CPH Ltd.

2018

ANNUAL REPORT

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

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

The contact person for the Sponsor is Ms Jennifer Tan, Senior Manager, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).

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CHAIRMAN'S MESSAGE

Dear Shareholders,

The financial year ended 31 March 2018 ("FY2018") was marked by increasing protectionist tendencies which added to the overall competitiveness of the business environment in which the Group operates. As a smaller scale printed circuit board ("PCB") manufacturer, we inevitably face stiff competition from larger PCB manufacturers in the region which have the advantage of volume production and the resultant economies of scale.

As such, our business came under pressure from factors such as rising costs, rapid technological advancements and customers' demand. Imported raw material costs remained high as a result of the relatively weaker Malaysia Ringgit. This was compounded by the shorter lead time that customers require, thereby affecting our production overheads.

As some of our customers also face keen competition in their respective industries, we recorded weaker demand for some of our products. As a result, the Group's production capacity had been under-utilised during FY2018, resulting in higher unit production costs.

PERFORMANCE REVIEW

Amidst the competitive operating environment, the Group managed to report a marginal rise of 0.2% in revenue to $5.49 million in FY2018. Other income, however, rose by 74% to $0.84 million mainly due to higher rental income as most of the vacant spaces for lease were rented out during the year, as well as an exchange gain of $0.34 million recorded as a result of translating foreign currency denominated balances.

However, gross profit dipped from $0.01 million in FY2017 to a gross loss of $0.49 million in FY2018 in view of higher costs of imported raw materials and lower average selling prices.

As we continued to implement our cost-cutting measures during the year, our administrative and other operating expenses decreased marginally by 3.0% to $1.92 million due to a reduction in staff costs of $0.05 million in FY2018. Our selling and distribution expenses remained unchanged at $0.06 million. However, finance cost rose by $0.02 million to $0.04 million mainly attributed to higher utilisation of banking facilities for working capital.

The Group also registered a loss of $0.08 million from share of results of associate as the unit faced keen competition in the food and beverage industry.

In view of the above, the Group recorded a loss before income tax of $1.74 million during the year as compared to a loss before income tax of $1.67 million in FY2017.

THE WAY AHEAD

As our PCB business in Malaysia faces considerable challenges, we will continue to take steps to scrutinise all aspects of our operations closely with a view to improving our operating efficiency and reducing overheads. In addition to this, we will also continue to explore rigorously all opportunities to diversify away from our PCB business, a process we started some years ago but will intensify in the current financial year. More updates will be provided and announced when there are material developments to the aforementioned.

Going forward, as we evaluate ways to restructure our organisation to better facilitate the diversification of our business, our efforts will contribute to establishing a foundation which the Group can build upon to improve its financial performance.

IN APPRECIATION

On behalf of my fellow directors, I would like to thank Mr Lee Seng Chan who has expressed his intention to retire as our Independent Director after the Annual General Meeting in July 2018. We are grateful for his contributions during these past years and we wish him all the best in his future endeavours.

I would also like to extend my appreciation to our management and staff for their hard work and dedication throughout this challenging period. Last but not least, I would like to thank our customers, business associates and shareholders for their support. I look forward to continuing working together with all of you as we seek new opportunities for the Group.

Lee Teong Sang
Independent Non-Executive Chairman

FINANCIAL REVIEW

REVENUE

The Group recorded an amount of $5.49 million of revenue in FY2018 as compared to $5.48 million in FY2017 as the business activities and demand from the Group's customers remained flat. The competitive environment also affected the growth of the Group's revenue.

GROSS LOSS

Due to higher cost of imported raw materials and lower average selling prices, gross profit decreased from $0.01 million in FY2017 to a gross loss of $0.49 million in FY2018.

OTHER INCOME

Other income in FY2018 increased by $0.36 million to $0.84 million as compared with $0.48 million recorded in FY2017 mainly due to higher rental income as most of the vacant spaces for lease were rented out during FY2018, and an exchange gain of $0.34 million as a result of translating foreign currency denominated balances and transactions.

EXPENSES

Selling and distribution expenses remained level at $0.06 million for both FY2018 and FY2017.

The Group's administrative and other operating expenses slightly decreased to $1.92 million in FY2018 from $1.98 million in FY2017 mainly due to a reduction in staff cost of $0.05 million in FY2018. There was a fair value loss on investment property for an amount of $0.32 million during FY2018 as compared to a foreign exchange loss of $0.32 million was incurred in FY2017.

The Group's depreciation expenses decreased by $0.02 million to $0.33 million in FY2018 as certain plant and equipment were fully depreciated during FY2018.

The Group's finance cost increased by $0.02 million to $0.04 million in FY2018 due to higher utilisation of banking facilities for working capital.

The Group also recorded a loss of $0.08 million from share of results of associate as the food and beverage industry that the Group invested in was facing very keen competition.

LOSS BEFORE INCOME TAX

The Group recorded a loss before income tax of $1.74 million in FY2018 as compared to a loss before income tax of $1.67 million in FY2017.

STATEMENT OF FINANCIAL POSITION

The Group's property, plant and equipment decreased from $1.20 million as at the end of FY2017 to $0.96 million as at the end of FY2018 due to depreciation charges of $0.33 million offset by an addition of $0.01 million of plant and machinery.

Inventories decreased from $1.33 million as at the end of FY2017 to $1.31 million as at the end of FY2018. The purchases of raw materials was higher during the last few months of FY2018 to cater for shorter order lead time from customers, however, the increase was offset by an amount of $0.15 million of inventories write-down. Trade and other receivable reduced from $1.09 million as at the end of FY2017 to $0.89 million as at the end of FY2018 as there was a decrease in trade receivables of $0.20 million mainly because the revenue for the last few months of FY2018 was lower as compared to that of FY2017.

Trade and other payables slightly increased from $1.12 million as at the end of FY2017 to $1.20 million as at the end of FY2018 due to higher amount of purchases during the last few months of FY2018 as compared to that of FY2017. Higher amount of banking facilities was utilised to purchase the raw

FINANCIAL REVIEW

materials resulting in an increase of bank borrowings to $1.52 million as at the end of FY2018 as compared with $0.60 million as at the end of FY2017.

The Group's working capital as at the end of FY2018 was $2.72 million.

CASH FLOW AND WORKING CAPITAL

The Group has an operating cash outflow of $1.02 million before working capital changes for FY2018. During FY2018, trade and other receivables reduced by $0.32 million and inventories increased by $0.11 million, whereas trade and other payables increased by $0.10 million. As the result, an amount of $0.91 million was used for operating activities.

During FY2018, $0.01 million was used for the purchase of office equipment.

For the financing activities, a net amount of $0.13 million was generated from the proceeds of trust receipts to purchase the raw materials and $0.07 million was utilised to settle finance lease and interest. Net cash from financing activities was $0.06 million in FY2018.

The Group's cash and cash equivalents as at the end of FY2018 was $2.43 million.

BOARD OF DIRECTORS

LEE TEONG SANG

Independent, Non-Executive Chairman

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

CHOO TUNG KHENG

Managing Director, Executive

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

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

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

CHONG CHENG WHATT

Executive Director

Mr Chong Cheng Whatt, an Executive Director of the Company, was first appointed to the Board on 2 August 2010 and was last re-elected on 27 July 2017. Mr Chong has more than 25 years of working experience in printed circuit boards ("PCB") manufacturing and was the general manager of Circuits Plus (M) Sdn. Bhd. before his appointment to the Board. Currently, Mr Chong oversees the sales and operations of the PCB business in Malaysia.

ONG KIAN SOON

Non-Executive Director

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

BOARD OF DIRECTORS

TITO SHANE ISAAC

Independent, Non-Executive Director

Mr Tito Shane Isaac was first appointed to the Board on 30 August 2006 and was last re-elected on 27 July 2017. Mr Isaac is a practicing advocate and solicitor with more than 20 years of experience in legal practice. He is the Managing Partner of Tito Isaac & Co LLP, a firm that provides a range of legal services including Commercial and Corporate Law, Intellectual Property Law, Civil and Criminal Litigation, Property, Family and Insurance Law. In 2006, Mr Isaac was admitted as a Fellow of the Singapore Institute of Arbitrators and in December 2008, he received the Minister for Law Appreciation Award. Mr Isaac is also the Independent Non-Executive Chairman of New Wave Holdings Ltd. and Independent Director of Hiap Tong Corporation Ltd.

LEE SENG CHAN

Independent, Non-Executive Director

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

KEY EXECUTIVES

GOH CHEE SENG
Group Quality Assurance Manager

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

CHAI SEE SIONG
Assistant General Manager

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

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

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

TAN YEAT CHIA
Corporate Services Manager

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Choo Tung Kheng
(Managing Director, Executive)

Chong Cheng Whatt
(Executive Director)

Ong Kian Soon
(Non-Executive Director)

Tito Shane Isaac
(Independent, Non-Executive Director)

Lee Seng Chan
(Independent, Non-Executive Director)

AUDIT COMMITTEE

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

COMPANY SECRETARY

Ong Kian Soon

REGISTERED OFFICE

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

SHARE REGISTRAR

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

AUDITOR

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

PRINCIPAL BANKERS

United Overseas Bank Limited
Malayan Banking Berhad

SPONSOR

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

CORPORATE GOVERNANCE REPORT

CPH Ltd. (the "Company" or "CPH" and together with its subsidiaries, the "Group") is committed to maintaining good corporate governance to enhance and protect the interests of the Company's shareholders. The following report describes the Company's corporate governance practices with specific reference to the principles of the Code of Corporate Governance 2012 (the "Code") for the financial year ended 31 March 2018 ("FY2018") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") in January 2015 (the "Guide"). The Board of Directors of the Company (the "Board") is pleased to report on the compliance of the Company with the Code and the Guide except where otherwise stated and explained. Such compliance is regularly reviewed to ensure transparency and accountability.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

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

The functions of the Board, apart from its statutory responsibilities, include:

- deciding and approving strategic plans, key business initiatives, major investments and funding matters;
- monitoring the performance of the Management and the Group towards achieving adequate shareholders' values, including but not limited to reviewing the financial performance of the Group;
- implementing effective risk management systems;
- ensuring the adequacy and effectiveness of the internal controls;
- ensuring compliance with the Code, the Companies Act (Chapter 50) of Singapore ("Companies Act"), the Company's Constitution, the Listing Manual Section B: Rules of Catalist of the SGX-ST ("Rules of Catalist"), accounting standards and other relevant statutes and regulations;
- identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- setting the Group's values and standards (including ethical standards) and ensuring that obligations to shareholders are understood and duly met; and
- considering sustainability issues as part of its strategic formulation.

