment in subsidiaries

As disclosed in Note 13 to the financial statements, the carrying amount of the investment in subsidiaries on the Company's balance sheet is RM10,451,000 (2017: RM12,650,000) which is net of impairment losses of RM1,546,000 (2017: RM200,000) as at 31 March 2018.

Where there are indicators that the carrying amounts may not be recoverable, management has performed impairment assessments and where relevant, computed the value in use. The value in use calculations involve management's assessment of future cash flow projections of the business, and the appropriate terminal growth rates and discount rates applied to the future cash flow projections.

We focused on this area due to the significance of the assets to the Company's balance sheet as well as the significant estimates and assumptions involved in management's assessment of the value in use.

###### *Our procedures to address the key audit matter*

Our procedures included procedures to identify impairment indicators for the investments. We obtained management's value in use calculation and assessed the key estimates applied by comparing the cash flow projections to historical data, management's strategic plans for the entity and existing contracts. We performed look-backward analysis to compare current year actual results to prior year forecast to assess the reasonableness of the estimates made. We assessed the sensitivity of the key estimates on the impairment assessments, based on reasonably possible changes in the key estimates. We involved our valuation specialists in assessing the discount rate used.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

#### Other Information

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

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAMURAI 2K AEROSOL LIMITED AND ITS SUBSIDIARIES (cont'd)

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

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SAMURAI 2K AEROSOL LIMITED AND ITS SUBSIDIARIES (cont'd)

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

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

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

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

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

#### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company 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 Guo Shuqi.

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

26 June 2018

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

	Note	2018 RM'000	2017 RM'000
<b>Revenue</b>	4	<b>90,014</b>	39,350
Cost of sales		<b>(51,341)</b>	(21,585)
<b>Gross profit</b>		<b>38,673</b>	17,765
Other (expenses)/income	5	<b>(3,787)</b>	833
Administrative expenses		<b>(11,550)</b>	(10,342)
Marketing and distribution expenses		<b>(7,214)</b>	(3,481)
Finance costs	6	<b>(487)</b>	(490)
<b>Profit before tax</b>	7	<b>15,635</b>	4,285
Tax expense	9	<b>(3,726)</b>	(2,442)
<b>Profit for the year</b>		<b>11,909</b>	1,843
<b>Other comprehensive (loss)/income:</b> <i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation		<b>(146)</b>	171
<b>Total comprehensive income for the year</b>		<b>11,763</b>	2,014
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company		<b>11,703</b>	2,221
Non-controlling interest		<b>206</b>	(378)
<b>Profit for the year</b>		<b>11,909</b>	1,843
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		<b>11,567</b>	2,368
Non-controlling interest		<b>196</b>	(354)
		<b>11,763</b>	2,014
<b>Earnings per share for profit attributable to equity holders of the Company (RM sen per share)</b>			
Basic and diluted	10	<b>11.4</b>	2.2

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

# STATEMENTS OF FINANCIAL POSITION

At 31 March 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Non-current assets</b>					
Property, plant and equipment	11	16,117	10,859	–	–
Intangible assets	12	168	18	–	–
Investment in subsidiaries	13	–	–	10,451	12,650
Other receivables	14	–	261	–	–
Deferred tax assets	15	74	45	–	–
<b>Total non-current assets</b>		<b>16,359</b>	<b>11,183</b>	<b>10,451</b>	<b>12,650</b>
<b>Current assets</b>					
Inventories	16	8,263	6,388	–	–
Trade and other receivables	14	29,925	5,188	20,170	342
Cash and bank balances	17	39,290	19,922	28,454	8,576
<b>Total current assets</b>		<b>77,478</b>	<b>31,498</b>	<b>48,624</b>	<b>8,918</b>
<b>Total assets</b>		<b>93,837</b>	<b>42,681</b>	<b>59,075</b>	<b>21,568</b>
<b>Non-current liabilities</b>					
Borrowings	18	4,178	5,128	–	–
Deferred tax liabilities	15	483	591	–	–
Other payables	19	272	176	–	–
<b>Total non-current liabilities</b>		<b>4,933</b>	<b>5,895</b>	<b>–</b>	<b>–</b>
<b>Current liabilities</b>					
Trade and other payables	19	18,843	7,020	2,445	3,220
Borrowings	18	3,631	4,668	–	–
Tax payable		522	319	–	–
<b>Total current liabilities</b>		<b>22,996</b>	<b>12,007</b>	<b>2,445</b>	<b>3,220</b>
<b>Total liabilities</b>		<b>27,929</b>	<b>17,902</b>	<b>2,445</b>	<b>3,220</b>
<b>Net assets</b>		<b>65,908</b>	<b>24,779</b>	<b>56,630</b>	<b>18,348</b>
<b>Equity</b>					
Share capital	20	52,653	23,287	52,653	23,287
Retained earnings/(accumulated losses)		23,540	12,585	3,977	(4,939)
Currency translation reserve		54	290	–	–
Merger reserve	21	(10,497)	(11,345)	–	–
Equity attributable to equity holders of the Company		65,750	24,817	56,630	18,348
Non-controlling interest		158	(38)	–	–
<b>Total equity</b>		<b>65,908</b>	<b>24,779</b>	<b>56,630</b>	<b>18,348</b>

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

Group	Share capital RM'000	Retained earnings RM'000	Currency translation reserve RM'000	Merger reserve RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
Balance at 1 April 2017	23,287	12,585	290	(11,345)	24,817	(38)	24,779
Profit for the year	–	11,703	–	–	11,703	206	11,909
<i>Other comprehensive loss for the year</i>							
Currency translation differences arising from consolidation	–	–	(136)	–	(136)	(10)	(146)
Total comprehensive income/(loss) for the year	–	11,703	(136)	–	11,567	196	11,763
Issuance of ordinary shares pursuant to share placement	30,258	–	–	–	30,258	–	30,258
Capitalisation of share issuance expenses	(892)	–	–	–	(892)	–	(892)
Strike off of subsidiary	–	(748)	(100)	848	–	–	–
<b>Balance at 31 March 2018</b>	<b>52,653</b>	<b>23,540</b>	<b>54</b>	<b>(10,497)</b>	<b>65,750</b>	<b>158</b>	<b>65,908</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

Group	Share capital RM'000	Retained earnings RM'000	Currency translation reserve RM'000	Merger reserve RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
Balance at 1 April 2016	1,336	10,390	159	–	11,885	–	11,885
Profit/(loss) for the year <i>Other comprehensive income for the year</i>	–	2,221	–	–	2,221	(378)	1,843
Currency translation differences arising from consolidation	–	–	147	–	147	24	171
Total comprehensive income/(loss) for the year	–	2,221	147	–	2,368	(354)	2,014
Issuance of ordinary shares pursuant to the Restructuring Exercise	12,407	–	–	–	12,407	–	12,407
Adjustments pursuant to the Restructuring Exercise	(1,336)	–	–	(11,345)	(12,681)	274	(12,407)
Issuance of ordinary shares pursuant to initial public offering	12,407	–	–	–	12,407	–	12,407
Capitalisation of share issuance expenses	(1,527)	–	–	–	(1,527)	–	(1,527)
<i>Change in ownership interest in a subsidiary</i>							
Change in ownership interest in a subsidiary that do not result in loss of control	–	(26)	(16)	–	(42)	42	–
Total changes in ownership interest in a subsidiary	–	(26)	(16)	–	(42)	42	–
Balance at 31 March 2017	23,287	12,585	290	(11,345)	24,817	(38)	24,779

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

# STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

	Share capital RM'000	(Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
<b>Company</b>			
Balance at 1 April 2017	23,287	(4,939)	18,348
Profit for the financial year	–	8,916	8,916
Issuance of ordinary shares pursuant to share placement	30,258	–	30,258
Capitalisation of share issuance expenses	(892)	–	(892)
<b>Balance at 31 March 2018</b>	<b>52,653</b>	<b>3,977</b>	<b>56,630</b>
Issuance of shares on 9 March 2016 (date of incorporation)	–*	–	–*
Loss for the period	–	(4,939)	(4,939)
Issuance of ordinary shares pursuant to the Restructuring Exercise	12,407	–	12,407
Issuance of ordinary shares pursuant to initial public offering	12,407	–	12,407
Capitalisation of share issuance expenses	(1,527)	–	(1,527)
Balance at 31 March 2017	23,287	(4,939)	18,348

