CPH Ltd.

2019

ANNUAL REPORT

This annual report has been prepared by CPH Ltd. (the "**Company**") and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

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

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CHAIRMAN'S MESSAGE

Dear Shareholders,

The financial year ended 31 March 2019 ("FY2019") had been characterised by increasing uncertainties brought about by the deteriorating trade relationship between the United States and China, further aggravating the already competitive printed circuit board business (the "PCB Segment").

On 22 November 2018, the Company entered into a conditional sale and purchase agreement ("SPA") to acquire 100% of the issued share capital of a fintech solution provider, oCap Management Pte. Ltd. from Delphinium Capital PLC for a consideration of $61.8 million ("Proposed Acquisition"). This would have resulted in a reverse takeover ("RTO") of the Company upon completion of the transaction. However, it has been mutually agreed on 30 May 2019 for the transaction to be terminated, as it is unlikely that certain key conditions precedent in the SPA will be fulfilled by 21 August 2019, being the long-stop date for the Proposed Acquisition.

We will continue our efforts to dispose of the Group's PCB Segment. Meanwhile, the PCB Segment has been classified as discontinued operations for both financial years ended 31 March 2018 and 2019 ("FY2018" and "FY2019" respectively).

PERFORMANCE REVIEW OF FY2019

During the financial year, rental income was lower by 10.1%, a decrease from $0.42 million in FY2018 to $0.38 million in FY2019 as there was vacant space not leased during FY2019, coupled with a decrease in rental rates. Concurrently, the interest income remained at relatively the same level for both FY2019 and FY2018 at approximately $24,000 and $29,000 respectively.

Where expenses are concerned, the Group's administrative and other expenses reduced from $1.45 million in FY2018 to $1.28 million in FY2019. This was mainly due to the revaluation of investment property, where the Group recorded a fair value loss of $0.32 million in FY2018 whereas in FY2019, the fair value loss recorded was $0.18 million. Depreciation expenses remained at approximately $0.04 million for both FY2018 and FY2019. Finance costs increased from $0.02 million in FY2018 to $0.03 million in FY2019 due to higher utilisation of bank facilities during the financial year.

The Group recorded a loss of about $0.07 million in FY2019 and $0.08 million in FY2018 from share of results of associate as the food and beverage industry continued to face intense competition.

In view of the above, the Group recorded a loss before income tax from continuing operations of $0.97 million in FY2019 as compared to a loss before income tax from continuing operations of $1.07 million in FY2018.

FUTURE OUTLOOK

Going forward, we will continue to contain our operating losses and consider all options to diversify from our PCB business. We will also continue to explore new opportunities to acquire a viable business to provide the Group with an avenue for growth. Currently, there are on-going discussions with parties interested in the PCB Segment. We will update shareholders via SGXNET if there are material developments to the aforementioned.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to extend my gratitude to Mr Lee Seng Chan who retired from the position of Independent Director on 30 July 2018. We appreciate and acknowledge the commitment and contribution that he has made for the Group and wish him good health and all the best in his future endeavours.

I would also like to thank our management and staff for their dedication and perseverance that have helped the Group overcome challenges during the year. Finally, I would like to express our appreciation to our customers, business associates and shareholders for their support.

Lee Teong Sang
Independent Non-Executive Chairman

FINANCIAL REVIEW

On 22 November 2018, the Company entered into a conditional sale and purchase agreement to acquire 100% of the issued share capital of a fintech solution provider, oCap Management Pte. Ltd. from Delphinium Capital PLC for $61.8 million ("Proposed Acquisition"). This would have resulted in a reverse takeover ("RTO") upon completion of the transaction. On 30 May 2019 it was mutually agreed to have the transaction terminated. However the Group will continue with its plan to dispose of the Group's printed circuit board business (the "PCB Segment") given the continuous losses suffered by the PCB Segment and the intensified market competition in the printed circuit board industry. As such, the PCB Segment has been classified as discontinued operations for both financial years ended 31 March 2018 and 2019 ("FY2018" and "FY2019" respectively).

Discontinued Operations (the PCB Segment)

The market environment in which the PCB Segment operates remained challenging from the effects of the prolonged global trade tensions and the weakening Malaysian ringgit, and intense competition. In FY2019, the PCB Segment continued to suffer gross loss mainly due to operating inefficiencies from underutilisation of production capacity. There was also an exchange loss of $0.13 million as compared to exchange gain of $0.34 million in FY2018. For the classification of the PCB Segment as discontinued operations, impairment of other assets were duly provided and inventories were written down which further affected the bottom line. As a result, the PCB Segment recorded a net loss before income tax of $1.28 million in FY2019 as compared to a net loss before tax of $0.67 million in FY2018.

Continuing Operations

Other Income

Rental income declined by $0.04 million from $0.42 million in FY2018 to $0.38 million in FY2019 as there was vacant space not leased during FY2019, coupled with a decrease in rental rates.

Interest Income

The interest income remained at relatively the same level for both FY2019 and FY2018, being approximately $24,000 and $29,000 respectively.

Expenses

The Group's administrative expenses reduced slightly from $1.13 million in FY2018 to $1.10 million in FY2019. Other expense, which comprise mainly the fair value loss on revaluation of investment property, fell from $0.32 million in FY2018 to $0.18 million in FY2019.

The Group's depreciation expenses remained at approximately $0.04 million for both FY2018 and FY2019.

The Group's finance costs increased from $0.02 million in FY2018 to $0.03 million in FY2019 due to higher utilisation of bank facilities during the year.

Share of results of associate, net of tax

The Group recorded a loss of approximately $0.07 million in FY2019 and $0.08 million in FY2018 from share of results of associate as the food and beverage industry that the Group invested in continued to face strong competition.

Loss before Income Tax

As the result of the above, the Group recorded a loss before income tax from continuing operations of $0.97 million in FY2019 as compared to a loss before income tax of $1.07 million in FY2018.

Statement of Financial Position

For illustration purpose only, the non-current and net current assets of the Group before the segregation of the discontinued business (the PCB Segment) is appended below:

FINANCIAL REVIEW

	Group FY2019 $'000	Group FY2018 $'000
Non-current assets		
Associate	400	472
Property, plant and equipment	867	956
Investment property	8,000	8,180
	9,267	9,608
Current assets		
Inventories	894	1,306
Trade and other receivables	1,199	895
Prepayments	43	46
Fixed deposits with banks	905	2,941
Cash and bank balances	83	273
	3,124	5,461
Less:		
Current liabilities		
Trade and other payables	1,202	1,199
Finance lease payables	6	24
Bank borrowings	1,020	1,515
	2,228	2,738
Net current assets	896	2,723

Note:
Please refer to Note 13 to the financial statements for a detailed breakdown of assets and liabilities relating to the discontinued operations (the PCB Segment).