All Directors exercise due diligence and independent judgment, and are obliged to act in good faith and consider at all times the interests of the Company.

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

Other matters specifically reserved for the Board's approval are those involving material acquisitions and disposal of assets, major investments and divestments, corporate or financial restructuring, share issuances, dividends to shareholders, release of the Group's half-year and full-year results and interested person transactions.

CORPORATE GOVERNANCE REPORT

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

The Company recognises the importance of appropriate training for its Directors. The Board ensures that incoming new Directors are familiarised with the Group's businesses and corporate governance practices upon their appointment, to facilitate the effective discharge of their duties. Newly appointed Directors will be provided a formal letter setting out their duties and obligations. The Company will also provide training for first-time Directors. There was no new Director appointed during FY2018.

Directors are constantly kept abreast of latest developments in regulatory, legal and accounting frameworks that are of relevance to the Group through participation in briefings, seminars and workshops. The training of Directors will be arranged and funded by the Company.

Briefing and updates provided to the Directors for FY2018 include:

– briefing by the external auditor, BDO LLP, on the developments in financial reporting and governance standard at the half-yearly review meetings;
– updates by the corporate secretarial agents on the amendments to the Rules of Catalist with regards to the requirement to issue a Sustainability Report for FY2018 onwards; and
– regulatory releases issued by SGX-ST and the Accounting and Corporate Regulatory Authority.

The number of Board and Board Committee meetings held during FY2018 and the attendance of each Director are set out as follows:

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

Notes:

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

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

CORPORATE GOVERNANCE REPORT

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

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

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

The Independent Directors made up half of the Board as at the end of FY2018.

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

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

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

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

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Their core competencies and gender distribution are tabled below:

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

All the Board Committees are chaired by Independent Directors and at least one-third of the Board consists of Independent Directors.

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

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises three (3) Directors; namely, Mr Tito Shane Isaac (Chairman), Mr Lee Teong Sang and Mr Ong Kian Soon. Majority of the NC, including its Chairman, are independent.

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

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

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

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

In identifying suitable candidates, the NC may:

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

CORPORATE GOVERNANCE REPORT

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

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

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

Article 89 of the Company's Constitution requires one-third of the Directors (other than a director holding office as Managing Director or equivalent appointment howsoever described) to retire from office by rotation and subject themselves to re-election by shareholders at every Annual General Meeting. Every Director must retire from office and submit themselves for re-nomination and re-election at least once every three years. Pursuant to Article 85 of the Company's Constitution, a Managing Director shall not while he/she continues to hold that office be subject to retirement by rotation and he/she shall not be taken into account in determining the rotation of retirement of Directors.

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

According to Article 89, Mr Lee Seng Chan and Mr Ong Kian Soon, will be retiring at the Company's forthcoming Annual General Meeting and shall be eligible for re-election. Mr Lee Seng Chan had indicated that he will not be seeking re-election and will hence retire as an Independent Non-Executive Director at the conclusion of the forthcoming Annual General Meeting. Mr Ong Kian Soon had consented to continue in office and the Board has accepted the NC's recommendation for the re-election of Mr Ong Kian Soon. In making the recommendation, the NC had considered Mr Ong Kian Soon's overall contribution and performance. Mr Ong Kian Soon does not have any relationships, including immediate family relationships between himself and the other directors, the Company or its 10% shareholders.

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

There is no alternate Director on the Board.

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

Directors	Board Membership	Date of initial appointment	Date of last appointment	Directorships in other listed companies		Principal Commitments
				Current	**Past 3 Years**	**Current**
Lee Teong Sang	Independent Non-Executive Chairman	16 September 2004	28 July 2016	New Wave Holdings Ltd.	Nil	Principal Consultant at Cyrus Capital Consulting, Director of Cyrus Corporation Pte Ltd and Kyrus Investment Pte. Ltd.
Choo Tung Kheng	Managing Director	1 July 2011	29 July 2011	New Wave Holdings Ltd.	Nil	Nil
Chong Cheng Whatt	Executive Director	2 August 2010	27 July 2017	Nil	Nil	Nil
Ong Kian Soon	Non-Executive Director	29 December 1998	28 July 2016	New Wave Holdings Ltd.	Nil	Chief Executive Officer of New Wave Holdings Ltd.
Tito Shane Isaac	Independent Non-Executive Director	30 August 2006	27 July 2017	New Wave Holdings Ltd. and Hiap Tong Corporation Ltd.	Nil	Managing Partner of Tito Isaac & Co LLP
Lee Seng Chan	Independent Non-Executive Director	1 July 2011	28 July 2016	New Wave Holdings Ltd.	Nil	Managing Partner of UHY Lee Seng Chan & Co

CORPORATE GOVERNANCE REPORT

PRINCIPLE 5: BOARD PERFORMANCE

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

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

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

The NC has also adopted guidelines for the annual assessment of the contribution of each individual Director to the effectiveness of the Board, and has performed the necessary assessment for FY2018. Each individual Director is required to fill up a self-appraisal form which is submitted to the NC for further evaluation and assessment. The assessment criteria for each individual Director include, *inter alia*, attendance at Board meetings and related activities, adequacy of preparation for Board meetings, generation of constructive debates, maintenance of independence, contributions to strategic or business decisions or in other areas, for instance, in finance, legal or risk management, and disclosure of interested person transactions.

For FY2018, the NC, in assessing the contribution of each Director, had considered each Director's attendance and participation at Board and Board Committee meetings, his/her qualification, experience and expertise and the time and effort dedicated to the Group's business and affairs including the Management's access to the Directors for guidance or exchange of views as and when necessary. In assessing the effectiveness of the Board as a whole, both quantitative and qualitative criteria are considered.

The NC has assessed the Board and Board Committee's performance to-date, as well as the performance of each individual Director, and is of the view that the performance of the Board, Board Committees and each individual Director were satisfactory for the financial year in review. The Board has met its performance objectives for FY2018.

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

CORPORATE GOVERNANCE REPORT

PRINCIPLE 6: ACCESS TO INFORMATION

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

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

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

The RC comprises three (3) Directors; namely, Mr Lee Teong Sang (Chairman), Mr Tito Shane Isaac and Mr Ong Kian Soon. Majority of the RC, including the Chairman, are independent.

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

- review and recommend to the Board a framework of remuneration that will attract, retain and motivate Directors and key management personnel and the specific remuneration packages for each Director (executive, non-executive and independent) as well as for the key management personnel;
- review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous;
- consider whether Directors, the Managing Director and key management personnel should be eligible for benefits under share schemes and such other long-term incentive schemes as may from time to time be implemented; and
- consider the disclosure requirements for Directors' and top 5 key management personnel remuneration as required by the Code.

As part of its review, the RC shall ensure that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC will also take into consideration the Company's relative performance and the performance of individual Directors.

CORPORATE GOVERNANCE REPORT

Executive Directors are paid a basic salary, allowances and performance-related bonus for their contributions. The performance-related bonus was payable based on both qualitative and quantitative performance criteria. Qualitative criteria included leadership skills, people development, commitment and teamwork. Quantitative performance conditions measure the achievement of individual and corporate performance targets such as sales and profitability targets. The performance-related element of the remuneration is designed to align interests of Executive Directors with those of shareholders and link rewards to corporate and individual performance. In view of the challenging market and decrease in customer demand, the Group was not profitable in FY2018. Save for the abovementioned, the RC has reviewed and is satisfied that the corporate performance targets have been met for FY2018.

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

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

All revisions to the remuneration packages for the Directors and key management personnel are subject to the review and approval of the Board. Directors' fees are further subject to the approval of shareholders at annual general meetings. Where necessary, the RC will consult external professionals on remuneration matters of Directors and key management personnel. The expense of such services shall be borne by the Company. The Company did not engage the services of any remuneration experts to advice on remuneration matters for FY2018.

Having reviewed and considered the variable components of the Executive Directors and the key management personnel's remuneration, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of the remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

Given the confidentiality and sensitivity of Directors' remuneration matters, the Board has elected not to fully disclose the remuneration of each individual Director and the Managing Director. The table below provides a breakdown of the level and mix of the remuneration of each Director and the Managing Director in bands of $250,000 for FY2018:

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

CORPORATE GOVERNANCE REPORT

The table below provides a breakdown of the level and mix of remuneration of each of the top five key management personnel's remuneration (who are not Directors or the CEO) in bands of $250,000 for FY2018. The Board believes that the disclosure provides sufficient overview of the remuneration of the Group while maintaining confidentiality of the key management personnel's remuneration matters.

As there were only four key management personnel (who are not Directors or the CEO) for the financial year in review, hence disclosure was only made in respect of the remuneration of these four key management personnel of the Group. A breakdown, showing the level and mix of each of the key management personnel's remuneration (who are not Directors or the CEO) in bands of $250,000 for FY2018 is as set out below:

	Salary	**Bonus**	**Others**	**Fees**	**Total**
	%	**%**	**%**	**%**	**%**
Remuneration Band and Name of Key Management Personnel					
Below $250,000					
Goh Chee Seng	82	7	11	–	100
Chai See Siong	48	4	48	–	100
Ng Lay Choo	81	6	13	–	100
Tan Yeat Chia[(1)]	79	7	14	–	100

Note:

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

Save as disclosed above, the Company does not have any employee who is an immediate family member of a Director or the CEO and whose remuneration exceeded $50,000 for FY2018.