\* Less than RM1,000

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

	2018 RM'000	2017 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	15,635	4,285
Adjustments for:		
Depreciation of property, plant and equipment	1,090	761
Amortisation of intangible asset	5	5
Property, plant and equipment written off	13	24
Interest expenses	484	490
Interest income	(175)	(69)
Gain on disposal of property, plant and equipment	(11)	–
Initial public offering related expenses	–	4,399
Operating cash flows before working capital change	17,041	9,895
Changes in operating assets and liabilities		
Inventories	(1,932)	(1,014)
Receivables	(24,668)	2,101
Payables	12,645	(3,552)
Currency translation adjustments	(239)	26
Cash generated from operations	2,847	7,456
Income tax paid	(3,900)	(1,924)
Interest income	175	69
Interest expenses	(484)	(490)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,362)</b>	<b>5,111</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible asset	(155)	–
Deposit for purchase of property, plant and equipment	–	(254)
Proceeds from disposal of property, plant and equipment	25	–
Purchase of property, plant and equipment	(6,166)	(5,852)
<b>Net cash used in investing activities</b>	<b>(6,296)</b>	<b>(6,106)</b>
<b>Cash flows from financing activities</b>		
(Increase)/decrease in fixed deposits pledged	(39)	241
Proceed from issuance of ordinary shares	30,258	12,407
Payment of initial public offering related expenses	–	(5,926)
Repayment of obligations under finance lease	(129)	(145)
Proceeds from bank borrowings	–	4,813
Repayment of bank borrowings	(1,858)	(576)
Share issuance expenses	(892)	–
<b>Net cash generated from financing activities</b>	<b>27,340</b>	<b>10,814</b>
<b>Net increase in cash and cash equivalents</b>	<b>19,682</b>	<b>9,819</b>
Cash and cash equivalents at beginning of the financial year	18,739	8,767
Effects of exchange rate changes on cash and cash equivalents	(353)	153
<b>Cash and cash equivalents at end of the financial year (Note 17)</b>	<b>38,068</b>	<b>18,739</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

## 1 Corporate information

Samurai 2K Aerosol Limited (the “Company”) (Co. Reg. No. 201606168C) is incorporated as a private limited company and domiciled in Singapore on 9 March 2016. It was converted into a public company limited by shares on 16 December 2016 and is listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office of the Company is at 36A, Hongkong Street, Holy Building, Singapore 059675. The principal place of business of the Company is located at No. 4, Jalan Dato Yunus 1, Kawasan Perindustrian Dato Yunus Sulaiman, Lima Kedai, 81120 Skudai, Johor, Malaysia.

The principal activity of the Company is an investment holding company. The principal activities of the subsidiaries are disclosed in Note 13.

## 2 Summary of significant accounting policies

### a) Basis of preparation

The financial statements are presented in Malaysia Ringgit and are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore (“FRSs”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires the use of estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

#### *Use of estimates and judgements*

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

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and bank balances, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

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

### a) Basis of preparation (cont'd)

#### *New and revised standards*

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provision in the respective FRSs and INT FRSs.

From 1 April 2017, as a result of the amendments to FRS 7 Statement of Cash Flows (Disclosure Initiative), the Group has provided additional disclosure in relation to changes in liabilities from financing activities for the current financial year (Note 18).

The adoption of these new/revised FRS and INT FRS did not have any material effect on the financial results or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 March 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except as disclosed as follow:

#### **Convergence with International Financial Reporting Standards (IFRS)**

The Accounting Standards Council ("ASC") announced that Singapore incorporated companies listed on the Singapore Exchange ("SGX") or are in the process of issuing equity or debt instruments for trading on SGX, will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS Convergence), known as Singapore Financial Reporting Standards (International) ("SFRS(I)", with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I) issued by ASC. These financial statements will be the last set of financial statements prepared under the current FRS in Singapore.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). In addition to the adoption of the new framework, the Group will be adopting other new SFRS(I), amendments to standards and interpretations of SFRS(I) which are effective from the same date.

The Group does not expect the application of the new standards, amendments to standards and interpretations, and the IFRS Convergence to have significant impact on the financial statements except as set out below:

#### *Application of SFRS(I) 1 and IFRS Convergence*

When the Group adopts SFRS(I) in its 2019 financial statements, the Group will apply SFRS(I) 1 with 1 April 2017 as the date of transition for the Group and the Company.

SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The Group plans to elect relevant optional exemptions. Except as described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

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

### a) Basis of preparation (cont'd)

*New and revised standards (cont'd)*

#### **Convergence with International Financial Reporting Standards (IFRS) (cont'd)**

*Application of SFRS(I) 1 and IFRS Convergence (cont'd)*

*Foreign currency translation reserve*

The Group plans to elect the optional exemption to reset its cumulative foreign currency translation reserve for all foreign operations to nil at the date of transition on 1 April 2017. As a result, the foreign currency translation reserve of RM290,000, determined in accordance with FRSs as at 1 April 2017 will be reclassified to retained earnings as at 1 April 2017.

Subsequent to the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

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

SFRS(I) 15 replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. SFRS(I) 15 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group plans to adopt SFRS(I) 15 in its financial statements for the financial year ending 31 March 2019 using the full retrospective approach. As a result, the Group will apply the changes in accounting policies retrospectively to each reporting year presented.

Management has performed a preliminary impact assessment of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected.

The Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

# NOTES TO THE FINANCIAL STATEMENTS

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

### a) Basis of preparation (cont'd)

#### *New and revised standards (cont'd)*

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

##### *Variable consideration*

The Group currently recognises revenue from sale of goods at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. If revenue cannot be estimated reliably, the Group defers revenue recognition until the uncertainty is resolved. Such provisions for returns, trade discounts and volume rebates in the Group's contracts with customers give rise to variable considerations under SFRS(I) 15 which will be required to be estimated at contract inception. Revenue is only recognised to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved.

Upon the adoption of SFRS(I) 15, the Group expects to record an adjustment to reduce revenue for the financial year ended 31 March 2018 by RM543,000, with a corresponding increase in contract liability on the statement of financial position as at 31 March 2018.

The Group plans to adopt the new standard when it becomes effective in financial year ending 31 March 2019. The Group is finalising its assessment and quantification of the impact and of the transition adjustments on its financial statements.

#### **SFRS(I) 9 Financial Instruments**

SFRS(I) 9 which replaces IAS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace IAS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 at the date of initial application in the opening retained earnings and reserves as at 1 April 2018.

##### *(a) Classification and measurement*

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9. Loans and receivables that are currently accounted for at amortised cost are expected to continue to be measured at amortised cost.

##### *(b) Impairment*

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect a significant impact on the impairment allowance for its trade receivables for the financial year ended 31 March 2018.

The Group will adopt SFRS(I) 9 when it becomes effective in financial year ending 31 March 2019. The Group is currently finalising the computation of the impact and the quantum of the final transition adjustments, which may be different upon finalisation.

# NOTES TO THE FINANCIAL STATEMENTS

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

### a) Basis of preparation (cont'd)

*New and revised standards (cont'd)*

#### **SFRS(I) 16 Leases**

SFRS(I) 16 replaces the existing IAS 17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statement of financial position to reflect their rights to use leased assets (a “right-of-use” asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the potential impact of SFRS(I) 16 and plans to adopt the standard on the required effective date.

### b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. Under this method, the Company has been treated as the holding company of the subsidiaries as if the combination had occurred from the date the subsidiaries first came under the control of the same shareholders. Accordingly, the results of the Group include the results of the subsidiaries for the entire periods under review. Such manner of presentation reflects the economic substance of the companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

Pursuant to this:

- Assets and liabilities are reflected at their existing carrying amounts;
- No adjustments are made to reflect the fair values on the date of combination or recognise any new assets or liabilities;
- No additional goodwill is recognised as a result of the combination;
- Prior to the issue of shares by the Company, the aggregate equity of the subsidiaries held directly by the Company is shown as the Group's equity for financial years under review; and
- Upon the completion of the group restructuring exercise, any difference between the consideration paid by the Company and the equity 'acquired' is reflected within the equity of the Group as merger reserve.

# NOTES TO THE FINANCIAL STATEMENTS

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

### b) Basis of consolidation (cont'd)

All other business combinations are accounted for using acquisition method. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any 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 fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount 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 attributable to owners of the Company.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

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

### c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investments, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

### d) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses, if any.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the component will flow to the Group and its cost can be reliably measured. The carrying amount of the replaced component is derecognised.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

No depreciation is provided on freehold land. Depreciation for other items of property, plant and equipment is calculated on a straight line basis to allocate the depreciable amounts of other property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	<b>Years</b>
Freehold properties	50
Furniture, fittings and equipment	4 - 12
Motor vehicles	8 - 10
Plant and machinery	8
Renovation	10

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Plant and machinery in the course of construction for production are carried at cost, less any recognised impairment loss until construction is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

# NOTES TO THE FINANCIAL STATEMENTS

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

### e) Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct expenditure, which enhances or extends the performance of computer software beyond its original specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Acquired computer software licences are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised using the straight-line method over their estimated useful life of 5 years.