Associate decreased to $0.40 million as at the end of FY2019 from $0.47 million as at the end of FY2018 due to share of the losses made by the associate in FY2019.

The Group's property, plant and equipment decreased from $0.96 million as at the end of FY2018 to $0.87 million as at the end of FY2019 mainly due to depreciation charges of $0.08 million.

The Group recorded fair value loss of $0.18 million arising from the revaluation of investment property from $8.18 million in FY2018 to $8.00 million in FY2019.

Inventories decreased from $1.31 million as at the end of FY2018 to $0.89 million as at the end of FY2019, mainly due to inventories written down of $0.29 million. Furthermore, fewer purchases of raw materials were made in FY2019 in line with decreased sales. Trade and other receivables increased from $0.90 million as at the end of FY2018 to $1.20 million as at the end of FY2019, as there was a delay of payment by a key customer and the payment had been collected shortly after the year-end.

Prepayments remained fairly consistent at approximately $43,000 as at end of FY2019 and $46,000 as at end of FY2018.

Trade and other payables remained at similar levels at $1.20 million as at the end of FY2018 and FY2019. Bank borrowings decreased to $1.02 million as at the end of FY2019 as compared with $1.52 million as at the end of FY2018 due to lower utilisation of the banking facilities towards the end of FY2019.

The Group's working capital as at the end of FY2019 was $0.90 million.

Cash Flow and Working Capital

The Group has an operating cash outflow of $1.55 million before working capital changes for FY2019. During FY2019, trade and other receivables increased by $0.46 million and inventories decreased by $0.09 million, whereas trade and other payables decreased by $0.26 million. As the result, an amount of $1.66 million was used in operating activities.

For investing activities, $0.02 million was used for the purchase of plant and equipment and $0.02 million of interest was received in FY2019. As a result, net cash from investing activities amounted to $0.01 million.

For financing activities, a net amount of $3.29 million was generated from the proceeds of banking facilities to purchase raw materials and $3.43 million was utilised to settle trust receipts, finance lease instalments and interests. Net cash used for financing activities amounted to $0.14 million in FY2019.

The Group's cash and cash equivalents as at the end of FY2019 was $0.64 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 30 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 30 July 2018. 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.

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)

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

Lee Teong Sang (Chairman)
Tito Shane Isaac
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

COMPANY SECRETARY

Ong Kian Soon

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 2019 ("FY2019") and the relevant provisions in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Rules of Catalist"). The Board of Directors of the Company (the "Board") is pleased to report on the compliance of the Company with the Code and the Rules of Catalist except where otherwise stated and explained. Such compliance is regularly reviewed to ensure transparency and accountability.

This report should be read in totality, instead of being read separately under each principle of the Code. The Board noted the revised Code of Corporate Governance issued on 6 August 2018 ("Revised Code"), which is only effective from the Company's financial year commencing 1 April 2019, and will endeavour to comply with the Revised Code once it is effective.

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;
- ensuring the adequacy and effective internal controls and risk management system to safeguard shareholders' interest and Group's assets;
- ensuring compliance with the Code, the Companies Act (Chapter 50) of Singapore ("Companies Act"), the Company's Constitution, the 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.

CORPORATE GOVERNANCE REPORT

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.

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 FY2019.

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 FY2019 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 agent on the amendments to the Rules of Catalist which are relevant to the Board, including but not limited to the Code of Corporate Governance 2018 effective for financial years beginning from 1 January 2019;
– regulatory releases issued by SGX-ST; and
– recommendations of ACRA's Financial Reporting Surveillance Programme.

CORPORATE GOVERNANCE REPORT

The number of Board and Board Committee meetings held during FY2019 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*	–	1*	–	1*
Ong Kian Soon	2	2	2	2	1	1	1	1
Chong Cheng Whatt	2	2	–	2*	–	1*	–	1*
Tito Shane Isaac	2	2	2	2	1	1	1	1
Lee Seng Chan[(2)]	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.

(2) Mr Lee Seng Chan did not seek re-election and retired as an Independent Non-Executive Director of the Company at the annual general meeting held on 30 July 2018.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board currently comprises five (5) 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

The Independent Directors made up more than one third of the Board as at the end of FY2019.

CORPORATE GOVERNANCE REPORT

The independence of each Director is reviewed annually by the Board through the NC. The NC adopts the definition of what constitutes an Independent Director under the Catalist Rule 406(3)(d) and the Code 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. Both the Independent Directors have confirmed that they are independent. The NC has reviewed and determined that both the Independent Directors are independent. In concurrence with the NC, the Board considers the two Independent Directors to be independent, including independence from the 10% shareholders* of the Company.

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

The NC has reviewed 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 two 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.

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	5	100
– Legal	1	20
– Industry knowledge and experience	3	60
– Investor relations	1	20
Gender		
– Male	4	80
– Female	1	20

CORPORATE GOVERNANCE REPORT

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 they are able to bring independent judgment to bear on business activities in the discharge of their duties as a Board member and Board 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 Board level.

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, invaluable expertise, 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 to discuss and review any matters regarding the Group. The Non-Executive Directors communicate regularly to discuss matters related to the Group, including, inter alia, the performance of the Management. For FY2019, the Non-Executive Directors had met without the presence of the Management.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

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

All the Board Committees are chaired by Independent Directors and 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.

CORPORATE GOVERNANCE REPORT

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.

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.

CORPORATE GOVERNANCE REPORT

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. However Article 85 is now overrode by Rule 720(4) of the Rules of Catalist which states that the Company must have all Directors submit themselves for re-nomination and re-appointment at least once every three years.

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 of the Company's Constitution, Mr Lee Teong Sang and Mr Chong Cheng Whatt will retire at the Company's forthcoming Annual General Meeting ("AGM") while Mdm Choo Tung Kheng will retire pursuant to Rule 720(4) of the Rules of Catalist. The aforesaid Directors are eligible for re-election and re-appointment and have consented to continue in office, and the Board has accepted the NC's recommendation for their re-election. In making the recommendation, the NC had considered the overall contribution and performance of Mr Lee Teong Sang, Mr Chong Cheng Whatt and Mdm Choo Tung Kheng. Mr Lee Teong Sang and Mr Chong Cheng Whatt do not have any other relationships, including immediate family relationships with the other Directors, the Company or its 10% shareholders. Mdm Choo Tung Kheng is a substantial shareholder of the Company but she does not have any other relationships, including immediate family relationships between herself, the other Directors, the Company or its 10% shareholders. The disclosure of information on the Director's seeking re-election and re-appointment can be found on pages 30 to 34 of the Annual Report.