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

For FY2018, there were no terminations, retirement or post-employment benefits granted to Directors and key management personnel other than the standard contractual notice period termination payment in lieu of service. The Company does not have any share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

The Company has procured undertakings from all Directors and Executive Officers in compliance with Rule 720(1) of the Rules of Catalist.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

CORPORATE GOVERNANCE REPORT

The Board has received assurance ("Assurance") from the Managing Director, the Group Finance Manager and the Risk Officer in charge of the risk management and internal control framework that in respect of FY2018:

– the Group's risk management and internal control systems in place are adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology controls; and
– the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

Based on the internal controls established and maintained by the Group, work performed by the external auditors and reviews performed by the Management, various Board Committees and the Assurance received, the Board, with the concurrence of the AC, is of the opinion that the Group's system of internal controls, which addresses the financial, operational, compliance and information technology controls and risk management systems, were adequate and effective during FY2018. The size of the operations of the Group does not warrant the Group having a separate internal audit function. Nevertheless, the Company has in place a system of internal controls which the Board believes to be adequate and effective. The AC will continue to assess the adequacy and effectiveness of the internal control systems annually.

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises three (3) Directors; namely, Mr Lee Teong Sang (Chairman), Mr Tito Shane Isaac and Mr Ong Kian Soon. Majority of the AC, including the Chairman, are independent.

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

- review with the external auditors and the Risk Officer their evaluation of the system of internal accounting controls, the audit plans and the audit report including the scope and results of the external audit, the reports on the risk management reviews conducted twice yearly, and the independence and objectivity of the external auditors;
- review the financial statements and statement of financial position and statement of comprehensive income including reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance, before submission to the Board for approval;
- review the internal control procedures, its scope and the results and to ensure co-ordination between the external auditors and the Management; and review the assistance given by Management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits;
- review and report to the Board at least annually, the adequacy and effectiveness of the Company's internal controls;

CORPORATE GOVERNANCE REPORT

- review the effectiveness of the Company's internal audit function (as applicable);
- review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the Management's response;
- make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;
- review interested person transactions (if any) falling within the scope of Chapter 9 of the Rules of Catalist;
- review potential conflicts of interest, if any;
- undertake such other review and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and which requires the attention of the AC; and
- generally undertake such other functions and duties as may be required by statute or the Rules of Catalist, or by such amendments as may be made from time to time.

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

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

The AC has met with the external auditor, without the presence of the Management during FY2018. Matters discussed include the reasonableness of the financial reporting process, the internal control process, the adequacy of resources, audit arrangements with particular emphasis on the observations and recommendations of the external auditor, the scope and quality of their audits and the independence and objectivity of the external auditors and any matters that may be raised.

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

CORPORATE GOVERNANCE REPORT

The AC reviews the independence of the external auditor annually. The AC, having reviewed the volume and scope of non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor. The AC is also satisfied with the external auditors' confirmation of their independence. The aggregate amount of fees paid to the external auditor of the Company, BDO LLP, broken down into audit and non-audit services during FY2018 is as follows:

Description	**Amount**	**Percentage (%)**
Audit fees	$64,482	78
Non-audit fees payable to the external auditors in respect of tax advisory and secretarial services rendered to the Group	$18,108	22
Total	$82,590	100

Accordingly, the AC has recommended to the Board the re-appointment of BDO LLP as the Company's external auditor at the forthcoming Annual General Meeting. The Company is in compliance with Rules 712 and 715 of the Rules of Catalist.

The Company has, with the help of the AC, formulated the guidelines for a whistle-blowing policy to provide a channel for employees of the Group to report in good faith and in confidence their concerns about possible improprieties in the matter of financial reporting or in other matters. The objective of the policy is to ensure that there is independent investigation of such matters and that appropriate follow up actions will be taken. The employee may report his concerns to his immediate supervisor, or if that is unsuitable, then to the Head of Department or to any Executive Director. Alternatively, the employee may choose to write directly to the Chairman of the AC at a given address. The AC oversees the administration of the whistle-blowing policy. The Company has also extended the whistle-blowing policy to external parties. External parties may raise concerns by submitting a whistle-blowing report via email to auditcom@circuitsplus.com.sg, as stated in the Company's website. No whistle blowing reports had been received for FY2018.

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

PRINCIPLE 13: INTERNAL AUDIT

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

CORPORATE GOVERNANCE REPORT

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

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

During FY2018, the AC also enquired and relied on reports from Management and external auditors on any material non-compliance and internal control weakness. The AC has reviewed with the external auditors on their findings of the existence and adequacy and effectiveness of material internal control procedures as part of their audit for the financial year under review. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC. Timely and proper implementation of all required corrective, preventative or improvement measures is closely monitored.

The AC met with the RO without presence of the management during the financial year under review. The AC has reviewed and is satisfied with the adequacy and effectiveness of the RO's scope for FY2018.

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

The Company currently does not have a fixed dividend policy. The declaration and payment of future dividends will depend upon the Group's operating results, cash flows projections and investment plans. The Company does not propose any dividend payment as the Company did not have any distributable profits for FY2018.

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

Update on Use of Placement Proceeds

On 27 February 2008, the Company issued 64,000,000 shares by way of a private placement (the "2008 Placement") and the net proceeds amounted to approximately $2.27 million. The net proceeds from the 2008 Placement was intended to be utilised for investment and business expansion, including potential acquisitions. As there are fewer opportunities in investment and business expansion, the Company has re-deployed these proceeds for the purchase of raw materials in the PCB business.

The following table shows an update on the use of proceeds from the 2008 Placement as at the date of this report:

	S$ million			
Intended Use	**Approximate Amount Allocated**	**Amount redeployed**	**Amount Used To Date**	**Amount Remaining**
1. Support business expansion through acquisitions, joint ventures and collaborations in business other than the PCB business	2.27	–	–	–
2. General working capital – purchase of raw materials in the PCB business	–	2.27	0.30	1.97
Total	**2.27**	**2.27**	**0.30**	**1.97**

The Company had on 18 December 2012 completed a share placement exercise (the "**2012 Placement**") in which a total of 150,000,000 ordinary shares were issued and gross proceeds of approximately $1.49 million were raised. As at the date of this report, all the 2012 Placement proceeds have been fully utilised.

CORPORATE GOVERNANCE REPORT

Dealing in Securities

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

Material Contracts

There were no material contracts of the Company or its subsidiaries involving the interest of the Managing Director, any Director or controlling shareholder either still subsisting as at 31 March 2018 or if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions

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

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

Non-Sponsorship Fees

In compliance with Rule 1204(21) of the Rules of Catalist, there was no non-sponsor fee paid to the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. by the Company for FY2018.

Sustainability Report

The Company acknowledges the importance of sustainability risks in today's business environment and will be implementing appropriate policies and procedures to address such risks in due course. The Company's first Sustainability Report will be issued and published in the SGX website separately, by the end of March 2019.

DIRECTORS' STATEMENT

The Directors of the CPH Ltd. (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2018 and the statement of financial position of the Company as at 31 March 2018.

1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

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

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

2. DIRECTORS

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

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

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' STATEMENT

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Number of ordinary shares			
	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have interests	
	Balance at 1 April 2017	Balance at 31 March 2018	Balance at 1 April 2017	Balance at 31 March 2018
Company				
Choo Tung Kheng[1]	170,012,315	170,012,315	77,001,200	77,001,200
Chong Cheng Whatt	500,000	500,000	–	–
Ong Kian Soon	10,534,000	10,534,000	–	–

Note:

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

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

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interests as at 21 April 2018 in the shares of the Company have not changed from those disclosed as at 31 March 2018.

5. SHARE OPTIONS

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

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

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

DIRECTORS' STATEMENT

6. AUDIT COMMITTEE

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

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

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

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

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

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

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

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

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

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

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

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

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

DIRECTORS' STATEMENT

7. INDEPENDENT AUDITOR

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

On behalf of the Board of Directors

Choo Tung Kheng	**Ong Kian Soon**
Director	Director

Singapore
2 July 2018

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CPH Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 40 to 98, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matters (Continued)

1 Valuation of investment property

As at 31 March 2018, the Group's investment property of $8,180,000 constituted 54% of total assets and represented the single largest category of assets in the consolidated statement of financial position.

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

Related Disclosures

Refer to Notes 2.6, 3 and 7 to the financial statements for the accounting policy for investment property, critical accounting judgements and key sources of estimation uncertainty and carrying amount and disclosures on investment property.

Audit Response

Our procedures included, amongst others:

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

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

Key Audit Matters (Continued)

2 Impairment assessment of property, plant and equipment

As at 31 March 2018, the Group's property, plant and equipment ("PPE") of $955,766 comprised mainly a leasehold property and machinery in its manufacturing facilities in Malaysia. The Group had suffered continuous pre-tax losses for the financial years ended 31 March 2018 and 2017 of $1,744,129 and $1,671,752 respectively which indicates that the PPE may be impaired.

Management had carried out an impairment assessment to assess whether the recoverable amounts of leasehold property and machinery are less than the respective carrying amounts using the fair values less costs of disposal method. The assessment included critical judgement and estimates in determining the recoverable amounts. The critical assumptions used for assessing the fair value of leasehold property included selling price per square metre based on recent market transactions for comparable leasehold property and adjusted for property size. The critical assumptions used for assessing the fair value of machinery included the selling price for similar machines, adjusted for machine age.

We focused on the impairment assessment of PPE as a key audit matter owing to the significant judgement and critical assumptions applied by management in their assessment.

Related Disclosures

Refer to Notes 2.7, 3 and 6 to the financial statements for the accounting policy for impairment of non-financial assets, critical accounting judgements and key sources of estimation uncertainty and carrying amount of PPE.