### f) Impairment of non-financial assets

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### g) Financial assets

#### *Classification*

The Group classifies its financial assets according to the nature of the assets and purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's only financial assets are loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" (excluding advance payment to suppliers, prepayments, net goods and services tax receivables and tax recoverable) and "cash and bank balances" on the statement of financial position.



# NOTES TO THE FINANCIAL STATEMENTS

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

### g) Financial assets (cont'd)

#### *Initial measurement*

Loans and receivables are initially recognised at fair value plus transaction costs.

#### *Subsequent measurement*

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

#### *Impairment*

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

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

### h) Cash and cash equivalents

For the purposes of presentation in the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and excludes pledged deposits.

### i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

# NOTES TO THE FINANCIAL STATEMENTS

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

### j) Financial liabilities

Financial liabilities include trade and other payables and borrowings. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

### k) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and that the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

### l) Share capital

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.

### m) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and related cost can be reliably measured.

#### *Sale of goods*

Revenue from sale of goods is recognised when the Group has delivered the goods to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

#### *Interest income*

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

#### *Rental income*

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

# NOTES TO THE FINANCIAL STATEMENTS

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

### n) Leases

When a Group entity is the lessee:

#### *Finance leases*

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the outstanding liability and finance charges. The corresponding lease liabilities, net of finance charges, are included in borrowings. The finance charge is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

#### *Operating leases*

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rent, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When a Group entity is the lessor:

#### *Operating leases*

Leases where the Group entity retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Contingent rents are recognised as revenue in the period in which they are earned.

### o) Employee benefits

#### *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore and the Employees' Provident Fund in Malaysia, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

#### *Employee leave entitlements*

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

# NOTES TO THE FINANCIAL STATEMENTS

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

### p) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

### q) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

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 currently enacted or substantively enacted tax rates at the end of the reporting period.

### r) Functional and foreign currencies

#### *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in Malaysia Ringgit ("RM"), which is the Company's functional currency.

# NOTES TO THE FINANCIAL STATEMENTS

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

### r) Functional and foreign currencies (cont'd)

#### *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

#### *Translation of Group entities' financial statements*

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

- (i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in currency translation reserve within equity.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

### s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### *Impairment of trade receivables*

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

Where there is objective evidence of impairment, an impairment allowance is made for doubtful trade receivables for the estimated losses. Management assesses the aging of the receivables, historical collection trends, the Group's past experience of loss and current economic trends when evaluating the adequacy of the allowance for doubtful trade receivables. The carrying amount of the Group's trade receivables is disclosed in Note 14. If the present value of estimated future cash flows differ from management's estimates, the Group's allowance for trade receivables and trade receivables balance at the end of the reporting period will be affected accordingly.

### *Impairment of investment in subsidiaries*

The Company assesses at the end of each reporting period whether there are any indicators of impairment for investment in subsidiaries. Investment in subsidiaries are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of the investment exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flow from the business and a suitable growth rate and discount rate, in order to determine the present value of those cash flows. The carrying amount of investment in subsidiaries is disclosed in Note 13.

### *Write down of inventories*

Where necessary, inventories are written down to net realisable value for estimated losses where the cost of inventories may not be recoverable. The Group estimates the write down based upon a detailed analysis of the ages of the inventories, product demand, anticipated selling prices and usability of the raw materials and packaging materials. Adjustments to the carrying amount of inventories may be made in future periods in the event that their carrying amounts may not be recoverable resulting from future loss events.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 16.



# NOTES TO THE FINANCIAL STATEMENTS

## 3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

### *Functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

In view of the financial reliance of the Company on the operations of its major subsidiary in Malaysia, the management determined that RM is the functional currency of the Company.

### *Income taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, 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 reasonable estimates of whether additional taxes will be due. Where the final tax outcome of these matters is concluded and 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 tax payable is presented on the statements of financial position, and tax recoverable, deferred tax assets and deferred tax liabilities are disclosed in Notes 14 and 15 respectively.

## 4 Revenue

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Sale of goods	<b>90,014</b>	<b>39,350</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 5 Other (expenses)/income

	Group	
	2018 RM'000	2017 RM'000
Foreign exchange (loss)/gain, net	(4,115)	673
Interest income	175	69
Rental income	84	84
Others	69	7
	(3,787)	833

## 6 Finance costs

	Group	
	2018 RM'000	2017 RM'000
Interest expense:		
- finance lease	20	27
- term loans	284	266
- banker's acceptance	180	197
Bank charges	3	-
	487	490

## 7 Profit before tax

	Group	
	2018 RM'000	2017 RM'000
This is arrived at after charging/(crediting):		
Audit fees paid/payable to:		
- auditor of the Company *	156	168
- other auditors	57	58
Fees for non-audit services paid/payable to:		
- auditor of the Company *	5	-
- other auditors	6	11
Depreciation of property, plant and equipment (Note 11)	1,090	761
Write off of property, plant and equipment	13	24
Gain on disposal of property, plant and equipment	(11)	-
Amortisation of intangible assets (Note 12)	5	5
Write down of inventories	15	63
Rental expenses	542	269
Initial public offering related expenses	-	4,399
Personnel expenses (Note 8)	10,141	5,745

\* In addition to the fees disclosed, the Group paid RM1,107,000 to the auditor of the Company in connection with the Company's initial public offering in financial year ended 31 March 2017.

# NOTES TO THE FINANCIAL STATEMENTS

## 8 Personnel expenses

	Group	
	2018 RM'000	2017 RM'000
<i>Key management personnel</i>		
- Salaries, bonus and other benefits	4,261	1,271
- Defined contribution plan	117	218
	<b>4,378</b>	1,489
<i>Other personnel</i>		
- Salaries, bonus and other benefits	5,206	3,882
- Defined contribution plan	557	374
	<b>5,763</b>	4,256
	<b>10,141</b>	5,745

## 9 Tax expense

	Group	
	2018 RM'000	2017 RM'000
Income tax:		
- Current year	3,743	1,998
- Under provision in respect of previous years	106	175
	<b>3,849</b>	2,173
Deferred tax (Note 15):		
- Current year	(76)	218
- (Over)/Under provision in respect of previous years	(47)	51
	<b>(123)</b>	269
	<b>3,726</b>	2,442

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic income tax rates applicable to profit/loss in the countries where the Group operates due to the following factors:

	Group	
	2018 RM'000	2017 RM'000
Profit before tax	15,635	4,285
Tax at the domestic rates applicable to profit/loss in the countries where the Group operates	2,846	1,018
Effect of tax incentive	(790)	(187)
Expenses not deductible for tax purposes	1,726	1,383
Non-taxable income	(105)	(13)
Under provision of income tax in previous years	106	175
(Over)/Under provision of deferred taxation in previous years	(47)	51
Others	(10)	15
	<b>3,726</b>	2,442

# NOTES TO THE FINANCIAL STATEMENTS

## 9 Tax expense (cont'd)

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

The income tax rate applicable to companies incorporated in Singapore and foreign subsidiaries of the Group are 17% (2017:17%) and 16.5% to 25% (2017: 16.5% to 25%) respectively for the financial year ended 31 March 2018.

## 10 Earnings per share

The Company did not hold any dilutive potential ordinary shares during the financial year (2017: Nil).

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	<b>Group</b>	
	<b>2018</b>	2017
Profit for the year attributable to equity holders of the Company (RM'000)	<b>11,703</b>	2,221
Weighted average number of ordinary shares ('000)	<b>102,881</b>	100,000*
Earnings per share (RM sen per share) - Basic and diluted	<b>11.4</b>	2.2

\* For comparative purposes, the earnings per share for the financial period ended 31 March 2017 has been computed based on the Company's enlarged share capital of 100,000,000 shares assuming that the group restructuring exercise and the issuance of the 20,000,000 new shares pursuant to the IPO had been completed as at 31 March 2017.