The NC had reviewed the independence of the two Independent Directors, namely Mr Lee Teong Sang and Mr Tito Shane Isaac. Mr Lee Teong Sang and Mr Tito Shane Isaac have also declared their independence. In assessing their independence, the NC, having considered the guidelines set out in the Code and Catalist Rule 406(3)(d), is of the view that Mr Lee Teong Sang and Mr Tito Shane Isaac are independent and there are no relationships identified in the Code and Catalist Rules that would deem them not to be independent.

The Board has not capped the maximum number of listed company board representations each Director may hold as the NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his or her other listed company board directorships and other principal commitments, and not guided by a numerical limit. 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 and Mr Tito Shane Isaac, who sit on multiple board representatives presently, 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

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	30 July 2018	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

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 is 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 presents 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 FY2019. 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 FY2019, 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 FY2019.

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. Any additional materials or information requested by the Directors to make informed decisions are promptly furnished by Management. 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 Committees' 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 FY2019. Save for the abovementioned, the RC has reviewed and is satisfied that the corporate performance targets have been met for FY2019.

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. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.

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 advise on remuneration matters for FY2019.

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

Given the confidentiality and sensitivity of Directors' remuneration matters, the Board has elected not to fully disclose the remuneration of each individual Director and the Managing Director. The table below provides a breakdown of the level and mix of the remuneration of each Director and the Managing Director in bands of S$250,000 for FY2019:

	Salary	**Bonus**	**Others**	**Fees**	**Total**
	%	**%**	**%**	**%**	**%**
Remuneration Band and Name of Director					
Below S$250,000					
Choo Tung Kheng	85	7	8	–	100
Chong Cheng Whatt	86	7	7	–	100
Ong Kian Soon	–	–	–	100	100
Lee Teong Sang	–	–	–	100	100
Tito Shane Isaac	–	–	–	100	100
Lee Seng Chan[(1)]	–	–	–	100	100

Note:

(1) Mr Lee Seng Chan did not seek re-election and retired as an Independent Non-Executive Director of the Company at the AGM held on 30 July 2018.

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 FY2019. 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 S$250,000 for FY2019 is as set out below:

	Salary %	**Bonus %**	**Others %**	**Fees %**	**Total %**
Remuneration Band and Name of Key Management Personnel					
Below S$250,000					
Goh Chee Seng	93	7	–	–	100
Chai See Siong	62	4	34	–	100
Ng Lay Choo	91	7	2	–	100
Tan Yeat Chia[1]	93	7	–	–	100

Note:

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

Save as disclosed above, the Company does not have any employee who is an immediate family member of a Director or the CEO and whose remuneration exceeded S$50,000 for FY2019.

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 FY2019, 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.

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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 FY2019:

– the Group's risk management and internal control systems in place is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology controls, and risk management systems; 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 FY2019. 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 independence, 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;
- review the effectiveness of the Company's internal audit function;

CORPORATE GOVERNANCE REPORT

- 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 FY2019. 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. On a half yearly basis, the AC also reviews the interested person transactions and the financial results announcements before their submission to the Board for approval.

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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 FY2019 is as follows:

Description	Amount	Percentage (%)
Audit fees	S$52,695	69
Non-audit fees payable to the external auditors in respect of tax advisory and secretarial services rendered to the Group	S$23,574	31
Total	S$76,269	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 FY2019.

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 adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems.

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 RO is an employee of the Group and reports to the AC and Board. The RO, the Management and the Board have confirmed that the RO is adequately resourced and objective in performing his work and he is independent of the activities he audits. The internal audit scope is within the internal audit requirements that have been agreed by the AC. 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.

The Board is of the view that during FY2019, the Group's systems of internal controls including financial, operational, compliance and information technology controls, and its risk management systems are adequate and effective in safeguarding the Group's assets. During FY2019, the AC also enquired and reviewed reports from the RO and external auditors on any material non-compliance and internal control weakness. The AC has reviewed with the RO and 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 Risk Officer without presence of the management during the financial year under review. The AC has reviewed and is satisfied with the independence, adequacy and effectiveness of the Risk Officer's scope for FY2019.

The Board has concurred with the AC that the Group's systems of internal controls and risk management systems are adequate and effective during FY2019. The AC and Board will continue to monitor and 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.

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

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

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

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

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 FY2019.

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

Update on Use of Placement Proceeds

On 27 February 2008, the Company issued 64,000,000 shares by way of a private placement (the "2008 Placement") and the net proceeds amounted to approximately S$2.27 million. The 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	2.27	–
Total	**2.27**	**2.27**	**2.27**	**–**

As at the date of this report, all the 2008 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 2019 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 AC is satisfied that the review procedures for interested person transactions and the reviews to be made half-yearly by the AC in relation thereto are adequate to ensure that the interested person transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company confirms that there were no interested person transactions of S$100,000 or more entered into during the financial year under review.

Non-Sponsorship Fees

There were non-sponsorship fees which were paid or are payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., in connection with the proposed acquisition of 100% of the issued share capital of oCap Management Pte. Ltd. during FY2019 amounting to S$150,000. However, as indicated in the Company's announcement on 30 May 2019, the Company envisages that it will not be bearing any costs in this relation. Please refer to the Company's announcement on 30 May 2019 for further details.

Sustainability Report

The Company acknowledges the importance of sustainability risks in today's business environment and will continue to implement appropriate policies and procedures to address such risks. The Group has identified its material environment, social and governance (ESG) factors and they are economic performance, anti-corruption, energy conservation, waste management, diversity and equal opportunity for its employment practices, occupational health and safety, corporate governance, enterprise risk management and business ethics. Further details on the aforementioned will be set out in the Company's Sustainability Report for FY2019 which will be issued and published separately on the SGXNET by 31 August 2019.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT

Mr Lee Teong Sang, Mr Chong Cheng Whatt and Madam Choo Tung Kheng are the Directors seeking re-election/re-appointment at the Company's forthcoming Annual General Meeting ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("Rules of Catalist"), the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Rules of Catalist:

	MR LEE TEONG SANG	MR CHONG CHENG WHATT	MADAM CHOO TUNG KHENG
Date of Appointment	16 September 2004	2 August 2010	1 July 2011
Date of Last Re-appointment (if applicable)	28 July 2016	27 July 2017	29 July 2011* * Madam Choo Tung Kheng ("Madam Choo") was appointed as Managing Director of the Company on 11 November 2011. Subsequent to her appointment as the Managing Director, Madam Choo is not subject to retirement by rotation pursuant to the Constitution of the Company. However, under Rule 720(4) of the Rules of Catalist which took effect from 1 January 2019, an issuer must have all directors submit themselves for re-nomination and re-appointment at least once every 3 years.
Age	60	63	63
Country of principal residence	Singapore	Singapore	Singapore