Audit Response

Our procedures included, amongst others:

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

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

Key Audit Matters (Continued)

3 Net realisable values of inventories

As at 31 March 2018, the carrying amount of the Group's inventories was $1,305,653. The Group's inventories comprised raw materials, work-in-progress and finished goods. The Group recognised inventories based on the lower of cost and net realisable value.

Management estimates the net realisable value of inventories based on assessment of receipt of committed sales prices and provides for excess inventories based on historical usage and estimated future demand and related pricing. In determining excess quantities, management considers recent sales activities and related margin of its products. Based on management's assessment, inventories write-down of $146,695 and inventories write-off of $81,789 were recognised in the Group's profit or loss under "cost of sales" during the financial year.

We focused on the assessment of net realisable value of inventories as a key audit matter owing to the significant judgement, estimates and assumptions used in determining the net realisable value of inventories.

Related Disclosures

Refer to Notes 2.8, 3 and 9 to the financial statements for the accounting policy for allowance of inventory obsolescence, critical accounting judgements and key sources of estimation uncertainty and carrying amount of inventories.

Audit Response

Our procedures included, amongst others:

- We performed unit cost testing on inventories.
- We tested the inventory aging list and evaluated management's assessment with respect to slow-moving and excess inventories.
- We test checked whether inventories are stated at the lower of cost and net realisable value by selecting a sample of items of inventories to compare the selling price with the cost. For items of inventories without movement during the financial year, we assessed if management's write-down of inventories is adequate.
- We assessed the adequacy of the related disclosures in the financial statements.

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

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

Auditor's Responsibilities for Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Goh Chern Ni.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
2 July 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
ASSETS					
Non-current assets					
Subsidiaries	4	**–**	–	**11,189,334**	12,391,334
Associate	5	**471,895**	547,949	**–**	–
Property, plant and equipment	6	**955,766**	1,198,321	**–**	–
Investment property	7	**8,180,000**	8,500,000	**–**	–
Available-for-sale financial asset	8	**–**	–	**–**	–
Total non-current assets		**9,607,661**	10,246,270	**11,189,334**	12,391,334
Current assets					
Inventories	9	**1,305,653**	1,327,477	**–**	–
Trade and other receivables	10	**894,891**	1,087,505	**3,141,675**	3,629,849
Prepayments		**45,918**	46,608	**8,570**	9,519
Cash and cash equivalents	11	**3,214,569**	3,254,739	**8,865**	13,353
Total current assets		**5,461,031**	5,716,329	**3,159,110**	3,652,721
Total assets		**15,068,692**	15,962,599	**14,348,444**	16,044,055
EQUITY AND LIABILITIES					
Equity					
Share capital	12	**24,764,175**	24,764,175	**24,764,175**	24,764,175
Foreign currency translation account	13	**(366,396)**	(251,149)	**–**	–
Share-based payment reserve	14	**10,000**	10,000	**10,000**	10,000
Accumulated losses		**(12,091,493)**	(10,347,333)	**(10,526,850)**	(8,852,384)
Total equity attributable to owners of the parent		**12,316,286**	14,175,693	**14,247,325**	15,921,791
Non-current liabilities					
Finance lease payables	15	**14,077**	36,579	**–**	–
Total non-current liabilities		**14,077**	36,579	**–**	–
Current liabilities					
Trade and other payables	16	**1,199,222**	1,120,893	**101,119**	122,264
Bank borrowings	17	**1,515,346**	600,959	**–**	–
Finance lease payables	15	**23,761**	28,475	**–**	–
Total current liabilities		**2,738,329**	1,750,327	**101,119**	122,264
Total liabilities		**2,752,406**	1,786,906	**101,119**	122,264
Total equity and liabilities		**15,068,692**	15,962,599	**14,348,444**	16,044,055

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 $	2017 $
Revenue	18	**5,494,009**	5,482,693
Cost of sales		**(5,979,307)**	(5,476,097)
Gross (loss)/profit		**(485,298)**	6,596
Other items of income			
Other income	19	**842,391**	483,042
Other items of expense			
Selling and distribution costs		**(62,428)**	(65,326)
Administrative expenses		**(1,604,553)**	(1,666,453)
Other expenses		**(320,000)**	(315,735)
Finance costs	20	**(38,187)**	(13,603)
Share of results of associate, net of tax		**(76,054)**	(100,273)
Loss before income tax	21	**(1,744,129)**	(1,671,752)
Income tax (expense)/credit	22	**(31)**	10,124
Loss for the financial year, attributable to owners of the parent		**(1,744,160)**	(1,661,628)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operation		**(115,247)**	51,671
Total comprehensive income for the financial year, attributable to owners of the parent		**(1,859,407)**	(1,609,957)
Loss per share	23		
– Basic		**(0.14) cents**	(0.14) cents
– Diluted		**(0.14) cents**	(0.14) cents

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Share capital $	Foreign currency translation account $	Share-based payment reserve $	Accumulated losses $	Total equity $
Balance as at 1 April 2017	24,764,175	(251,149)	10,000	(10,347,333)	14,175,693
Loss for the financial year	–	–	–	(1,744,160)	(1,744,160)
Other comprehensive income:					
Exchange differences on translating foreign operation	–	(115,247)	–	–	(115,247)
Total comprehensive income for the financial year	–	(115,247)	–	(1,744,160)	(1,859,407)
Balance as at 31 March 2018	**24,764,175**	**(366,396)**	**10,000**	**(12,091,493)**	**12,316,286**
Balance as at 1 April 2016	24,764,175	(302,820)	10,000	(8,685,705)	15,785,650
Loss for the financial year	–	–	–	(1,661,628)	(1,661,628)
Other comprehensive income:					
Exchange differences on translating foreign operation	–	51,671	–	–	51,671
Total comprehensive income for the financial year	–	51,671	–	(1,661,628)	(1,609,957)
Balance as at 31 March 2017	24,764,175	(251,149)	10,000	(10,347,333)	14,175,693

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 $	2017 $
Operating activities			
Loss before income tax		**(1,744,129)**	(1,671,752)
Adjustments for:			
Depreciation of property, plant and equipment		**330,253**	352,125
Interest expense		**38,187**	13,603
Interest income		**(29,290)**	(25,282)
Inventories write-down		**146,695**	–
Inventories write-off		**81,789**	–
Change in fair value of investment property		**320,000**	–
Share of results of associate, net of tax		**76,054**	100,273
Unrealised foreign exchange (gain)/loss		**(240,337)**	322,568
Operating cash flows before working capital changes		**(1,020,778)**	(908,465)
Working capital changes:			
Inventories		**(113,253)**	200,065
Trade and other receivables		**323,271**	157,953
Prepayments		**2,737**	(6,101)
Trade and other payables		**(98,527)**	128,569
Cash used in operations		**(906,550)**	(427,979)
Income tax paid		**(31)**	(26)
Net cash used in operating activities		**(906,581)**	(428,005)
Investing activities			
Purchase of plant and equipment	6	**(11,587)**	(19,164)
Interest received		**28,816**	28,007
Net cash from investing activities		**17,229**	8,843
Financing activities			
Proceeds from trust receipts		**3,186,244**	1,643,009
Repayment of trust receipts		**(3,054,686)**	(1,512,611)
Repayment of finance lease payables		**(29,056)**	(28,110)
Interest paid		**(38,187)**	(13,603)
Net cash from financing activities		**64,315**	88,685
Net change in cash and cash equivalents		**(825,037)**	(330,477)
Cash and cash equivalents at beginning of financial year		**3,254,739**	3,599,629
Effect of foreign exchange rate changes on cash and cash equivalents		**2,038**	(14,413)
Cash and cash equivalents at end of financial year	11	**2,431,740**	3,254,739

Note A: Reconciliation of liabilities arising from financing activities

	2017 $	Cash flows $	Non-cash changes – Foreign exchange differences $	2018 $
Finance lease payable	65,054	(29,056)	1,840	**37,838**
Bank borrowings – trust receipts	600,959	131,558	–	**732,517**

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

1. GENERAL CORPORATE INFORMATION

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

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

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

The statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2018 were authorised for issue in accordance with a Directors' resolution dated 2 July 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

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

FRS 7 (Amendments) *Disclosure Initiative*

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

The Group adopted these amendments on 1 April 2017 and the additional disclosures have been included in the consolidated statement of cash flows.

Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards

Applicable to 2019 financial statements

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

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

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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards (Continued)

Applicable to 2019 financial statements (Continued)

In addition to the adoption of the new framework, the following new SFRS(I)s, amendments to and interpretations of SFRS(I) are effective from the same date.

- SFRS(I) 15 Revenue from Contracts with Customers and Amendments to SFRS(I) 15 Clarifications to SFRS(I) 15;
- SFRS(I) 9 Financial Instruments;
- Classification and Measurement of Share-based Payment Transactions (Amendments to SFRS(I) 2);
- Transfers of Investment Property (Amendments to SFRS(I) 1-40);
- Deletion of short-term exemptions for first-time adopters (Amendments to SFRS(I) 1);
- Measuring an Associate or Joint Venture at Fair Value (Amendments to SFRS(I) 1-28); and
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration.

The Group does not expect the application of the above standards and interpretations to have an impact on the financial statements, except for SFRS(I) 9 and SFRS(I) 15.

The assessment made by the Group is preliminary as not all transition work requirements have been finalised and therefore may be subject to adjustment.

SFRS(I) 1

When the Group adopts SFRS(I) in 2019, the Group will apply SFRS(I) 1 with 1 April 2018 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, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2019, restatement of comparatives may be required because SFRS(I) 1 requires both the opening statement of financial position and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRSs financial statements. 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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards (Continued)

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. The Group plans to adopt SFRS(I) 15 in its financial statements for the financial year ending 31 March 2019. Based on the Group's initial assessment, the Group does not expect any significant adjustments on adoption of SFRS(I) 15.

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements. Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively. The Group plans to adopt the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2019 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 April 2018.