# NOTES TO THE FINANCIAL STATEMENTS

## 11 Property, plant and equipment

	Freehold land RM'000	Freehold properties RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Renovation RM'000	Capital- Work- in-progress RM'000	Total RM'000
<b>Group 2018 Cost</b>								
At 1 April 2017	3,510	3,040	344	1,055	4,781	1,183	–	13,913
Additions	–	230	148	219	4,376	1,380	67	6,420
Disposals	–	–	–	(49)	–	–	–	(49)
Write off	–	–	(3)	–	(50)	(48)	–	(101)
Currency translation differences	–	–	(35)	(21)	(6)	(9)	–	(71)
<b>At 31 March 2018</b>	<b>3,510</b>	<b>3,270</b>	<b>454</b>	<b>1,204</b>	<b>9,101</b>	<b>2,506</b>	<b>67</b>	<b>20,112</b>
<b>Accumulated depreciation</b>								
At 1 April 2017	–	175	146	271	2,166	296	–	3,054
Depreciation charge	–	68	73	122	674	153	–	1,090
Disposals	–	–	–	(35)	–	–	–	(35)
Write off	–	–	(2)	–	(45)	(41)	–	(88)
Currency translation differences	–	–	(18)	(4)	–	(4)	–	(26)
<b>At 31 March 2018</b>	<b>–</b>	<b>243</b>	<b>199</b>	<b>354</b>	<b>2,795</b>	<b>404</b>	<b>–</b>	<b>3,995</b>
<b>Net carrying value</b>								
At 31 March 2018	<b>3,510</b>	<b>3,027</b>	<b>255</b>	<b>850</b>	<b>6,306</b>	<b>2,102</b>	<b>67</b>	<b>16,117</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 11 Property, plant and equipment (cont'd)

	Freehold land RM'000	Freehold properties RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Renovation RM'000	Capital- Work- in-progress RM'000	Total RM'000
<b>2017</b>								
<b>Cost</b>								
At 1 April 2016	430	520	314	897	4,687	585	–	7,433
Additions	3,080	2,520	73	152	94	593	–	6,512
Write off	–	–	(66)	–	–	–	–	(66)
Currency translation differences	–	–	23	6	–	5	–	34
<b>At 31 March 2017</b>	<b>3,510</b>	<b>3,040</b>	<b>344</b>	<b>1,055</b>	<b>4,781</b>	<b>1,183</b>	<b>–</b>	<b>13,913</b>
<b>Accumulated depreciation</b>								
At 1 April 2016	–	134	112	164	1,690	221	–	2,321
Depreciation charge	–	41	66	104	476	74	–	761
Write off	–	–	(42)	–	–	–	–	(42)
Currency translation differences	–	–	10	3	–	1	–	14
<b>At 31 March 2017</b>	<b>–</b>	<b>175</b>	<b>146</b>	<b>271</b>	<b>2,166</b>	<b>296</b>	<b>–</b>	<b>3,054</b>
<b>Net carrying value</b>								
At 31 March 2017	3,510	2,865	198	784	2,615	887	–	10,859



# NOTES TO THE FINANCIAL STATEMENTS

## 11 Property, plant and equipment (cont'd)

### Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM6,420,000 (2017: RM6,512,000) of which RM Nil (2017: RM100,000) was acquired by means of finance lease and RM254,000 (2017: RM560,000) was paid and recorded as other receivables as at 31 March 2017 (2017: 31 March 2016). Cash payments of RM6,166,000 (2017: RM5,852,000) were made to purchase property, plant and equipment of which RM Nil (2017: RM4,563,000) was financed by proceeds from borrowings.

The carrying amount of plant and machinery and motor vehicles held under finance leases at the end of the reporting period were RM1,342,000 (2017: RM1,556,000).

Leased assets are pledged as security for the related finance lease liabilities.

### Assets pledged as security

In addition to assets held under finance leases, the Group's freehold land and properties with a carrying amount of RM6,537,000 (2017: RM6,375,000) are pledged to secure the Group's borrowings (Note 18).

## 12 Intangible assets

	Group	
	2018 RM'000	2017 RM'000
<b>Cost</b>		
At 1 April	376	376
Additions	155	–
At 31 March	531	376
<b>Amortisation</b>		
At 1 April	358	353
Amortisation charge	5	5
At 31 March	363	358
<b>Net carrying value</b>	168	18

## 13 Investment in subsidiaries

	Company	
	2018 RM'000	2017 RM'000
<b>Unquoted shares, at cost</b>		
Balance at beginning of financial year	12,850	–
Strike off of subsidiary	(853)	–
Issuance of shares for acquisition of subsidiaries pursuant to the Restructuring Exercise	–	12,407
Investment in a new subsidiary	–	443
	11,998	12,850
Less: Allowance for impairment loss	(1,546)	(200)
Balance at end of financial year	10,451	12,650

# NOTES TO THE FINANCIAL STATEMENTS

## 13 Investment in subsidiaries (cont'd)

	Company	
	2018 RM'000	2017 RM'000
<b>Allowance for impairment loss</b>		
Balance at beginning of financial year	200	–
Additions	1,346	200
Balance at end of financial year	<b>1,546</b>	200

(i) Details of the subsidiaries are:

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest	
			2018 %	2017 %
<i>Held by the Company</i>				
Orientus Industry Sdn Bhd <sup>(1)</sup>	Malaysia	Processing and trading of paints	100	100
Creative Paint Marketing Sdn Bhd <sup>(1)</sup>	Malaysia	Dormant	100	100
PT Samurai Paint <sup>(1)</sup>	Indonesia	Import trading and distribution	67	67
Supreme Wish Holdings Limited <sup>(2)</sup>	Hong Kong	Dormant	–	100
Samurai 2K USA Inc <sup>(3)</sup>	United States of America	Import aerosol paint products and wholesales	100	100

<sup>(1)</sup> Audited by independent overseas member firms of Baker Tilly International.

<sup>(2)</sup> Deregistered from the Companies Registry of Hong Kong during the financial year.

<sup>(3)</sup> Not required to be audited for the financial year ended 31 March 2018 by law of country of incorporation.

(ii) At the end of the reporting period, there are no subsidiaries with non-controlling interests that are considered by management to be material to the Group. Accordingly, the summarised financial information of the subsidiaries is not being disclosed.

(iii) During the financial year, the management performed the impairment tests for the investment in PT Samurai Paint and Creative Paint Marketing Sdn Bhd (2017: Creative Paint Marketing Sdn Bhd). Total impairment loss of RM1,346,000 (2017: RM200,000) was recognised for the financial year ended 31 March 2018 to write down PT Samurai Paint and Creative Paint Marketing Sdn Bhd (2017: Creative Paint Marketing Sdn Bhd) to their respective recoverable amount of RM328,000 and RM Nil (2017: RM929,000).

The recoverable amount of the investment in PT Samurai Paint has been determined based on a value in use calculation using cash flow projections from forecasts approved by management covering a five-year period. The discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the five year period are 19.7% (2017: 19.5%) and 0% (2017: 0%) respectively.

The Group is in the process of striking off Creative Paint Marketing Sdn Bhd. The recoverable amount of the investment in Creative Paint Marketing Sdn Bhd is RM Nil (2017: RM929,000) subsequent to a dividend declaration and allowance for impairment loss was fully made during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

## 14 Trade and other receivables

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade receivables	25,147	2,887	–	–
Advance payment to suppliers	1,282	149	–	–
Amount due from subsidiaries	–	–	19,906	8
Deposits	201	62	–	–
Other receivables	1,860	580	–	55
Prepayments	1,160	1,171	264	279
Tax recoverable	275	339	–	–
	<b>29,925</b>	<b>5,188</b>	<b>20,170</b>	<b>342</b>
<i>Non-current</i>				
Deposit for purchase of property, plant and equipment and rental	–	261	–	–

Amount due from subsidiaries is interest-free, non-trade in nature, unsecured and payable on demand.

## 15 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax accounts are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 April	546	277	–	–
Tax charge to statement of profit or loss and other comprehensive income (Note 9)	(123)	269	–	–
Currency translation difference	(14)	–	–	–
At 31 March	<b>409</b>	<b>546</b>	<b>–</b>	<b>–</b>
Representing:				
Deferred tax assets	(74)	(45)	–	–
Deferred tax liabilities	483	591	–	–
	<b>409</b>	<b>546</b>	<b>–</b>	<b>–</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 15 Deferred tax (cont'd)

The following are the major deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior financial year:

	Accelerated tax depreciation RM'000	Other RM'000	Total RM'000
At 1 April 2016	264	13	277
Tax charge to profit or loss	282	(13)	269
At 31 March 2017	546	–	546
Tax charge to profit or loss	(123)	–	(123)
Currency translation difference	(14)	–	(14)
At 31 March 2018	<b>409</b>	<b>–</b>	<b>409</b>

## 16 Inventories

	Group	
	2018 RM'000	2017 RM'000
Raw materials	2,764	1,325
Packaging materials	3,469	1,719
Finished goods	2,030	3,344
	<b>8,263</b>	<b>6,388</b>

The cost of inventories recognised as an expense in cost of sales amounted to RM51,341,000 (2017: RM21,585,000) included an amount of RM15,000 (2017: RM63,000) in respect of write down of inventories to net realisable value.