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT

	MR LEE TEONG SANG	MR CHONG CHENG WHATT	MADAM CHOO TUNG KHENG
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company having considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Lee Teong Sang ("Mr Lee") for re-election as Independent Non-Executive Director and Chairman of the Company. The Board has reviewed and concluded that Mr Lee possesses the experience, expertise, knowledge and skills to continue to contribute towards the core competencies of the Board.	The Board of Directors of the Company having considered, among others, the recommendation of the NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Chong Cheng Whatt ("Mr Chong") for re-election as Executive Director of the Company. The Board has reviewed and concluded that Mr Chong possesses the experience, expertise, knowledge and skills to continue to contribute towards the existing businesses of the Group.	The Board of Directors of the Company having considered, among others, the recommendation of the NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Madam Choo for re-appointment as Executive Director and Managing Director of the Company. The Board has reviewed and concluded that Madam Choo possesses the experience, expertise, knowledge and skills to continue to contribute towards the existing businesses of the Group.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Mr Chong oversees the sales and operations of the printed circuit boards business in Malaysia.	Executive Madam 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.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Chairman Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee	Executive Director	Managing Director

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT

	MR LEE TEONG SANG	MR CHONG CHENG WHATT	MADAM CHOO TUNG KHENG
Professional qualifications	Master of Business Administration Degree from the University of Sheffield, UK Bachelor of Pharmacy Degree from the University of London	–	Bachelor of Accountancy, Nanyang University, Singapore
Working experience and occupation(s) during the past 10 years	April 1999 to Present: Principal Consultant of Cyrus Capital Consulting May 2011 to Present: Director of Kyrus Investment Pte. Ltd.	April 2008 to Present: General Manager of Circuits Plus (M) Sdn. Bhd.	June 2002 to June 2011: Executive Director of New Wave Holdings Ltd. July 2011 to Present: Managing Director of CPH Ltd.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Direct Interest: 500,000 shares	Direct Interest: 170,012,315 shares Deemed Interest: 1,200 shares held by 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 owned by Madam Choo.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT

	MR LEE TEONG SANG	MR CHONG CHENG WHATT	MADAM CHOO TUNG KHENG
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships			
Other Directorships for the past 5 years	Nil	Nil	Nil

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION/RE-APPOINTMENT

	MR LEE TEONG SANG	MR CHONG CHENG WHATT	MADAM CHOO TUNG KHENG
Other Present Directorships	New Wave Holdings Ltd. Cyrus Corporation Pte Ltd Kyrus Investment Pte. Ltd.	Circuits Plus (M) Sdn. Bhd. MNPL Aluminium Centre Sdn. Bhd. Twin Metal Service Centre Sdn. Bhd. Eplus Technologies Sdn. Bhd.	New Wave Holdings Ltd. Circuits Plus Pte Ltd Circuits Plus (Asiatic) Pte Ltd CP Lifestyle Pte. Ltd. Circuits Plus (M) Sdn. Bhd. General Electronics & Instrumentation Corporation Private Limited Eplus Technologies Pte Ltd Manufacturing Network Pte Ltd MNPL Aluminium Centre Sdn. Bhd. MNPL Investments Pte. Ltd. MSC Aluminium Holdings Pte. Ltd. Twin Metal Service Centre Sdn. Bhd. Eplus Technologies Sdn. Bhd. MNPL Metals Co., Ltd. Alutech Metals Asiatic Pte. Ltd. Twin Metal (Penang) Sdn. Bhd.
Other Principal Commitments	Principal Consultant at Cyrus Capital Consulting	–	–

Mr Lee Teong Sang, Mr Chong Cheng Whatt and Madam Choo Tung Kheng have provided negative confirmation on items (a) to (k) of Appendix 7F to the Rules of Catalist.

DIRECTORS' STATEMENT

The Directors of 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 2019 and the statement of financial position of the Company as at 31 March 2019.

1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and 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)

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 Singapore Companies Act, Chapter 50 (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 2018	Balance at 31 March 2019	Balance at 1 April 2018	Balance at 31 March 2019
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 2019 in the shares of the Company have not changed from those disclosed as at 31 March 2019.

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
11 July 2019

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 44 to 111, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2019;
- 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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019, and of its 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 PCB business segment classified as Held for Sale and Discontinued Operations

The management has plans to dispose of its PCB business segment in view of the continuous pre-tax losses suffered. The business segment generated revenue of $4,545,672 and suffered a loss of $1,281,172 for the financial year ended 31 March 2019. The management plans to complete the disposal within the next 12 months and hence, classified the PCB business segment in accordance with SFRS(I) 5 – *Non-Current Assets Held for Sale and Discontinued Operations*.

We have determined the accounting treatment of the PCB business segment ("Disposal Group") in the financial statements as a key audit matter as the following factors require significant management judgements and estimates:

- The classification of assets and liabilities relating to the Disposal Group as held for sale and the presentation of its results as discontinued operations;
- The identification of income and expenses allocated to the Disposal Group; and
- The measurement of Disposal Group at the lower of their carrying amounts or fair value less costs to sell.

Related Disclosures

Refer to Notes 2.14, 3.1(i), 3.2(v) and 13 to the financial statements.

Audit Response

Our procedures included, amongst others, the following:

- Evaluated management's basis on classification of PCB business segment as Disposal Group and its related results as discontinued operations;
- We held meetings and discussions with management to obtain understanding of its plan for the Disposal Group including the key assumptions and estimates used in the accounting treatment for the Disposal Group;
- Evaluated and tested the allocated income and expenses to continuing or discontinued operations, including the assumptions and estimates made to the allocation;
- Assessed management's valuation of assets of the Disposal Group at the lower of their carrying amounts and fair value less costs of sell; and
- 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
11 July 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	Group 31 March 2019 $	Group 31 March 2018 $	Group 1 April 2017 $	Company 31 March 2019 $	Company 31 March 2018 $	Company 1 April 2017 $
ASSETS							
Non-current assets							
Subsidiaries	5	**–**	–	–	**8,429,334**	11,189,334	12,391,334
Associate	6	**400,344**	471,895	547,949	**–**	–	–
Property, plant and equipment	7	**110,123**	955,766	1,198,321	**–**	–	–
Investment property	8	**8,000,000**	8,180,000	8,500,000	**–**	–	–
Available-for-sale financial asset	9	**–**	–	–	**–**	–	–
Total non-current assets		**8,510,467**	9,607,661	10,246,270	**8,429,334**	11,189,334	12,391,334
Current assets							
Inventories	10	**–**	1,305,653	1,327,477	**–**	–	–
Trade and other receivables	11	**224,430**	894,891	1,087,505	**2,895,300**	3,141,675	3,629,849
Prepayments		**18,661**	45,918	46,608	**8,570**	8,570	9,519
Cash and cash equivalents	12	**979,476**	3,214,569	3,254,739	**21,980**	8,865	13,353
Total current assets		**1,222,567**	5,461,031	5,716,329	**2,925,850**	3,159,110	3,652,721
Assets of disposal group classified as held for sale	13	**2,658,992**	–	–	**–**	–	–
Total assets		**12,392,026**	15,068,692	15,962,599	**11,355,184**	14,348,444	16,044,055
EQUITY AND LIABILITIES							
Equity							
Share capital	14	**24,764,175**	24,764,175	24,764,175	**24,764,175**	24,764,175	24,764,175
Foreign currency translation account	15	**(277,750)**	(366,396)	(251,149)	**–**	–	–
Share-based payment reserve	16	**10,000**	10,000	10,000	**10,000**	10,000	10,000
Accumulated losses		**(14,341,234)**	(12,091,493)	(10,347,333)	**(13,796,204)**	(10,526,850)	(8,852,384)
Total equity attributable to owners of the parent		**10,155,191**	12,316,286	14,175,693	**10,977,971**	14,247,325	15,921,791
Non-current liabilities							
Finance lease payables	17	**8,077**	14,077	36,579	**–**	–	–
Total non-current liabilities		**8,077**	14,077	36,579	**–**	–	–