The expected impact on adoption of SFRS(I) 9 are described below. The information below reflects the Group's and the Company's expectation of the implications arising from changes in the accounting treatment.

Impairment

SFRS(I) 9 replaces the current incurred loss model with a forward-looking expected credit loss (ECL) model. The new impairment model will apply to financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI), except for investments in equity instruments, and certain loan commitments and financial guarantee contracts. Under SFRS(I) 9, loss allowances of the Group will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or

- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Full convergence with Singapore Financial Reporting Standards (International) (SFRS(I)) and adoption of new standards (Continued)

SFRS(I) 9 (Continued)

The Group intends to apply the simplified approach and record lifetime ECL on all trade and other receivables. Based on the evaluation of customers' credit profile and historical payment trend, the Group does not expect a significant increase in impairment for trade and other receivables as at 1 April 2018 with the adoption of SFRS(I) 9. The Group is currently finalising the policies and procedures in determining how to estimate expected credit losses and the sources of forward-looking data, and evaluating the tax implications arising from the above change in impairment model.

Applicable to financial statements for the year 2020 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) that are relevant to the Group were issued but not yet effective are effective for annual periods beginning after 1 April 2018:

Applicable to 2020 financial statements

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements.

2.2 Basis of consolidation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

Business combinations from 1 April 2010

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Business combinations from 1 April 2010 (Continued)

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

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

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

Business combinations before 1 April 2010

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Associate

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investment property

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

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

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

2.7 Impairment of non-financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.8 Inventories

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

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

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

2.9 Financial assets

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

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

Recognition and derecognition

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

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

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

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

Initial and subsequent measurement

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

Impairment

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

(i) Loans and receivables

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

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

(ii) Available-for-sale financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents also includes bank overdrafts. In the statements of financial position, bank overdrafts are presented within borrowings under current liabilities.

2.11 Equity instruments

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

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

2.12 Financial liabilities

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

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

(i) Trade and other payables

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

(ii) Bank borrowings

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial liabilities (Continued)

(ii) Bank borrowings (Continued)

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

Recognition and derecognition

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

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

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

2.13 Inter-company non-interest bearing loan

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases

When the Group is lessee of finance leases

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

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

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

When the Group is lessor of operating leases

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

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

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

When the Group is lessee of operating leases

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

2.15 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Revenue recognition

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

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

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

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

2.17 Grants

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

2.18 Employee benefits

Retirement benefit costs

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

Employee leave entitlements

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Borrowing costs

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

2.20 Taxes

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

Current income tax

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

Current income taxes are recognised in profit or loss.

Deferred tax

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Taxes (Continued)

Deferred tax (Continued)

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

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

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

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

Deferred tax is recognised in profit or loss.

Sales tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Foreign currency transactions and translation

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

2.22 Contingencies

A contingent liability is:

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

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

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

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

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

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

2.23 Segment reporting

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

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

3.1 Critical judgements made in applying the accounting policies

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year, are discussed below.

(i) Fair value of investment property

The Group's investment property is stated at fair value in accordance with the accounting policy stated in Note 2.6 to the financial statements. As at 31 March 2018, the fair value of the Group's investment property was determined by a firm of independent professional valuers and the carrying amount of the investment property was $8,180,000 (2017: $8,500,000). The valuation was based on certain assumptions, which are subject to uncertainty and might differ from the actual results. In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing as at the end of the financial year. These estimates are regularly compared to actual market data.

(ii) Property, plant & equipment

The Group assesses whether there are any indicators of impairment for its property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment when there are indicators that the carrying amount may not be recoverable. The impairment assessment included critical judgement and estimates in determining the recoverable amounts using the fair value less costs of disposal method. The critical assumptions used for assessing the fair value of leasehold property included selling price per square metre based on recent market transactions for comparable leasehold property and adjusted for property size. The critical assumptions used for assessing the fair value of machinery included the selling price for similar machines, adjusted for machine age.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. The carrying amount of the Group's property, plant and equipment as at 31 March 2018 was $955,766 (2017: $1,198,321).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

3.2 Key sources of estimation uncertainty (Continued)

(iii) Inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management estimates the net realisable value of inventories based on assessment of receipt of committed sales prices and provides for excess inventories based on historical usage and estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities and related margin of its products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 31 March 2018 was $1,305,653 (2017: $1,327,477).

(iv) Impairment of investment in subsidiaries

In determining whether an investment in subsidiaries is impaired requires an estimation of the recoverable amount of the investment as at end of the financial year. For those subsidiaries with indication of impairment, management assessed the fair value less costs of disposal using the key assumptions as disclosed in Note 4 to the financial statements. The carrying amount of the Company's investment in subsidiaries as at 31 March 2018 was $11,189,334 (2017: $12,391,334).

(v) Allowance for impairment loss on doubtful receivables

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

As at 31 March 2018, the carrying amounts of the Group's and the Company's trade and other receivables were $894,891 (2017: $1,087,505) and $3,141,675 (2017: $3,629,849) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

4. SUBSIDIARIES

	Company	
	2018	**2017**
	$	**$**
Unquoted equity shares, at cost	**27,198,925**	27,198,925
Discount implicit in inter-company non-interest bearing loan	**659,598**	659,598
Allowances for impairment losses	**(16,669,189)**	(15,467,189)
	11,189,334	12,391,334

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

The management's assessment comprised primary the following methods and assumptions in determining the fair value less costs of disposal of this CGU:

Category	**Methods and assumptions**
Investment property	Independent professional valuation using the sales comparison method by making reference to market evidence of comparable properties in similar locations, adjusted for differences in key attributes as disclosed in Note 7.
Leasehold property	Sales comparison method by reference to the market evidence of recent transaction prices, adjusted for difference in size.
Machinery	Selling price for similar machines, adjusted for machine age.
Other assets and liabilities	The carrying amount of current assets and current liabilities approximate their fair values in view of the relative short-term maturity.

The fair value hierarchy used in determining the above is considered as Level 3 as the assessment included unobservable inputs.

Movement in allowances for impairment losses:

	Company	
	2018	**2017**
	$	**$**
Balance at beginning of financial year	**15,467,189**	15,127,189
Allowance made during the financial year	**1,202,000**	340,000
Balance at end of financial year	**16,669,189**	15,467,189

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

4. SUBSIDIARIES (CONTINUED)

The particulars of the subsidiaries are as follows:

Name of company	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group	
			2018	**2017**
			%	**%**
Held by the Company				
Circuits Plus Pte Ltd[1]	Singapore	Sale of printed circuit boards and advance interconnect substrates	**100**	100
Circuits Plus (Asiatic) Pte Ltd[1]	Singapore	Dormant	**100**	100
CP Lifestyle Pte. Ltd.[1]	Singapore	Investment holding company	**100**	100
Held by Circuits Plus Pte Ltd				
Circuits Plus (M) Sdn. Bhd.[2]	Malaysia	Manufacture and sale of printed circuit boards and advance interconnect substrates	**100**	100

Notes:

(1) Audited by BDO LLP, Singapore

(2) Audited by BDO, Malaysia

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

5. ASSOCIATE

	Group	
	2018	2017
	$	$
Unquoted equity investment, at carrying value		
At beginning of financial year	**547,949**	648,222
Share of results, net of tax	**(76,054)**	(100,273)
At end of financial year	**471,895**	547,949

The particulars of the associate are as follows:

Name of company	Place of incorporation/ registration and principal place of business	Principal activities	Proportion of ownership interest held by the Group	
			2018	2017
			%	%
Held by CP Lifestyle Pte. Ltd.				
Joy Garden Restaurant Pte Ltd*	Singapore	Carry on business as restaurant	**25**	25

* Audited by BDO LLP, Singapore

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

	Group	
	2018	2017
	$	$
Current assets	**1,402,457**	1,359,215
Non-current assets	**983,683**	1,707,967
Current liabilities	**(470,594)**	(760,934)
Non-current liability	**(27,965)**	(114,450)
Net assets	**1,887,581**	2,191,798
Share of net assets (25%), representing the carrying amount of the investment	**471,895**	547,949
Revenue	**6,912,398**	7,479,000
Loss for the financial year, representing total comprehensive income	**(304,217)**	(401,093)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold property $	Plant and machinery $	Office equipment, furniture and fittings $	Air-conditioners $	Motor vehicles $	Renovation $	Total $
Group							
Cost							
Balance at 1 April 2017	1,930,650	8,496,104	776,035	57,005	19,136	40,941	11,319,871
Additions	–	8,108	3,479	–	–	–	11,587
Written off	–	–	(391)	–	–	–	(391)
Currency re-alignment	143,960	509,005	34,502	–	1,426	–	688,893
Balance at 31 March 2018	**2,074,610**	**9,013,217**	**813,625**	**57,005**	**20,562**	**40,941**	**12,019,960**
Accumulated depreciation							
Balance at 1 April 2017	1,465,924	7,959,062	616,862	40,719	19,135	19,848	10,121,550
Depreciation for the financial year	79,033	206,594	31,982	8,550	–	4,094	330,253
Written off	–	–	(391)	–	–	–	(391)
Currency re-alignment	113,134	464,272	33,950	–	1,426	–	612,782
Balance at 31 March 2018	**1,658,091**	**8,629,928**	**682,403**	**49,269**	**20,561**	**23,942**	**11,064,194**
Carrying amount							
Balance at 31 March 2018	**416,519**	**383,289**	**131,222**	**7,736**	**1**	**16,999**	**955,766**
Cost							
Balance at 1 April 2016	2,095,960	9,065,051	781,703	57,005	20,774	68,941	12,089,434
Additions	–	14,527	33,503	–	–	–	48,030
Written off	–	–	–	–	–	(28,000)	(28,000)
Currency re-alignment	(165,310)	(583,474)	(39,171)	–	(1,638)	–	(789,593)
Balance at 31 March 2017	1,930,650	8,496,104	776,035	57,005	19,136	40,941	11,319,871
Accumulated depreciation							
Balance at 1 April 2016	1,507,730	8,248,471	619,795	32,168	20,773	43,754	10,472,691
Depreciation for the financial year	80,569	223,492	35,419	8,551	–	4,094	352,125
Written off	–	–	–	–	–	(28,000)	(28,000)
Currency re-alignment	(122,375)	(512,901)	(38,352)	–	(1,638)	–	(675,266)
Balance at 31 March 2017	1,465,924	7,959,062	616,862	40,719	19,135	19,848	10,121,550
Carrying amount							
Balance at 31 March 2017	464,726	537,042	159,173	16,286	1	21,093	1,198,321

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Group	
	2018	**2017**
	$	**$**
Additions during the financial year	**11,587**	48,030
Additions through finance lease	**–**	(28,866)
Cash payment to acquire plant and equipment	**11,587**	19,164

As at 31 March 2018, the carrying amount of the Group's office equipment acquired under finance lease agreement was $111,877 (2017: $123,555). Finance lease assets are pledged as securities for the related finance lease payables as set out in Note 15 to the financial statements.