## 17 Cash and bank balances

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash in hand and at bank	34,068	18,739	28,454	8,576
Bank deposits	5,222	1,183	–	–
Cash and bank balances	<b>39,290</b>	<b>19,922</b>	<b>28,454</b>	<b>8,576</b>

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

	Group	
	2018 RM'000	2017 RM'000
Cash and bank balances	39,290	19,922
Less: pledged bank deposits	(1,222)	(1,183)
Cash and cash equivalents	<b>38,068</b>	<b>18,739</b>

Bank deposits amounting to RM1,222,000 (2017: RM1,183,000) are pledged to banks as collateral for banking facilities granted (Note 18). Fixed deposits bear interest rates ranging from 3.10% to 4.15% (2017: 3.15% to 3.45%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

## 18 Borrowings

		Group	
		2018	2017
		RM'000	RM'000
		<u>Repayment period</u>	
<i>Non-current</i>			
Loan 1 - 1.5% per annum below bank Base Lend Rate ("BLR")	117 monthly instalments from August 2009	–	110
Loan 2 - 12.5% per annum	60 monthly instalments from September 2014	–	258
Loan 3 - 1.2% per annum above BLR	36 monthly instalments from April 2016	<b>30</b>	275
Loan 4 - 2.1% per annum below BLR	180 monthly instalments from August 2016	<b>1,940</b>	2,050
Loan 5 - 2.1% per annum below BLR	180 monthly instalments from August 2016	<b>1,940</b>	2,050
Loan 6 - 0.5% per annum above BLR	180 monthly instalments from August 2016	<b>76</b>	78
Obligations under finance lease		<b>192</b>	307
		<b>4,178</b>	5,128
<hr/>			
		2018	2017
		RM'000	RM'000
		<u>Repayment period</u>	
<i>Current</i>			
Loan 1 - 1.5% per annum below bank Base Lend Rate ("BLR")	117 monthly instalments from August 2009	–	84
Loan 2 - 12.5% per annum	60 monthly instalments from September 2014	–	157
Loan 3 - 1.2% per annum above BLR	36 monthly instalments from April 2016	<b>245</b>	229
Loan 4 - 2.1% per annum below BLR	180 monthly instalments from August 2016	<b>117</b>	111
Loan 5 - 2.1% per annum below BLR	180 monthly instalments from August 2016	<b>117</b>	111
Loan 6 - 0.5% per annum above BLR	180 monthly instalments from August 2016	<b>3</b>	3
Banker's acceptance - 1.25% to 1.5% per annum		<b>3,033</b>	3,843
Obligations under finance lease		<b>116</b>	130
		<b>3,631</b>	4,668
		<b>7,809</b>	9,796

# NOTES TO THE FINANCIAL STATEMENTS

## 18 Borrowings (cont'd)

The loans and banker's acceptance are secured by:

- (i) Fixed deposits placed with the bank (Note 17);
- (ii) Freehold land and properties of the Group (Note 11);
- (iii) Joint and several guarantee from certain directors of the Group;
- (iv) A business loan reducing term assurance covered for the joint life of the guarantors.

### *Determination of fair value of borrowings*

The carrying amounts of borrowings approximate their fair value at the end of the reporting period.

The fair values of the borrowings, determined from discounted cash flow analysis using the market lending rate that the directors expect would be available to the Group at the end of the reporting period, are reasonable approximation of carrying amounts as they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period or are fixed rate instruments whereby the fixed rates approximate market interest rates on or near the end of the reporting period. The fair value measurement for disclosure purposes is categorised as Level 3 of the fair value hierarchy.

### *Obligations under finance lease*

	Minimum lease payments		Present value of minimum lease payments	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Group</b>				
Within 1 financial year	129	150	116	130
Within 2 to 5 financial years	204	332	192	307
Total minimum lease payments	333	482	308	437
Less: future finance charges	(25)	(45)	-	-
	<b>308</b>	437	<b>308</b>	437

	Minimum lease payments	
	2018 RM'000	2017 RM'000
Representing finance lease liabilities:		
- Current	116	130
- Non-current	192	307
	<b>308</b>	437

The obligations under finance lease bear interest rates ranging from 2.35% to 3.81% (2017: 2.35% to 3.81%) per annum.

The Group leases certain plant and machinery and motor vehicles from non-related parties under hire purchase arrangements. The hire purchase payables of the Group are effectively secured over leased plant and machinery and motor vehicles, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the hire purchase payable. The net carrying value of plant and machinery and motor vehicles acquired under hire purchase arrangements are disclosed in Note 11.



# NOTES TO THE FINANCIAL STATEMENTS

## 18 Borrowings (cont'd)

### *Obligations under finance lease (cont'd)*

Certain directors of the Group has provided guarantees for certain of the finance lease liabilities.

Based on the discounted cash flows using market interest rates for similar finance lease agreements at the end of the reporting period, the fair values of finance lease liabilities at the end of the reporting period approximate their carrying amounts as the market interest rates at the end of the reporting period are close to the effective interest rates of the Group's existing finance lease liabilities. This fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

### *Reconciliation movement of liabilities to cash flow arising from financing activities:*

	Bank borrowings RM'000	Obligations under finance lease RM'000	Total RM'000
Balance at 1 April 2017	9,359	437	9,796
Changes from financing cash flows:			
- Repayments	(1,858)	(129)	(1,987)
- Interest paid	(464)	(20)	(484)
Non-cash changes:			
- Interest expenses	464	20	484
Balance at 31 March 2018	<b>7,501</b>	<b>308</b>	<b>7,809</b>

## 19 Trade and other payables

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<i>Current</i>				
Trade payables				
- third parties	<b>15,802</b>	5,593	-	-
Other payables				
- third parties	<b>305</b>	646	-	-
- subsidiaries	-	-	<b>474</b>	3,046
Accrued expenses	<b>2,736</b>	761	<b>1,971</b>	174
Advances from customers				
- third parties	-	20	-	-
	<b>18,843</b>	7,020	<b>2,445</b>	3,220
<i>Non-current</i>				
Other payables	<b>272</b>	176	-	-

The amounts due to subsidiaries are interest-free, non-trade in nature, unsecured and payable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

## 20 Share capital

	2018		2017	
	No. of shares '000	RM'000	No. of shares '000	RM'000
<b>Group and Company</b>				
At 1 April	100,000	23,287	513	1,336
Issuance of ordinary shares pursuant to the Restructuring Exercise	–	–	4,000	12,407
Adjustments pursuant to the Restructuring Exercise	–	–	(513)	(1,336)
Sub-division of 1 ordinary share into 20 ordinary shares	–	–	76,000	–
Issuance of ordinary shares pursuant to the initial public offering (“IPO”)	–	–	20,000	12,407
Issuance of ordinary shares pursuant to share placement	9,921	30,258	–	–
Capitalisation of share issuance expenses	–	(892)	–	(1,527)
At 31 March	<b>109,921</b>	<b>52,653</b>	100,000	23,287

All issued shares are fully paid ordinary shares with no par value.

On 15 December 2017, the Company issued 9,921,000 ordinary shares for RM30,258,000 upon completion of share placement.

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.

## 21 Merger reserve

Merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiaries acquired under common control.

# NOTES TO THE FINANCIAL STATEMENTS

## 22 Commitments

### a) Lease commitment

*Where the Group is a lessee*

The Group leases a warehouse from non-related party under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	<b>Group</b>	
	<b>2018</b>	2017
	<b>RM'000</b>	RM'000
Not later than one financial year	<b>60</b>	180
Later than one financial year but not later than five financial years	-	60
	<b>60</b>	240

*Where the Group is a lessor*

The Group leases out a warehouse to a non-related party under non-cancellable operating leases in prior years. The lease agreement was terminated during the year.

The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	<b>Group</b>	
	<b>2018</b>	2017
	<b>RM'000</b>	RM'000
Not later than one financial year	-	144
Later than one financial year but not later than five financial years	-	204
	-	348

### b) Capital commitments

Capital commitments not provided for in the financial statements:

	<b>Group</b>	
	<b>2018</b>	2017
	<b>RM'000</b>	RM'000
Capital commitments in respect of purchase of property, plant and equipment	<b>170</b>	1,603

### c) Banker's guarantee

At 31 March 2018, banker's guarantee of RM47,000 (2017: RM30,000) were issued in lieu of utilities deposit.

# NOTES TO THE FINANCIAL STATEMENTS

## 23 Financial instruments

### a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<i>Financial assets</i>				
Trade and other receivables	25,365	3,019	19,906	63
Cash and bank balances	39,290	19,922	28,454	8,576
Loans and receivables	64,655	22,941	48,360	8,639
<i>Financial liabilities</i>				
Trade and other payables	18,843	7,000	2,445	3,220
Borrowings	7,809	9,796	–	–
At amortised cost	26,652	16,796	2,445	3,220

### b) Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

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

#### *Foreign currency risk*

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than their respective functional currencies of entities in the Group. The foreign currencies giving rise to this risk are primarily the United States Dollar ("USD"), British Pound ("GBP") Indonesian Rupiah ("IDR") and Singapore dollar ("SGD").

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at a level that is deemed acceptable by management.