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

		Group			Company		
	Note	31 March 2019 $	31 March 2018 $	1 April 2017 $	31 March 2019 $	31 March 2018 $	1 April 2017 $
Current liabilities							
Trade and other payables	18	**508,300**	1,199,222	1,120,893	**377,213**	101,119	122,264
Bank borrowings	19	**344,041**	1,515,346	600,959	**–**	–	–
Finance lease payables	17	**6,000**	23,761	28,475	**–**	–	–
Total current liabilities		**858,341**	2,738,329	1,750,327	**377,213**	101,119	122,264
Liabilities of disposal group classified as held for sale	13	**1,370,417**	–	–	**–**	–	–
Total liabilities		**2,236,835**	2,752,406	1,786,906	**377,213**	101,119	122,264
Total equity and liabilities		**12,392,026**	15,068,692	15,962,599	**11,355,184**	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 2019

	Note	2019 $	2018 $
Revenue	20	**–**	–
Cost of sales		**–**	–
Gross profit		**–**	–
Other items of income			
Other income	21	**413,227**	467,626
Other items of expense			
Administrative expenses		**(1,098,973)**	(1,127,193)
Other expenses		**(180,000)**	(320,000)
Finance costs	22	**(31,262)**	(18,104)
Share of results of associate, net of tax		**(71,551)**	(76,054)
Loss before income tax from continuing operations	23	**(968,559)**	(1,073,725)
Income tax expense	24	**(10)**	(31)
Loss from continuing operations		**(968,569)**	(1,073,756)
Loss from discontinued operations, net of tax	13	**(1,281,172)**	(670,404)
Loss for the financial year, attributable to owners of the parent		**(2,249,741)**	(1,744,160)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operation		**88,646**	(115,247)
Total comprehensive income for the financial year, attributable to owners of the parent		**(2,161,095)**	(1,859,407)
Loss per share from continuing operations, attributable to owners of the parent (cents)			
– Basic	25	**(0.08)**	(0.09)
– Diluted	25	**(0.08)**	(0.09)
Loss per share from discontinued operations, attributable to owners of the parent (cents)			
– Basic	25	**(0.10)**	(0.05)
– Diluted	25	**(0.10)**	(0.05)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Share capital $	Foreign currency translation account $	Share-based payment reserve $	Accumulated losses $	Total equity $
Balance as at 1 April 2018	24,764,175	(366,396)	10,000	(12,091,493)	12,316,286
Continuing operations					
Loss for the financial year	–	–	–	(968,569)	(968,569)
Discontinued operations					
Loss for the financial year	–	–	–	(1,281,172)	(1,281,172)
Other comprehensive income:					
Exchange differences on translating foreign operation	–	88,646	–	–	88,646
Total comprehensive income for the financial year	–	88,646	–	(2,249,741)	(2,161,095)
Balance as at 31 March 2019	**24,764,175**	**(277,750)**	**10,000**	**(14,341,234)**	**10,155,191**
Balance as at 1 April 2017	24,764,175	(251,149)	10,000	(10,347,333)	14,175,693
Continuing operations					
Loss for the financial year	–	–	–	(1,073,756)	(1,073,756)
Discontinued operations					
Loss for the financial year	–	–	–	(670,404)	(670,404)
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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 $	2018 $
Operating activities			
Loss before income tax from continuing operations		**(968,559)**	(1,073,725)
Loss before income tax from discontinued operations		**(1,281,172)**	(670,404)
Loss before income tax		**(2,249,731)**	(1,744,129)
Adjustments for:			
Depreciation of property, plant and equipment		**80,042**	330,253
Property, plant and equipment written-off		**40,510**	–
Interest expense		**58,362**	38,187
Interest income		**(23,615)**	(29,290)
Inventories write-off		**–**	81,789
Inventories write-down		**291,566**	146,695
Change in fair value of investment property		**180,000**	320,000
Share of results of associate, net of tax		**71,551**	76,054
Unrealised foreign exchange loss/(gain)		**4,120**	(240,337)
Operating cash flows before working capital changes		**(1,547,195)**	(1,020,778)
Working capital changes:			
Inventories		**91,394**	(113,253)
Trade and other receivables		**(462,256)**	323,271
Prepayments		**2,098**	2,737
Trade and other payables		**255,414**	(98,527)
Cash used in operations		**(1,660,545)**	(906,550)
Income tax paid		**(10)**	(31)
Net cash used in operating activities		**(1,660,555)**	(906,581)
Investing activities			
Purchase of plant and equipment	7	**(15,565)**	(11,587)
Interest received		**26,480**	28,816
Net cash from investing activities		**10,915**	17,229
Financing activities			
Proceeds from trust receipts		**3,287,586**	3,186,244
Repayment of trust receipts		**(3,348,248)**	(3,054,686)
Repayment of finance lease payables		**(23,402)**	(29,056)
Interest paid		**(58,362)**	(38,187)
Net cash (used in)/from financing activities		**(142,426)**	64,315

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 $	2018 $
Net change in cash and cash equivalents		**(1,792,066)**	(825,037)
Cash and cash equivalents at beginning of financial year		**2,431,740**	3,254,739
Effect of foreign exchange rate changes on cash and cash equivalents		**(254)**	2,038
Cash and cash equivalents at end of financial year	12	**639,420**	2,431,740

Note A: Reconciliation of liabilities arising from financing activities

	2018 $	Cash flows $	Non-cash changes Foreign exchange differences $	Reclassification $	2019 $
Finance lease payable (Note 17)	37,838	(23,402)	(359)	–	**14,077**
Bank borrowings – trust receipts (Note 19)	732,517	(60,662)	–	(671,855)	**–**