7. INVESTMENT PROPERTY

	Group	
	2018	**2017**
	$	**$**
At fair value		
Balance at beginning of financial year	**8,500,000**	8,500,000
Change in fair value of investment property	**(320,000)**	–
Balance at end of financial year	**8,180,000**	8,500,000

The fair value of the Group's investment property as at 31 March 2018 amounted to approximately $8,180,000 (2017: $8,500,000). The Group's investment property as at 31 March 2018 and 2017 were valued by GB Global Pte Ltd, an independent professional valuation firm with relevant experience in the location and category of the investment property held by the Group. The valuation was arrived at by using the sales comparison approach by making reference to market evidence of comparable properties in similar locations, adjusted for differences in key attributes such as area, age, condition and tenure, dates of transaction and the prevailing economic conditions affecting the property market, among others. The valuation is based on the assets' highest and best use, which is in line with its actual use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

7. INVESTMENT PROPERTY (CONTINUED)

Investment property carried at fair value classified by level of fair value is as follows:

	Fair value measurements using:			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Group				
2018				
Non-financial asset				
Investment property	**–**	**–**	**8,180,000**	**8,180,000**
2017				
Non-financial asset				
Investment property	–	–	8,500,000	8,500,000

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

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

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

At the end of the financial year, the carrying amount of the Group's investment property was negatively pledged for the banking facilities as set out in Note 17 to the financial statements.

Valuation policies and procedures

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

7. INVESTMENT PROPERTY (CONTINUED)

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

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

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

	Group 2018 $	Group 2017 $
Rental income from investment property	**422,853**	401,408
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment property	**219,394**	215,050

8. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group and Company 2018 $	Group and Company 2017 $
Unquoted equity investment, at cost	**–**	97,632
Accumulated impairment losses	**–**	(97,632)
	–	–

The unquoted equity investment was fully impaired in prior years after reviewing the financial performance of the investment. During the financial year, the investment was written off.

Movement in the allowance for impairment loss was as follows:

	Group and Company 2018 $	Group and Company 2017 $
Balance at beginning of financial year	**97,632**	97,632
Written off subsequent to liquidation	**(97,632)**	–
Balance at end of financial year	**–**	97,632

9. INVENTORIES

	Group	
	2018	2017
	$	$
Raw materials	**817,105**	641,777
Work-in-progress	**328,869**	426,423
Finished goods	**159,679**	259,277
	1,305,653	1,327,477

The cost of inventories recognised as an expense and included in "cost of sales" line item in the Group's profit or loss amounted to $5,979,307 (2017: $5,476,097).

During the financial year, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of inventories write-down of $146,695 (2017: $Nil) and inventories write-off of $81,789 (2017: $Nil) in the Group's profit or loss under "cost of sales".

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Trade receivables – third parties	**757,983**	976,452	**–**	–
Non-trade receivables – subsidiaries	**–**	–	**100,000**	556,144
Allowance for impairment loss	**–**	–	**(100,000)**	(50,000)
	–	–	**–**	506,144
Loan to a subsidiary	**–**	–	**3,141,675**	3,123,705
	757,983	976,452	**3,141,675**	3,629,849
Non-trade receivables – third parties	**32,004**	19,872	**–**	–
Goods and services tax receivable	**74,234**	62,577	**–**	–
Utilities and rental deposits	**27,805**	26,213	**–**	–
Fixed deposits interest receivable	**2,865**	2,391	**–**	–
	894,891	1,087,505	**3,141,675**	3,629,849

Trade receivables are unsecured, non-interest bearing and generally on 30 to 60 (2017: 30 to 60) days' terms.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

The loan to a subsidiary is unsecured, bears interest at a rate of 2.25% (2017: 2.25%) per annum and repayable on demand.

Movement in allowance for impairment loss on non-trade receivables from subsidiaries:

	Company	
	2018	**2017**
	$	**$**
Balance at beginning of financial year	**50,000**	–
Allowance made during the financial year	**50,000**	50,000
Balance at end of financial year	**100,000**	50,000

The Company's allowance for impairment loss on non-trade receivables from subsidiaries amounting to $50,000 (2017: $50,000) was recognised subsequent to a debt recovery assessment performed during the financial year.

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Singapore dollar	**307,531**	461,293	**3,141,675**	3,629,849
United States dollar	**54,611**	43,525	**–**	–
Ringgit Malaysia	**532,749**	582,687	**–**	–
	894,891	1,087,505	**3,141,675**	3,629,849

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Fixed deposits with banks	**2,941,492**	2,929,419	**–**	–
Cash and bank balances	**273,077**	325,320	**8,865**	13,353
Cash and cash equivalents on statements of financial position	**3,214,569**	3,254,739	**8,865**	13,353
Less:				
Bank overdraft (Note 17)	**(782,829)**	–		
Cash and cash equivalents on consolidated statement of cash flows	**2,431,740**	3,254,739		

Fixed deposits are placed for a period between 28 to 184 (2017: 28 to 184) days with effective interest rates from 0.75% to 1.28% (2017: 0.58% to 1.28%) per annum.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents include fixed deposits with banks with an average maturity of more than 3 months as there is no significant cost or penalty in converting these deposits into liquid cash before maturity.

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

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Singapore dollar	**3,081,485**	3,085,937	**8,865**	13,353
United States dollar	**84,110**	51,099	**–**	–
Ringgit Malaysia	**48,974**	117,703	**–**	–
	3,214,569	3,254,739	**8,865**	13,353

12. SHARE CAPITAL

	Group and Company			
	2018	2017	2018	2017
	Number of ordinary shares		$	$
Issued and fully paid:				
At beginning and end of financial year	**1,229,226,124**	1,229,226,124	**24,764,175**	24,764,175

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

13. FOREIGN CURRENCY TRANSLATION ACCOUNT

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

14. SHARE-BASED PAYMENT RESERVE

The Group and the Company

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

The share-based payment reserve is non-distributable.

15. FINANCE LEASE PAYABLES

	Minimum lease payments $	Future finance charges $	Present value of minimum lease payments $
Group			
2018			
Within one financial year	**25,416**	**(1,655)**	**23,761**
After one financial year but within five financial years	**15,167**	**(1,090)**	**14,077**
	40,583	**(2,745)**	**37,838**
2017			
Within one financial year	32,018	(3,543)	28,475
After one financial year but within five financial years	39,287	(2,708)	36,579
	71,305	(6,251)	65,054

The finance lease terms are 5 (2017: 5) years.

The effective interest rate of finance lease arrangements ranged from 6.27% to 7.16% (2017: 6.27% to 7.16%) per annum.

15. FINANCE LEASE PAYABLES (CONTINUED)

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

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

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

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

	Group	
	2018	2017
	$	$
Singapore dollar	**19,702**	24,973
Ringgit Malaysia	**18,136**	40,081
	37,838	65,054

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Trade payables – third parties	**770,003**	645,898	**–**	–
Non-trade payables – third parties	**97,817**	120,650	**104**	83
Rental deposits	**59,950**	66,246	**–**	–
Accrued expenses	**271,452**	288,099	**101,015**	122,181
	1,199,222	1,120,893	**101,119**	122,264

Trade payables are unsecured, non-interest bearing and normally settled between 30 to 90 (2017: 30 to 90) days' terms.

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

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Singapore dollar	**513,723**	604,424	**101,119**	122,264
United States dollar	**458,278**	267,253	**–**	–
Ringgit Malaysia	**227,221**	249,216	**–**	–
	1,199,222	1,120,893	**101,119**	122,264

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

17. BANK BORROWINGS

	Group	
	2018	2017
	$	$
Unsecured		
Bank overdraft	**782,829**	–
Trust receipts	**732,517**	600,959
	1,515,346	600,959

	Group	
	2018	2017
	%	%
Effective interest rates per annum		
Trust receipts	**2.25 – 5.25**	1.98 – 5.25
Bank overdraft	**5.75**	–

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

Trust receipts have maturities of between 38 to 117 (2017: 65 to 110) days.