# NOTES TO THE FINANCIAL STATEMENTS

## 23 Financial instruments (cont'd)

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

#### Foreign currency risk (cont'd)

At the end of the reporting period, the Group and the Company have the following financial assets and financial liabilities denominated in foreign currencies based on information provided to key management:

	USD RM'000	GBP RM'000	IDR RM'000	SGD RM'000
<b>Group</b>				
<b>2018</b>				
Financial assets				
Trade and other receivables	2,078	–	22,417	3,408
Cash and bank balances	1,290	397	298	28,612
	3,368	397	22,715	32,020
Financial liabilities				
Trade and other payables	4,223	–	851	–
Net financial (liabilities)/assets denominated in foreign currencies	<b>(855)</b>	<b>397</b>	<b>21,864</b>	<b>32,020</b>
<b>2017</b>				
Financial assets				
Trade and other receivables	6,176	–	168	450
Cash and bank balances	1,431	384	–	8,776
	7,607	384	168	9,226
Financial liabilities				
Trade and other payables	7,378	–	597	315
Net financial assets/(liabilities) denominated in foreign currencies	229	384	(429)	8,911
<b>Company</b>				
<b>2018</b>				
Financial assets				
Trade and other receivables	2,022	–	–	3,408
Cash and bank balances	4	–	–	28,450
	2,026	–	–	31,858
Financial liabilities				
Trade and other payables	–	–	474	–
Net financial assets/(liabilities) denominated in foreign currencies	<b>2,026</b>	<b>–</b>	<b>(474)</b>	<b>31,858</b>
<b>2017</b>				
Financial assets				
Trade and other receivables	–	–	–	309
Cash and bank balances	–	–	–	8,577
	–	–	–	8,886
Financial liabilities				
Trade and other payables	802	–	596	315
Net financial (liabilities)/assets denominated in foreign currencies	<b>(802)</b>	<b>–</b>	<b>(596)</b>	<b>8,571</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 23 Financial instruments (cont'd)

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

#### *Foreign currency risk (cont'd)*

The following table demonstrates the sensitivity to a reasonably possible change in the IDR, and SGD exchange rates against the respective function currencies of the Group's entities, with all other variables held constant, of the Group's profit after tax:

	<b>Group Increase/(decrease) in profit after tax</b>	
	<b>2018 RM'000</b>	<b>2017 RM'000</b>
SGD/RM		
- strengthened 10% (2017: 10%)	<b>2,657</b>	739
- weakened 10% (2017: 10%)	<b>(2,657)</b>	(739)
IDR/RM		
- strengthened 10% (2017: 10%)	<b>1,741</b>	(36)
- weakened 10% (2017: 10%)	<b>(1,741)</b>	36

#### **Company**

If the SGD exchange rate against RM strengthened/weakened by 10%, with all other variables held constant, the Company's profit after tax will be higher/lower by RM2,644,000 (2017: RM711,000).

The sensitivity analysis for the other foreign currencies is not disclosed as the impact on the Group's and the Company's profit after taxation is not significant.

#### ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their borrowings and deposits placed with the financial institutions at variable rates. Borrowings at variable rates expose the Group to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). The Group and the Company do not utilise derivatives to mitigate its interest rate risk.

#### *Sensitivity analysis for interest rate risk*

The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of borrowings that have floating rates.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in RM. If the RM interest rates increase/decrease by 50 (2017: 50) basis points with all other variables including tax rate being held constant, the profit after tax of the Group will be higher/lower by RM32,000 (2017: RM41,000) as a result of higher/lower interest expense on these borrowings.



# NOTES TO THE FINANCIAL STATEMENTS

## 23 Financial instruments (cont'd)

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

#### *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis by the management.

As at the end of the reporting period, the Group's trade receivables are all due from debtors located in Malaysia and Indonesia. The Group's trade receivables comprise 1 debtor (2017: 1 debtor) that represented approximately 74% (2017: 27%) of the trade receivables.

As the Group and the Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position.

#### *Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are credit worthy customers with good payment records with the Group. Cash and bank balances are placed with reputable financial institutions with high credit ratings and no history of default.

#### *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables of the Group that are past due but not impaired are as follows:

	Group	
	2018 RM'000	2017 RM'000
Past due 1 to 30 days	539	509
Past due 31 to 60 days	50	215
Past due 61 to 90 days	20	229
Past due over 90 days	4	66
	<b>613</b>	<b>1,019</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's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group and the Company manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities (Note 18).

# NOTES TO THE FINANCIAL STATEMENTS

## 23 Financial instruments (cont'd)

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

#### Liquidity risk (cont'd)

The table below shows the contractual expiry by the maturity of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Repayable on demand or within 1 year RM'000	Within 2 to 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Group</b>				
<b>2018</b>				
Trade and other payables	18,843	–	–	18,843
Borrowings	3,847	1,937	3,443	9,227
	<b>22,690</b>	<b>1,937</b>	<b>3,443</b>	<b>28,070</b>
<b>2017</b>				
Trade and other payables	7,000	–	–	7,000
Borrowings	4,969	2,724	3,864	11,557
	11,969	2,724	3,864	18,557
<b>Company</b>				
<b>2018</b>				
Trade and other payables	<b>2,445</b>	–	–	<b>2,445</b>
<b>2017</b>				
Trade and other payables	3,220	–	–	3,220

## 24 Fair values of assets and liabilities

### Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

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

There has been no transfer between Level 1, Level 2 and Level 3 during the financial years ended 31 March 2018 and 2017.

The carrying amounts of financial assets and liabilities are reasonable approximation of fair values as they are short-term in nature, market interest rate instruments, or fixed rate instruments whereby the fixed rates approximate market interest rates on or near the end of the reporting period.

At the end of the reporting period, the Group does not have any financial instruments carried at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

## 25 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The capital structure of the Group mainly consists of equity and borrowings and the Group's overall strategy remains unchanged from financial years ended 31 March 2017 and 2018.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 March 2017 and 2018.

## 26 Segment information

For management purposes, the Group is organised into business units based on its products, and have three operating segments as follows:

- (a) The paint - standard segment includes standard colour aerosol spray paint products.
- (b) The paint - premium segment includes fluorescent, candy and metallic colour aerosol spray paint products, high temperature aerosol spray paint products, primer products, epoxy products, 2K products and multi-colour one aerosol spray paint.
- (c) The maintenance and others segment includes cosmetic products such as metal and paint polish and maintenance products such as engine degreaser, chain oil, carburetor and gasket cleaner.

Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances for each segment.

# NOTES TO THE FINANCIAL STATEMENTS

## 26 Segment information (cont'd)

The segment information provided to management for the reportable segments are as follows:

	Paint - Standard RM'000	Paint - Premium RM'000	Maintenance and others RM'000	Group RM'000
<b>31 March 2018</b>				
<b>Segment revenue</b>				
Sales to external customers	53,448	35,094	1,472	90,014
<hr/>				
<b>Segment profit</b>	7,124	8,531	292	15,947
<hr/>				
<b>Other segment information</b>				
Depreciation of property, plant and equipment	720	349	21	1,090
<hr/>				
<b>Segment assets</b>	52,411	34,413	1,442	88,266
Unallocated assets				
- Deferred tax assets				74
- Fixed deposits				5,222
- Tax recoverable				275
Total assets				93,837
<hr/>				
<b>Segment assets include:</b>				
Additions to non-current assets	3,904	2,563	108	6,575
<hr/>				
<b>Segment liabilities</b>	11,351	7,453	311	19,115
Unallocated liabilities				
- Deferred tax liabilities				483
- Borrowings				7,809
- Tax payable				522
Total liabilities				27,929
<hr/>				

# NOTES TO THE FINANCIAL STATEMENTS

## 26 Segment information (cont'd)

	Paint - Standard RM'000	Paint - Premium RM'000	Maintenance and others RM'000	Group RM'000
<b>31 March 2017</b>				
<b>Segment revenue</b>				
Sales to external customers	23,819	14,379	1,152	39,350
<hr/>				
<b>Segment profit</b>	1,552	2,986	168	4,706
<hr/>				
<b>Other segment information</b>				
Depreciation of property, plant and equipment	513	232	16	761
<hr/>				
<b>Segment assets</b>	24,887	15,023	1,204	41,114
Unallocated assets				
- Deferred tax assets				45
- Fixed deposits				1,183
- Tax recoverable				339
Total assets				42,681
<hr/>				
<b>Segment assets include:</b>				
Additions to non-current assets	3,696	2,231	179	6,106
<hr/>				
<b>Segment liabilities</b>	4,355	2,630	211	7,196
Unallocated liabilities				
- Deferred tax liabilities				591
- Borrowings				9,796
- Tax payable				319
Total liabilities				17,902
<hr/>				

### Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the consolidated financial statements. Interest income and finance costs are not allocated to segments as Group financing is managed on a group basis.