	2017 $	Cash flows $	Non-cash changes Foreign exchange differences $	2018 $
Finance lease payable (Note 17)	65,054	(29,056)	1,840	37,838
Bank borrowings – trust receipts (Note 19)	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 2019

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 5 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 2019 were authorised for issue in accordance with a Directors' resolution dated 11 July 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including the related interpretations of ("SFRS(I) INTs") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are the Group's and the Company's first financial statements prepared in accordance with SFRS(I)s. The Group and the Company have previously prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRSs"). As required by SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)*, the Group and the Company have consistently applied the same accounting policies in its opening statement of financial position at 1 April 2017 and throughout all financial years presented, as if these policies had always been in effect subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. The transition to SFRS(I)s do not have a material impact on the financial statements of the Group and the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) and SFRS(I) INT issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I) and SFRS(I) INT were issued but not yet effective, and have not been adopted early in these financial statements:

			Effective date (annual periods beginning on or after)
SFRS(I) 9 (Amendments)	:	Prepayment Features with Negative Compensation	1 January 2019
SFRS(I) 1-28 (Amendments)	:	Long-term Interests in Associates and Joint Ventures	1 January 2019
SFRS(I) 1-19 Amendments	:	Plan Amendment, Curtailment or Settlement	1 January 2019
SFRS(I) 16	:	Leases	1 January 2019
SFRS(I) 3 (Amendments)	:	Definition of a Business	1 January 2020
SFRS(I) 1-1 and SFRS(I) 1-8 (Amendments)	:	Definition of Material	1 January 2020
SFRS(I) 17	:	Insurance contracts	1 January 2021
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	:	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	To be determined
SFRS(I) INT 23	:	Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to SFRS(I)s 2015 – 2017 Cycle			
– SFRS(I) 3 (Amendments)	:	Business Combinations	1 January 2019
– SFRS(I) 11 (Amendments)	:	Joint Arrangements	1 January 2019
– SFRS(I) 1-12 (Amendments)	:	Income Tax	1 January 2019
– SFRS(I) 1-23 (Amendments)	:	Borrowing Costs	1 January 2019

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

Except as disclosed below, management anticipates that the adoption of the above SFRS(I)s and SFRS(I) INTs, if applicable, in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

2.1 Basis of preparation of financial statements (Continued)

SFRS(I) and SFRS(I) INT issued but not yet effective (Continued)

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases* and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessees to capitalise all leases on the statement of financial position by recognising a "right-of-use" asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16. SFRS(I) 16 also requires enhanced disclosures by both lessees and lessors.

The Group has performed an assessment on the adoption of SFRS(I) 16 based on currently available information as well as recognition exemptions under the standard. The Group does not expect the adoption of SFRS(I) 16 in the financial year beginning on 1 April 2019 to have a significant impact on the financial statements for that financial year.

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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 SFRS(I) 9 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 2019

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 SFRS(I) 3 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Business combinations before 1 April 2010 (Continued)

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

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

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

2.4 Associate

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Associate (Continued)

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

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

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

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

2.5 Property, plant and equipment

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

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 to 10
Office equipment, furniture and fittings	3 to 10
Air-conditioners	6 to 7
Motor vehicles	5
Renovation	5 to 10

Leasehold property is depreciated over its lease term of 27 years from 1 November 1996.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment allowances for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment allowances for non-trade receivables from subsidiaries and third parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. Receivables from subsidiaries are considered as credit impaired when significant financial difficulties and non-payment of past due balances have occurred.

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding Goods and Services Tax ("GST") receivable) and cash and cash equivalents in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Accounting policy for financial assets prior to 1 April 2018

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

Accounting policy for financial assets prior to 1 April 2018 (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

2.9 Financial assets (Continued)

Accounting policy for financial assets prior to 1 April 2018 (Continued)

Impairment (Continued)

(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

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 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 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 2019

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.

(iii) Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of a subsidiary and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if this subsidiary breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Prior to 1 April 2018, financial guarantees were subsequently measured at the higher of amount initially recognised less amortisation and the expected amounts payable to the banks in the event it is probable that the Company will reimburse the banks.

Derecognition of financial liabilities

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Inter-company non-interest bearing loan

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

2.14 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 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.

2.16 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 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. Most of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue earned for each contract is determined by reference to these fixed prices.

Sales of goods

The Group manufactures and sells of single-sided, double-sided and multi-layered printed circuit board products to corporate customers. Revenue are recognised at point in time when control of the products have been transferred, being when the goods are delivered to the customers, the customers have full discretion to direct the use of the products, and there are no unfulfilled obligation that could affect the customers' acceptance of the goods. Delivery occurs when the risk of obsolescence and loss have been transferred, and being acknowledged by customers for in-country sales. Whereas, for oversea sales, acknowledgement are in accordance with the terms and conditions of shipping incoterms. There is no element of significant financing component in the Group's revenue transactions as customers are required to pay with a credit term of 30 to 60 days.

Revenue from sales of goods is recognised based on the price specified in the contract, net of discounts and sales rebates. Certain customers are subject to contractual volume rebates based on aggregate sales over a specific period. At the end of each financial year, the Group reviews and updates the transaction price as necessary. Accumulated experience is applied to estimate and provide for the volume rebate, using the expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Interest income

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

Rental income under operating leases

Revenue is recognised on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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.

2.19 Employee benefits

<u>Retirement benefit costs</u>

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.

<u>Employee leave entitlements</u>

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.

2.20 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.

2.21 Taxes

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

<u>Current income tax</u>

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (Continued)

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.

2.22 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;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Foreign currency transactions and translation (Continued)

(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.

2.23 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.

2.24 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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.

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.

(i) Classification of non-current assets (or disposal group) held for sale

The management has plans to dispose of its PCB business segment ("Disposal Group") in view of the continuous pre-tax losses suffered. The management had assessed the classification based on its plans to complete the disposal within the next 12 months and hence, classified the Disposal Group in accordance with SFRS(I) 5 – *Non-Current Assets Held for Sale and Discontinued Operations*. The date of classification including the allocation of income and expenses to the Disposal Group requires significant judgements.

(ii) Impairment of investment in an associate

The Group follows the guidance of SFRS(I) 1-36 in determining whether investment in associate is impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the recoverable amount of the investment is less than its carrying amount and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

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 2019, 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 $8,000,000 (31 March 2018: $8,180,000, 1 April 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

3.2 Key sources of estimation uncertainty (Continued)

(ii) Property, plant and equipment

At the end of each financial year, the Group assesses whether there are any indicators of impairment for its property, plant and equipment. 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 2019 was $110,123 (31 March 2018: $955,766, 1 April 2017: $1,198,321).