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

	Group	
	2018	2017
	$	$
Facilities granted	**6,807,390**	6,934,650
Facilities utilised	**1,667,805**	743,923

As at 31 March 2018, the banking facilities amounting to $6,807,390 (2017: $6,934,650), granted to the Group were secured by way of:

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

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

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

18. REVENUE

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

19. OTHER INCOME

	Group 2018 $	Group 2017 $
Government grants	**15,829**	26,857
Interest income	**29,290**	25,282
Rental income	**422,853**	401,408
Foreign exchange gain,net	**337,255**	–
Others	**37,164**	29,495
	842,391	483,042

20. FINANCE COSTS

	Group 2018 $	Group 2017 $
Interest expenses		
– bank overdrafts	**16,512**	129
– trust receipts	**18,080**	8,466
– finance lease payables interests	**3,595**	5,008
	38,187	13,603

21. LOSS BEFORE INCOME TAX

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

	Group 2018 $	Group 2017 $
Cost of sales		
Depreciation of property, plant and equipment	**285,822**	305,796
Repair and maintenance	**134,832**	117,927
Utilities expenses	**534,676**	557,168
Employee benefits expense		
– salaries, bonus and other benefits	**1,020,691**	1,045,937
– defined contribution plans	**83,324**	90,017
Inventories write-off	**81,789**	–
Inventories write-down	**146,695**	–
Selling and distribution costs		
Freight and handling	**18,060**	23,382
Sales commission	**44,368**	41,944

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

21. LOSS BEFORE INCOME TAX (CONTINUED)

	Group	
	2018	**2017**
	$	**$**
Administrative expenses		
Audit fees		
– auditors of the Company	**56,016**	53,876
– other auditors	**6,326**	6,449
Non-audit fees		
– auditors of the Company	**16,840**	15,947
– other auditors	**1,268**	761
Depreciation of property, plant and equipment	**44,431**	46,329
Operating lease expenses		
– rental of land	**188,153**	194,941
– rental of office equipment	**–**	3,114
– rental of motor vehicle	**–**	16,516
Professional fees	**143,297**	124,909
Provision for Directors' fee	**115,000**	125,000
Employee benefits expense[1]		
– salaries, bonus and other benefits	**680,228**	705,617
– defined contribution plans	**49,683**	62,875
Other expenses		
Foreign exchange loss, net	**–**	315,735
Change in fair value of investment property	**320,000**	–

[1] Employee benefits expenses include the amounts shown as Directors' remuneration in Note 27 to the financial statements.

22. INCOME TAX EXPENSE/(CREDIT)

	Group	
	2018	**2017**
	$	**$**
Current income tax		
– under provision in prior financial years	**31**	26
Deferred tax		
– over provision of deferred tax liabilities in prior years	**–**	(10,150)
Total income tax expense/(credit)	**31**	(10,124)

22. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

Reconciliation of effective income tax rate

	Group	
	2018	**2017**
	$	**$**
Loss before income tax	**(1,744,129)**	(1,671,752)
Share of results of associate, net of tax	**76,054**	100,273
	(1,668,075)	(1,571,479)
Income tax calculated at Singapore's statutory tax rate of 17%	**(283,573)**	(267,151)
Effect of different tax rate of overseas operation	**(52,279)**	(71,762)
Tax effect of income not subject to income tax	**(18,719)**	(18,885)
Tax effect of non-deductible expenses for income tax purposes	**174,236**	119,438
Deferred tax assets not recognised	**180,431**	238,360
Over provision of deferred tax in prior years	**–**	(10,150)
Under provision of current income tax in prior years	**31**	26
Others	**(96)**	–
	31	(10,124)

Unrecognised deferred tax assets

	Group	
	2018	**2017**
	$	**$**
Balance at beginning of financial year	**2,310,924**	2,248,062
Amount not recognised in profit or loss	**180,431**	238,360
Adjustment resulting from change in temporary differences	**(21,919)**	(62,989)
Changes in tax rate of overseas operation	**–**	(34,493)
Currency re-alignment	**81,385**	(78,016)
Balance at end of financial year	**2,550,821**	2,310,924

Unrecognised deferred tax assets are attributable to:

	Group	
	2018	**2017**
	$	**$**
Accelerated tax depreciation	**85,690**	8,048
Unutilised tax losses	**1,977,132**	1,765,763
Unabsorbed capital allowances	**484,332**	461,535
Others	**3,667**	75,578
	2,550,821	2,310,924

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

22. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

Unrecognised deferred tax assets (Continued)

As at 31 March 2018, the Group had unutilised tax losses and unabsorbed capital allowances of approximately $10,744,000 (2017: $9,068,000) and $2,337,000 (2017: $1,923,000) respectively available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates. The unutilised tax losses and unabsorbed capital allowances can be carried forward indefinitely.

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

23. LOSS PER SHARE

The calculations for loss per share are based on:

	Group	
	2018	**2017**
Loss after income tax attributable to owners of the parent ($)	**(1,744,160)**	(1,661,628)
Actual number of ordinary shares during the financial year applicable to basic loss per share	**1,229,226,124**	1,229,226,124
– Basic loss per share	**(0.14) cents**	(0.14) cents
– Diluted loss per share	**(0.14) cents**	(0.14) cents

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

24. COMMITMENTS

Operating lease commitments

The Group as a lessor

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

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

	Group	
	2018	**2017**
	$	**$**
Within one financial year	**385,511**	371,987
After one financial year but within five financial years	**211,318**	203,049
	596,829	575,036

25. CONTINGENT LIABILITIES

The Company had given corporate guarantees to certain banks in respect of banking facilities granted to certain subsidiaries. These guarantees are financial guarantee contract as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of the facilities drawn. As at 31 March 2018, the total banking facilities granted to certain subsidiaries amounted to $6,807,390 (2017: $6,934,650) and the amount utilised by those subsidiaries amounted to $1,667,805 (2017: $743,923). There has been no default or non-repayment since the utilisation of the banking facilities. These financial guarantees have not been recognised in the financial statements of the Company as the requirements to reimburse are remote.

26. SEGMENT INFORMATION

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

The Group has two reportable segments namely:

(i) Printed circuit boards business; and

(ii) Food and beverage business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

26. SEGMENT INFORMATION (CONTINUED)

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

26. SEGMENT INFORMATION (CONTINUED)

Business segment

	Printed circuit boards $	Food and beverage $	Unallocated $	Total $
2018				
Revenue				
External revenue	5,494,009	–	–	5,494,009
Results				
Segment results	(788,217)	–	(550,961)	(1,339,178)
Interest income	29,290	–	–	29,290
Finance costs	(38,187)	–	–	(38,187)
Change in fair value of investment property	(320,000)	–	–	(320,000)
Share of results of associate, net of tax	–	(76,054)	–	(76,054)
Loss before income tax	(1,117,114)	(76,054)	(550,961)	(1,744,129)
Income tax expense	–	–	(31)	(31)
Loss after income tax	(1,117,114)	(76,054)	(550,992)	(1,744,160)
Non-cash item				
Depreciation of property, plant and equipment	330,253	–	–	330,253
Capital expenditure				
Property, plant and equipment	11,587	–	–	11,587
Assets and liabilities				
Segment assets	14,529,981	471,895	66,816	15,068,692
Segment liabilities	2,641,244	–	111,162	2,752,406

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

26. SEGMENT INFORMATION (CONTINUED)

Business segment (Continued)

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

Geographic information

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

26. SEGMENT INFORMATION (CONTINUED)

Geographic information (Continued)

	Germany $	Switzerland $	Malaysia $	Japan $	Singapore $	Others $	Total $
2018							
Total revenue from external customers	**2,132,685**	**1,487,149**	**1,103,648**	**479,227**	**90,676**	**200,624**	**5,494,009**
Non-current assets	**–**	**–**	**807,199**	**–**	**8,800,462**	**–**	**9,607,661**
2017							
Total revenue from external customers	1,905,847	1,408,196	995,778	862,958	75,357	234,557	5,482,693
Non-current assets	–	–	1,010,143	–	9,236,127	–	10,246,270

Major customers

The revenues from five (2017: five) customers of the Group's printed circuit boards segment amounted to approximately $4,689,000 (2017: $3,632,000).

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group 2018 $	Group 2017 $
Related parties		
Rental income	**71,071**	80,432
Settlement of liabilities on behalf of	**10,218**	12,711

The related parties including a Company where a director and Shareholder of the Company has beneficial interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

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

	Group	
	2018	**2017**
	$	**$**
Provision for Directors' fees	**115,000**	125,000
Short-term employee benefits	**463,532**	457,563
Post-employment benefits	**37,661**	38,899
	616,193	621,462

These include the following Directors' remuneration:

	Group	
	2018	**2017**
	$	**$**
Directors of the Company	**445,368**	454,870
Directors of subsidiaries	**75,334**	75,388
	520,702	530,258

28. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

28.1 Credit risks

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

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

	Company	
	2018	**2017**
	$	**$**
Corporate guarantees provided to bank for a subsidiary's banking facilities utilised as at the end of financial year	**11,400,000**	11,400,000

Based on assessment at the end of the financial year, the Group considers that it is more likely than not that no amount will be payable under the arrangement (Note 25). However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

At the end of the financial year, the Group had significant credit exposure arising from the trade amounts due from 5 (2017: 5) third party customers amounting to approximately $656,709 (2017: $778,304). In addition, the Company had significant credit exposure arising from the non-trade amounts due from subsidiaries amounting to $3,141,675 (2017: $3,629,849).

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

28.1 Credit risks (Continued)

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

	Group	
	2018	2017
	$	$
Past due less than 3 months	**242,575**	413,035
Past due 3 months to 6 months	**1,412**	–

28.2 Interest rate risk

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

The Group's interest rate risk arises mainly from bank overdraft and trust receipts. The interest rates and terms of repayment of bank overdraft and trust receipts are disclosed in Notes 17. It is the Group's policy not to enter into derivative contracts to hedge its interest rate risk. The Group obtained quotes from reputable banks to ensure that the most favourable rates are made available to the Group.

At the end of the financial year, if borrowing interest rates had been 50 basis points (2017: 50 basis points) lower/higher with all other variables held constant, the Group's profit would have been $71,904 (2017: $18,318) higher/lower arising from lower/higher interest expense.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

28.3 Market risks

Foreign currency risks

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

	Group			
	Assets		Liabilities	
	2018	2017	2018	2017
	$	$	$	$
United States dollar	**138,721**	94,624	**458,278**	267,253
Singapore dollar	**7,198,538**	6,032,285	**11,811,686**	10,097,703

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

28.3 Market risks (Continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to United States dollar and Singapore dollar.

The following table details the sensitivity to a 5% (2017: 5%) in United States dollar against Singapore dollar and Singapore dollar against Ringgit Malaysia respectively. The sensitivity analysis assumes an instantaneous 5% change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in United States dollar and Singapore dollar, are included in the analysis.