A reconciliation of segment profit to the consolidated profit before tax is as follows:

	2018 RM'000	2017 RM'000
Segment profit	15,947	4,706
Interest income	175	69
Finance costs	(487)	(490)
Profit before tax	15,635	4,285

# NOTES TO THE FINANCIAL STATEMENTS

## 26 Segment information (cont'd)

### Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than deferred income tax assets, tax recoverable and fixed deposits which are classified as unallocated assets.

### Segment liabilities

The amounts provided to management with respect total liabilities are measured in a manner consistent with that of the consolidated financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than deferred tax liabilities, tax payable and borrowings. These liabilities are classified as unallocated liabilities.

### *Geographical information*

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

	Sales to external customers		Non-current assets	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Malaysia	24,514	18,036	15,948	10,714
Indonesia	57,858	17,883	212	163
Others	7,642	3,431	125	–
	<b>90,014</b>	<b>39,350</b>	<b>16,285</b>	<b>10,877</b>

Non-current assets information presented above are non-current assets as presented on the consolidated statements of financial position excluding financial instruments and deferred tax assets.

### *Information about major customers*

Revenue from 2 (2017: 1) customers who individually contributed 10% or more of the Group's revenue which are attributable to the paint-standard, paint-premium and maintenance and others segments are as detailed below:

	Group	
	2018 RM'000	2017 RM'000
Customer 1	42,065	–
Customer 2	9,016	–
Customer 3	–	5,304

## 27 Subsequent event

On 4 June 2018, the Board of Directors has proposed a first and final exempt dividend for the financial year ended 31 March 2018 of SGD0.006 per share amounting to a total of SGD659,526 (equivalent to RM1,957,370). These financial statements do not reflect this dividend payable, which will be accounted for in the shareholder's equity as an appropriation of retained earnings in the year ending 31 March 2019.

## 28 Authorisation of financial statements

The financial statements of the Group for the financial year ended 31 March 2018 and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors dated 26 June 2018.



# STATISTICS OF SHAREHOLDINGS

AS AT 13 JUNE 2018

NUMBER OF ISSUED SHARES	:	109,921,000
ISSUED AND FULLY PAID-UP CAPITAL	:	S\$18,000,368
CLASS OF SHARES	:	Ordinary Shares
TREASURY SHARES	:	Nil
SUBSIDIARY HOLDINGS	:	Nil
VOTING RIGHTS	:	1 vote for each Ordinary Share held

## DISTRIBUTION OF SHAREHOLDINGS AS AT 13 JUNE 2018

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	16	7.18	9,400	0.01
1,001 – 10,000	62	27.80	318,800	0.29
10,001 – 1,000,000	131	58.74	15,707,600	14.29
1,000,001 AND ABOVE	14	6.28	93,885,200	85.41
<b>TOTAL</b>	<b>223</b>	<b>100.00</b>	<b>109,921,000</b>	<b>100.00</b>

## TOP 20 SHAREHOLDERS AS AT 13 JUNE 2018

NO.	NAME	NO. OF SHARES	%
1	ONG YOKE EN	50,384,000	45.84
2	LIM LAY YONG	15,000,000	13.65
3	DATO' CHANG CHOR CHOONG	4,250,000	3.87
4	DATO' LOH SHIN SIONG	4,250,000	3.87
5	UOB KAY HIAN PRIVATE LIMITED	3,268,200	2.97
6	KONG HEE SIONG	2,752,700	2.50
7	CHAI FOOK CHOY	2,638,100	2.40
8	ONG YICK SING	2,448,000	2.23
9	PANG HANG HIN	2,004,800	1.82
10	PHILLIP SECURITIES PTE LTD	1,803,300	1.64
11	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,340,600	1.22
12	ONG HOW EN	1,308,000	1.19
13	ONG YOKE HOI	1,308,000	1.19
14	RHB SECURITIES SINGAPORE PTE. LTD.	1,129,500	1.03
15	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	992,000	0.90
16	OCBC SECURITIES PRIVATE LIMITED	710,700	0.65
17	RICHARD TAN LIM OR GRACE UY LIM	556,000	0.51
18	HUON CHEK SENG	496,000	0.45
19	NG CHOOI PEI	496,000	0.45
20	PANG KONG HONG	496,000	0.45
	<b>TOTAL</b>	<b>97,631,900</b>	<b>88.83</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 13 JUNE 2018

## SUBSTANTIAL SHAREHOLDERS AS AT 13 JUNE 2018

Substantial Shareholder	Shareholdings registered in the name of the substantial shareholder	Shareholdings in which the substantial shareholder are deemed to be interested	Total	Percentage of issued shares
ONG YOKE EN	50,384,000	-	50,384,000	45.84
LIM LAY YONG	15,000,000	-	15,000,000	13.65

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information provided and to the best knowledge of the Directors, approximately 30.40% of the total number of issued shares (excluding treasury shares) in the capital of the Company are held in the hands of the public as at 13 June 2018. Rule 723 of the Catalist Rules has therefore been complied with.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“AGM”) of Samurai 2K Aerosol Limited the “Company”) will be held at Suntec Singapore Convention & Exhibition Centre, Meeting Room 323, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Wednesday, 25 July 2018 at 10.00 a.m. for the purpose of transacting the following businesses:

## As Ordinary Business:

1. To receive and adopt the Audited Consolidated Financial Statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 March 2018 together with the Directors’ Statement and Independent Auditors’ Report thereon.  

**(Resolution 1)**
2. To declare a first and final (one-tier tax exempt) dividend of SGD 0.6 cents per share for the financial year ended 31 March 2018.  

**(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to the Company’s Constitution:  

Mr Hau Hock Khun	(Regulation 98) <b>(See Explanatory Note 1)</b>	<b>(Resolution 3)</b>
Mr Sia Yeak Hong	(Regulation 98) <b>(See Explanatory Note 2)</b>	<b>(Resolution 4)</b>
4. To approve the payment of Directors’ Fees of RM222,664 for the financial year ending 31 March 2019, to be paid quarterly in arrears.  

**(Resolution 5)**
5. To re-appoint Baker Tilly TFW LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.  

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

## As Special Business:

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

### 7. GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES IN THE CAPITAL OF THE COMPANY

That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “Companies Act”) and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Catalist Rules”), authority be and is hereby given to the Directors of the Company (“Directors”) 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 or exchangeable into Shares,

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

- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:
- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total 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 to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as at the time of passing of this Resolution);

# NOTICE OF ANNUAL GENERAL MEETING

- (ii) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above on a pro-rata basis, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company shall 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 of the passing of this Resolution, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of the Instruments or 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, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares.
- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules as amended from time to time (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and
- (iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier.”  
(See Explanatory Note 3)

(Resolution 7)

## 8. AUTHORITY TO ISSUE SHARES UNDER THE PERFORMANCE SHARE PLAN

That approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards granted or to be granted under the Performance Share Plan (the “**Plan**”), provided that the aggregate number of ordinary shares to be issued pursuant to the Plan and any other share based incentive schemes of the Company shall not exceed fifteen percent (15%) of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company from time to time, as determined in accordance with the provisions of the Plan.

(See Explanatory Note 4)

(Resolution 8)

## 9. AUTHORITY TO ISSUE SHARES UNDER THE EMPLOYEE SHARE OPTION SCHEME

That authority be and is hereby given to the Directors of the Company to offer and grant options from time to time in accordance with the provisions of the Employee Share Option Scheme (the “**Scheme**”), and, pursuant to Section 161 of the Act, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme and any other share based incentive schemes of the Company shall not exceed fifteen percent (15%) of the issued share capital of the Company excluding treasury shares and subsidiary holdings of the Company from time to time, as determined in accordance with the provisions of the Scheme.

(See Explanatory Note 5)

(Resolution 9)

By Order of the Board

Ong Yoke En  
Executive Director and Chief Executive Officer  
Singapore, 10 July 2018

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

1. Mr Hau Hock Khun, upon re-election as a Director of the Company, will remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Mr Hau Hock Khun is an Independent Director of the Company. The Board considers Mr Hau Hock Khun to be independent pursuant to Rule 704(7) of the Catalist Rules.
2. Mr Sia Yeak Hong, upon re-election as a Director of the Company, will remain as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Mr Sia Yeak Hong is an Independent Director of the Company. The Board considers Mr Sia Yeak Hong to be independent pursuant to Rule 704(7) of the Catalist Rules.
3. The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of this AGM until the date of the next AGM or the date by which the next AGM is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is earlier, to allot and issue Shares and/or convertible securities in the Company. The aggregate number of Shares and/or convertible securities which the Directors may allot and issue under this Resolution shall not exceed one hundred percent (100%) of the total issued Shares excluding treasury shares and subsidiary holdings of which the aggregate number of Shares and/or convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed fifty percent (50%) of the total issued Shares excluding treasury shares and subsidiary holdings at the time of passing of this Resolution.
4. The Ordinary Resolution 8 proposed in item 8 above, is to authorise the Directors to allot and issue shares upon the vesting of awards under the Plan.
5. The Ordinary Resolution 9 proposed in item 9 above, is to authorise the Directors to offer and grant options under the Scheme and to allot and issue shares pursuant to the exercise of such options under the Scheme.