(iii) Impairment of investment in subsidiaries

In determining whether an investment in subsidiaries is impaired requires an estimation of the recoverable amount of the investment as at end of the financial year. For those subsidiaries with indication of impairment, management determined the recoverable amount using the fair value less costs of disposal using the key assumptions as disclosed in Note 5 to the financial statements. The carrying amount of the Company's investment in subsidiaries as at 31 March 2019 was $8,429,334 (31 March 2018: $11,189,334, 1 April 2017: $12,391,334).

(iv) Estimating expected credit loss allowance

Management estimates expected credit loss allowance using a forward-looking expected credit loss ("ECL") model. On initial recognition of the financial asset, management determines the ECL rates by considering the profile of the customers, historical observed default rates and adjusts for forward looking information. The Company's credit risk exposure for trade and other receivables are disclosed in Note 30.1 to the financial statements. As at 31 March 2019, the carrying amounts of the Group's and the Company's trade and other receivables were $224,430 (31 March 2018: $894,891, 1 April 2017: $1,087,505) and $2,895,300 (31 March 2018: $3,141,675, 1 April 2017: $3,629,849) respectively.

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

3.2 Key sources of estimation uncertainty (Continued)

(v) Valuation of Disposal Group

Management measures the assets of Disposal Group at the lower of their carrying amounts and fair value less costs to sell. The assessment also included write-down of inventories and impairment assessment of current assets. The assessment included key estimates as follows:

- The impairment assessment of property, plant and equipment included judgement and estimates in determining the recoverable amounts of a leasehold property based on sales comparison method for land and replacement cost method for property, adjusted for factors like location, size and tenure for land and costs of improvements less allowances for physical deterioration and other forms of obsolescence for property, and machines using selling price for similar machines, adjusted for machine age;

- The assessment of inventories involved estimating 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; and

- The loss allowance of trade and other receivables using the ECL model.

The carrying amount of the assets of the Disposal Group as at 31 March 2019 was disclosed in Note 13 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4. GOING CONCERN

During the financial year ended 31 March 2019, although the Group incurred a loss of $2,249,741 and had cash outflows from operating activities of $1,660,555, the Group had net tangible assets of $10,155,191 as at 31 March 2019. Accordingly, the Directors of the Company are of the view that the use of going concern assumption to prepare the financial statements is appropriate based on the following factors:

(i) The adequacy of funds required to meet its debt obligations and working capital requirements based on a 15-months projected cash flows for the Group from 1 April 2019.

(ii) As disclosed in Note 19 to the financial statements, although a subsidiary had not complied with the required financial covenant on maintaining the required tangible networth of $10 million as at 31 March 2019, the Group has received confirmation from the bank to grant a waiver for the financial covenant subsequent to the end of the financial year. The management believes that the Group will continue to receive the support from the banks.

(iii) As part of its plan to dispose its core business in the PCB segment in the next twelve months, management has carried out ongoing negotiations with potential buyers. As at the date of the financial statements, the Group remains focused on achieving a positive outcome.

Accordingly, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due for the ensuing twelve months.

5. SUBSIDIARIES

		Company	
	31 March 2019	**31 March 2018**	**1 April 2017**
	$	**$**	**$**
Unquoted equity shares, at cost	**27,198,925**	27,198,925	27,198,925
Discount implicit in inter-company non-interest bearing loan	**659,598**	659,598	659,598
Allowances for impairment losses	**(19,429,189)**	(16,669,189)	(15,467,189)
	8,429,334	11,189,334	12,391,334

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

5. SUBSIDIARIES (CONTINUED)

At the end of the financial year, the Company carried out a review on the recoverable amount of its investments in subsidiaries with indicators of impairment. The management views its subsidiaries, Circuit Plus Pte Ltd and Circuit Plus (M) Sdn. Bhd., as one cash-generating unit ("CGU"). This CGU has been incurring losses. The management has determined the recoverable amount of this CGU using the fair value less costs of disposal method which comprised primary the following methods and assumptions:

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 8.
Leasehold property	Independent professional valuation using the sales comparison method for land and replacement cost method for property. The valuation was adjusted for factors like location, size and tenure for land and adjusted for costs of improvements less allowance for physical deterioration and other forms of obsolescence for property, less costs of disposal.
Machinery	Selling price for similar machines, adjusted for machine age and costs of disposal.
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	
	2019	**2018**
	$	**$**
Balance at beginning of financial year	**16,669,189**	15,467,189
Allowance made during the financial year	**2,760,000**	1,202,000
Balance at end of financial year	**19,429,189**	16,669,189

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

5. **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		
			2019 %	2018 %	2017 %
Held by the Company					
Circuits Plus Pte Ltd[1]	Singapore	Sale of printed circuit boards and advance interconnect substrates	**100**	100	100
Circuits Plus (Asiatic) Pte Ltd[1][3]	Singapore	Dormant	**100**	100	100
CP Lifestyle Pte. Ltd.[1]	Singapore	Investment holding company	**100**	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	100

Notes:

(1) Audited by BDO LLP, Singapore

(2) Audited by BDO, Malaysia

(3) Under member's voluntary liquidation

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 2019

6. ASSOCIATE

	Group		
	31 March 2019 $	31 March 2018 $	1 April 2017 $
Unquoted equity investment, at carrying value			
At beginning of financial year	**471,895**	547,949	648,222
Share of results, net of tax	**(71,551)**	(76,054)	(100,273)
At end of financial year	**400,344**	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 2019 %	2018 %	2017 %
Held by CP Lifestyle Pte. Ltd.					
Joy Garden Restaurant Pte. Ltd.*	Singapore	Carry on business as restaurant	**25**	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		
	31 March 2019 $	31 March 2018 $	1 April 2017 $
Current assets	**1,608,612**	1,402,457	1,359,215
Non-current assets	**433,455**	983,683	1,707,967
Current liabilities	**(436,516)**	(470,594)	(760,934)
Non-current liability	**(4,175)**	(27,965)	(114,450)
Net assets	**1,601,376**	1,887,581	2,191,798
Share of net assets (25%), representing the carrying amount of the investment	**400,344**	471,895	547,949
Revenue	**5,609,541**	6,912,398	
Loss for the financial year, representing total comprehensive income	**(286,202)**	(304,217)	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