	Profit or loss	
	2018	**2017**
Group	**$**	**$**
United States dollar		
Strengthens against Singapore dollar	**(15,978)**	(8,631)
Weakens against Singapore dollar	**15,978**	8,631
Singapore dollar		
Strengthens against Ringgit Malaysia	**230,657**	203,271
Weakens against Ringgit Malaysia	**(230,657)**	(203,271)

Interest rate risks

The Group's exposure to market risks for changes in interest rates relates primarily to interest-bearing bank borrowings as shown in Note 17 to the financial statements. The Company's exposure to market risks for changes in interest rates relates primarily to interest-bearing loan to a subsidiary as shown in Note 10 to the financial statements.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

28.4 Liquidity risks

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

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

Corporate guarantees given by the Company to the banks in connection with banking facilities granted to subsidiaries are disclosed in Note 25 to the financial statements.

Contract maturity analysis

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

	Within one financial year	**After one financial year but within five financial years**	**Total**
	$	**$**	**$**
Group			
2018			
Financial liabilities			
Non-interest bearing			
– Trade and other payables	**1,199,222**	**–**	**1,199,222**
Interest bearing			
– Bank borrowings	**1,570,959**	**–**	**1,570,959**
– Finance lease payables	**25,416**	**15,167**	**40,583**
	2,795,597	**15,167**	**2,810,764**
2017			
Financial liabilities			
Non-interest bearing			
– Trade and other payables	1,120,893	–	1,120,893
Interest bearing			
– Bank borrowings	612,052	–	612,052
– Finance lease payables	32,018	39,287	71,305
	1,764,963	39,287	1,804,250

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

28.4 Liquidity risks (Continued)

Contract maturity analysis (Continued)

	Within one financial year $
Company	
2018	
Financial liabilities	
Non-interest bearing	
– Trade and other payables	**101,119**
Financial guarantee contracts	**1,667,805**
2017	
Financial liabilities	
Non-interest bearing	
– Trade and other payables	122,264
Financial guarantee contracts	743,923

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

The repayment terms of the Group's bank borrowings and finance lease payables are disclosed in Note 17 and Note 15 respectively to the financial statements.

28.5 Capital management policies and objectives

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

The management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group and the Company will balance their overall capital structure through new share issues and the issue of new debt or the redemption of existing debt, if necessary. The Group's and the Company's overall strategy remain unchanged from 2017.

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 March 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

28.5 Capital management policies and objectives (Continued)

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

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

28.6 Fair value of financial assets and financial liabilities

Fair value hierarchy

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

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

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

The fair value of the Group's non-current financial liability in relation to finance lease payables is disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

28.7 Categories of financial instruments

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Financial assets				
Trade and other receivables less goods and services tax receivables	**820,657**	1,024,928	**3,141,675**	3,629,849
Cash and cash equivalents	**3,214,569**	3,254,739	**8,865**	13,353
Loans and receivables	**4,035,226**	4,279,667	**3,150,540**	3,643,202
Financial liabilities				
Finance lease payables	**37,838**	65,054	**–**	–
Trade and other payables	**1,199,222**	1,120,893	**101,119**	122,264
Bank borrowings	**1,515,346**	600,959	**–**	–
Other financial liabilities, at amortised cost	**2,752,406**	1,786,906	**101,119**	122,264

STATISTICS OF SHAREHOLDINGS

AS AT 20 JUNE 2018

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

Based on the information available to the Company as at 20 June 2018, approximately 69.61% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited has been complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 99	26	0.72	484	0.00
100 – 1000	170	4.68	86,578	0.01
1,001 – 10,000	1,093	30.08	5,410,112	0.44
10,001 – 1,000,000	2,234	61.49	296,542,327	24.12
1,000,001 and above	110	3.03	927,186,623	75.43
	3,633	**100.00**	**1,229,226,124**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	%
1	CHOO TUNG KHENG	170,012,315	13.83
2	CITIBANK NOMINEES SINGAPORE PTE LTD	77,321,500	6.29
3	POH CHONG PENG	60,000,000	4.88
4	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	54,788,877	4.46
5	HONG LEONG FINANCE NOMINEES PTE LTD	50,090,000	4.07
6	UOB KAY HIAN PRIVATE LIMITED	31,914,500	2.60
7	OCBC SECURITIES PRIVATE LIMITED	20,914,954	1.70
8	LIM KAH HIN	20,000,000	1.63
9	TAN CHIN WAH	20,000,000	1.63
10	DBS NOMINEES (PRIVATE) LIMITED	17,787,891	1.45
11	LIM EE CHUAN	17,125,000	1.39
12	GAN HAN NEO	15,000,000	1.22
13	ONG POH CHOO	15,000,000	1.22
14	PHILLIP SECURITIES PTE LTD	14,691,100	1.20
15	NG KWEE PANG	14,431,900	1.17
16	RAMESH S/O PRITAMDAS CHANDIRAMANI	13,500,000	1.10
17	TAN ENG CHUA EDWIN	11,202,300	0.91
18	YEO TIONG BOON	11,150,000	0.91
19	TOK SOR HWEE	10,900,000	0.89
20	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	10,613,726	0.86
		656,444,063	**53.41**

STATISTICS OF SHAREHOLDINGS

AS AT 20 JUNE 2018

SUBSTANTIAL SHAREHOLDERS' INFORMATION AS AT 20 JUNE 2018

	Direct interest		Deemed interest	
Name	**No. of shares**	**%**	**No. of shares**	**%**
Choo Tung Kheng	170,012,315	13.83	77,001,200[1]	6.26
Foo Tiang Ann	–	–	103,522,877[2]	8.42

Notes:

1. Mdm Choo Tung Kheng ("Mdm Choo") is deemed to be interested in the 1,200 shares held by her spouse, the late Mr Tan Ming and 77,000,000 shares held by Citibank Nominees Singapore Pte Ltd for Sea Treasures Ltd, a Cayman Islands incorporated company, wholly-owned by Mdm Choo.
2. Mr Foo Tiang Ann is deemed to be interested in 53,522,877 shares held by CGS-CIMB Securities (Singapore) Pte. Ltd. and 50,000,000 shares held by Hong Leong Finance Nominees Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of CPH Ltd. (the "Company") will be held at 8 First Lok Yang Road, Singapore 629731 on Monday, 30 July 2018 at 9.30 a.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Ong Kian Soon who retires pursuant to Article 89 of the Company's Constitution and who, being eligible offers himself for re-election, as a Director of the Company. **(Resolution 2)**
[See Explanatory Note (i)]

3. To note the retirement of Mr Lee Seng Chan as a Director of the Company who is retiring pursuant to Article 89 of the Company's Constitution and will not be seeking for re-election.

4. To approve the payment of Directors' fees of S$61,000 for the financial year ended 31 March 2018 (FY2017: S$71,000). **(Resolution 3)**

5. To re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

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

AS SPECIAL BUSINESS

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

7. Authority to allot and issue shares **(Resolution 5)**

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**"), the Company's Constitution and Rule 806 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

provided that:

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

(4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier or in the case of shares to be issued in pursuance of the instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments." **[See Explanatory Note (ii)]**

By Order of the Board

Ong Kian Soon
Director and Company Secretary

Singapore, 12 July 2018

NOTICE OF ANNUAL GENERAL MEETING

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

Explanatory Notes:

(i) Mr Ong Kian Soon will, upon re-election as a Director of the Company, remain as Non-Independent Non-Executive Director and a member of Audit, Nominating and Remuneration Committees. There are no relationships including immediate family relationships between Mr Ong Kian Soon and the other Directors, the Company or its 10% shareholders. Detailed information on Mr Ong Kian Soon can be found under the "Board of Directors" and "Corporate Governance Report" sections in the Company's Annual Report.

(ii) Ordinary Resolution 5 in item 7 above, if passed, will empower the Directors from the date of this AGM until the date of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments. The aggregate number of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue, shall not exceed, in total, one hundred per cent. (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the total number of shares issued other than on a pro-rata basis to existing shareholders of the Company, shall not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings).

For determining the aggregate number of shares that may be issued, the percentage of issued shares will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time Resolution 5 is passed after adjusting for new shares from the conversion or exercise of any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when Resolution 5 is passed and any subsequent consolidation or subdivision of shares.

Notes:

1. A member who is not a relevant intermediary, is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead at the Annual General Meeting (the "Meeting").

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

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

3. A proxy need not be a Member of the Company.

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

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

PERSONAL DATA PRIVACY

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

CPH LTD.

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

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF and shall be ineffective for all intents and purposes if used or purported to be used by them.

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

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

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting (the "AGM") of the Company to be held at 8 First Lok Yang Road, Singapore 629731 on Monday, 30 July 2018 at 9.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for and against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions relating to:	For	Against
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2018 together with the Auditors' Report		
2	Re-election of Mr Ong Kian Soon as Director		
3	Approval of Directors' fees of S$61,000 for the financial year ended 31 March 2018		
4	Re-appointment of Messrs BDO LLP as Auditors		
5	Authority to allot and issue new shares		

Notes: If you wish to exercise all your votes "For" or "Against", please tick [✓] within the box provided. Alternatively, please indicate the number of votes "For" or "Against" for each resolution.

Dated this ________ day of ________________ 2018

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

____
Signature of Member(s)
and, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

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, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A Member of the Company (other than a Relevant Intermediary) entitled to attend and vote at a Meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her behalf. A proxy need not be a Member of the Company.
3. A member who is a Relevant Intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "Relevant Intermediary" means:

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

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

   (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. Where a Member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the Company's Registered Office at 8 First Lok Yang Road, Singapore 629731 not less than forty-eight (48) hours before the time appointed for the holding of the Annual General Meeting of the Company.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
8. A corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the Member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 July 2018.

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CPH Ltd.

SINGAPORE

CPH LTD.
Registration No 199804583E
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