## Notes:

- (i) A member who is not a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
- (ii) A member who is a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Act.
- (iii) A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
- (iv) The instrument appointing a proxy or proxies must be deposited together with the power of attorney (if any) under which it is signed or a notarially certified or officecopy thereof at the Company's Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte Ltd, either by hand at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623 or by post at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623, not less than forty-eight (48) hours before the time appointed for the AGM in accordance with the instruction stated herein.

## Personal Data Privacy

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) 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.

**SAMURAI 2K AEROSOL LIMITED**

Company No. 201606168C  
(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING  
PROXY FORM**

(Please see notes overleaf before completing this Form)

**IMPORTANT**

1. For investors who have used their CPF/SRS moneys to buy the Company's shares, this Circular is forwarded to them at the request of their CPF/SRS Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by such CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Such CPF/SRS investors should contact their respective agent banks if they have any queries regarding their appointment as proxies.

I/We, \_\_\_\_\_ (Name) NRIC/Passport No. \_\_\_\_\_ of \_\_\_\_\_ (Address) being a member/members of SAMURAI 2K AEROSOL LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Meeting, as \*my/our \*proxy/proxies to attend and to vote for \*me/us on \*my/our behalf, at the Annual General Meeting ("AGM") of the Company to be held at Suntec Singapore Convention & Exhibition Centre, Meeting Room 323, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Wednesday, 25 July 2018 at 10.00 a.m. and at any adjournment thereof. \*I/We direct \*my/our \*proxy/proxies to vote for or against the resolution to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion, as \*he/she/they will on any other matter arising at the AGM and at any adjournment thereof. All resolutions put to vote at the AGM shall be decided by poll.

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

No.	Resolutions relating to:	For	Against
1.	Adoption of the Audited Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31 March 2018 together with the Directors' Statement and Independent Auditors' Report		
2.	To approve the payment of first and final (one-tier tax exempt) dividend of S\$0.6 cents per share for the financial year ended 31 March 2018.		
3.	Re-election of Mr Hau Hock Khun as a Director of the Company		
4.	Re-election of Mr Sia Yeak Hong as a Director of the Company		
5.	Approval of the payment of Directors' Fees of RM222,664 for the financial year ending 31 March 2019 to be paid quarterly in arrears		
6.	Re-appointment of Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7.	Authority to allot and issue new shares under Section 161 of the Companies Act, Cap 50		
8.	Authority to allot and issue shares under the Performance Share Plan		
9.	Authority to allot and issues shares under the Employee Share Option Scheme		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal

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

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.
2. Unless otherwise permitted under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.
4. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy in this Proxy Form.
5. This Proxy Form (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be deposited at the office of the Company's Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte Ltd, either by hand at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623 or by post at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623 not less than 48 hours before the time appointed for the AGM.
6. This Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
7. Where this Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form shall be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. The Company shall be entitled to reject a proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) 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**"), and (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.

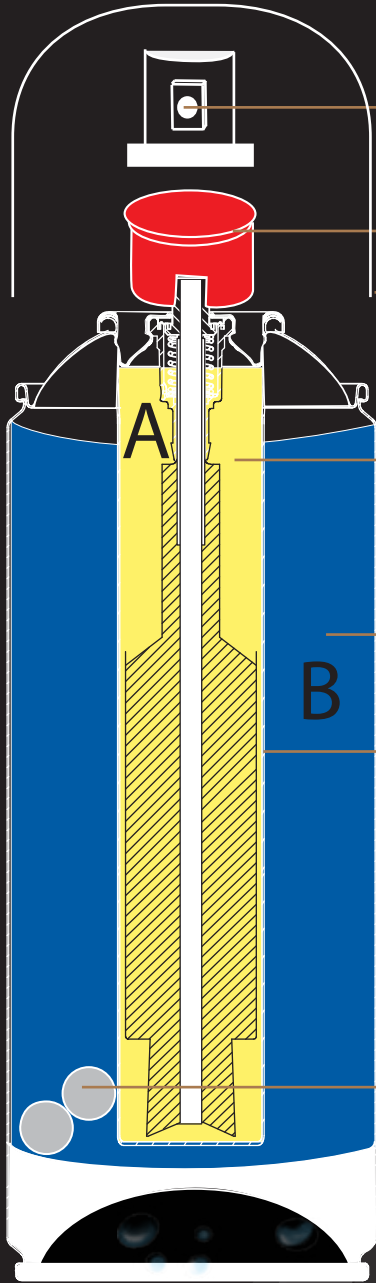




New Tech



New Tech



Nozzle can be rotated vertically or horizontally

Red cap

Plastic round cap

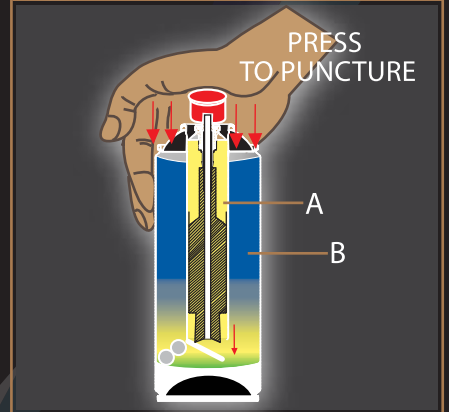
Hardener (PU / Epoxy)

Resin with pigment (Solvent / Water-based)

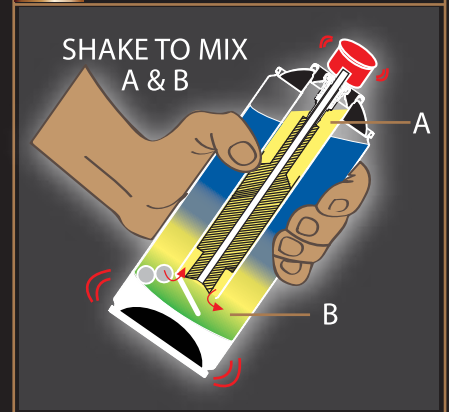
Inner Sleeve with mandrel & suction pipe

Glass agitator

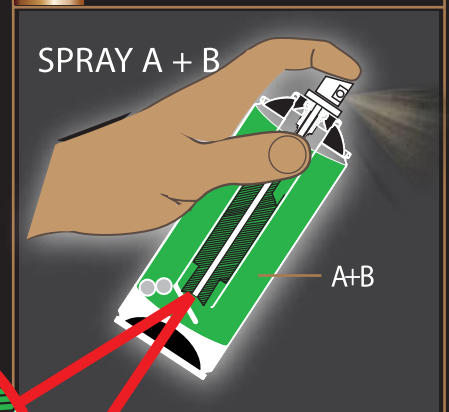
1. Press the red cap until produces 'pop' sound from within.



2. Shake to mix Part A & Part B well for 2 minutes.



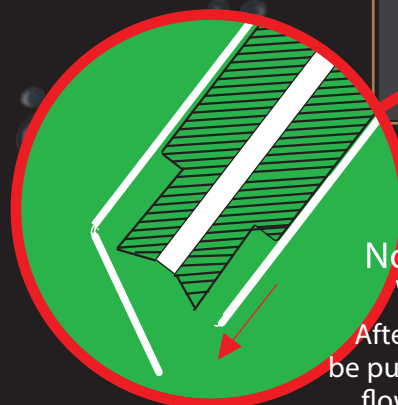
3. Change the red cap with nozzle to start spraying.



Touch dry : 35 minutes /25°C  
 100% dry : 7 days  
 Intercoat : 10-15 minutes  
 Storage : 24 months /25°C  
 Potlife PU : 4hrs /25°C  
 Potlife Epoxy : 24hrs /25°C

New Tech

- Shake well for 60 seconds.
- Spray distance should be between 8cm to 15 cm.



**No More Paint Discharge Without Puncturing!**

After pressed, the inner sleeve will be punctured and hardener inside will flow out to mix with resin in the can body.



*SAMURAI is not only selling paint, but more importantly we introduce a living lifestyle that is more unique, creative and enjoyable*

SAMURAI 2K AEROSOL LIMITED  
(Incorporated in Singapore on 9 March 2016)  
(Company Registration No.201606168C)

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[www.samurai2kaerosol.com](http://www.samurai2kaerosol.com)