7. 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 2018	2,074,610	9,013,217	813,625	57,005	20,562	40,941	12,019,960
Additions	–	3,401	1,474	–	10,690	–	15,565
Written off	–	(3,091,149)	(452,632)	–	(20,157)	–	(3,563,938)
Reclassified to Disposal Group	(2,026,420)	(5,766,129)	(37,326)	–	(10,652)	–	(7,840,527)
Currency re-alignment	(48,190)	(159,340)	(9,953)	–	(443)	–	(217,926)
Balance at 31 March 2019	**–**	**–**	**315,188**	**57,005**	**–**	**40,941**	**413,134**
Accumulated depreciation							
Balance at 1 April 2018	1,658,091	8,629,928	682,403	49,269	20,561	23,942	11,064,194
Depreciation for the financial year	35,679	21,345	9,850	7,470	1,604	4,094	80,042
Written off	–	(3,050,675)	(452,596)	–	(20,157)	–	(3,523,428)
Reclassified to Disposal Group	(1,700,510)	(5,348,114)	(32,975)	–	(1,598)	–	(7,083,197)
Currency re-alignment	6,740	(252,484)	11,554	–	(410)	–	(234,600)
Balance at 31 March 2019	**–**	**–**	**218,236**	**56,739**	**–**	**28,036**	**303,011**
Carrying amount							
Balance at 31 March 2019	**–**	**–**	**96,952**	**266**	**–**	**12,905**	**110,123**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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
Balance at 1 April 2017	464,726	537,042	159,173	16,286	1	21,093	1,198,321

As at 31 March 2019, the carrying amount of the Group's office equipment acquired under finance lease agreement was $19,559 (31 March 2018: $111,877; 1 April 2017: $123,555). Finance lease assets are pledged as securities for the related finance lease payables as set out in Note 17 to the financial statements.

8. INVESTMENT PROPERTY

	Group	
	31 March 2019	**31 March 2018**
	$	**$**
At fair value		
Balance at beginning of financial year	**8,180,000**	8,500,000
Change in fair value of investment property	**(180,000)**	(320,000)
Balance at end of financial year	**8,000,000**	8,180,000

The fair value of the Group's investment property as at 31 March 2019 amounted to approximately $8,000,000 (31 March 2018: $8,180,000; 1 April 2017: $8,500,000). The Group's investment property as at 31 March 2019 and 2018 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.

The resulting fair value of the investment property is considered as level 3 fair value measurement.

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 19 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 2019

8. 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 2019 $	Group 2018 $
Rental income from investment property	**380,096**	422,853
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment property	**170,391**	219,394

9. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group and Company		
	31 March 2019 $	**31 March 2018 $**	**1 April 2017 $**
Unquoted equity investment, at cost	**–**	–	97,632
Accumulated impairment losses	**–**	–	(97,632)
	–	–	–

In the previous financial year, the unquoted equity investment, which was fully impaired in prior years, was written off upon liquidation.

Movement in the allowance for impairment loss was as follows:

	Group and Company 2019 $	Group and Company 2018 $
Balance at beginning of financial year	**–**	97,632
Written off subsequent to liquidation	**–**	(97,632)
Balance at end of financial year	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

10. INVENTORIES

		Group	
	31 March 2019	**31 March 2018**	**1 April 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

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 $291,566 (2018: $146,695) and inventories write-off of $Nil (2018: $81,789) in the Group's profit or loss under "loss from discontinued operation, net of tax".

11. TRADE AND OTHER RECEIVABLES

		Group			Company	
	31 March 2019	**31 March 2018**	**1 April 2017**	**31 March 2019**	**31 March 2018**	**1 April 2017**
	$	**$**	**$**	**$**	**$**	**$**
Trade receivables – third parties	**–**	757,983	976,452	**–**	–	–
Non-trade receivables – subsidiaries	**–**	–	–	**157,000**	100,000	556,144
Loss allowance	**–**	–	–	**(157,000)**	(100,000)	(50,000)
	–	–	–	**–**	–	506,144
Loan to a subsidiary	**–**	–	–	**2,671,290**	3,141,675	3,123,705
	–	757,983	976,452	**2,671,290**	3,141,675	3,629,849
Non-trade receivables – third parties	**224,010**	32,004	19,872	**224,010**	–	–
Goods and services tax receivable	**–**	74,234	62,577	**–**	–	–
Utilities and rental deposits	**420**	27,805	26,213	**–**	–	–
Fixed deposits interest receivable	**–**	2,865	2,391	**–**	–	–
	224,430	894,891	1,087,505	**2,895,300**	3,141,675	3,629,849

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables are unsecured, non-interest bearing and generally on 30 to 60 (31 March 2018: 30 to 60; 1 April 2017: 30 to 60) days' terms.

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

The loan to a subsidiary is unsecured, bears interest at a rate of 2.25% (2018: 2.25%; 1 April 2017: 2.25%) per annum and repayable on demand.

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

	Company	
	2019	**2018**
	$	**$**
At 1 April under FRS 39 and SFRS(I) 9	**100,000**	50,000
Loss allowance recognised during the year – credit impaired	**57,000**	50,000
At 31 March	**157,000**	100,000

The age analysis of trade receivables which were past due but not impaired are as follows:

	Group	
	2019	**2018**
	$	**$**
Past due less than 3 months	–	242,575
Past due 3 to 6 months	–	1,412

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group			Company		
	31 March 2019 $	31 March 2018 $	1 April 2017 $	31 March 2019 $	31 March 2018 $	1 April 2017 $
Singapore dollar	**224,430**	307,531	461,293	**2,895,300**	3,141,675	3,629,849
United States dollar	**–**	54,611	43,525	**–**	–	–
Ringgit Malaysia	**–**	532,749	582,687	**–**	–	–
	224,430	894,891	1,087,505	**2,895,300**	3,141,675	3,629,849

12. CASH AND CASH EQUIVALENTS

	Group			Company		
	31 March 2019 $	31 March 2018 $	1 April 2017 $	31 March 2019 $	31 March 2018 $	1 April 2017 $
Fixed deposits with banks	**904,603**	2,941,492	2,929,419	**–**	–	–
Cash and bank balances	**74,873**	273,077	325,320	**21,980**	8,865	13,353
Cash and cash equivalents on statements of financial position	**979,476**	3,214,569	3,254,739	**21,980**	8,865	13,353
Less:						
Bank overdraft (Note 19)	**(344,041)**	(782,829)	–			
	635,435	2,431,740	3,254,739			
Cash held in Disposal Group (Note 13)	**8,535**	–	–			
Bank overdraft held in Disposal Group (Note 13)	**(4,550)**	–	–			
Cash and cash equivalents on consolidated statement of cash flows	**639,420**	2,431,740	3,254,739			

12. CASH AND CASH EQUIVALENTS (CONTINUED)

Fixed deposits are placed for a period between 28 to 31 (31 March 2018: 28 to 184; 1 April 2017: 28 to 184) days with effective interest rates from 0.93% to 1.5% (31 March 2018: 0.75% to 1.28%; 1 April 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		
	31 March 2019	**31 March 2018**	**1 April 2017**	**31 March 2019**	**31 March 2018**	**1 April 2017**
	$	**$**	**$**	**$**	**$**	**$**
Singapore dollar	**954,773**	3,081,485	3,085,937	**21,980**	8,865	13,353
United States dollar	**24,703**	84,110	51,099	**–**	–	–
Ringgit Malaysia	**–**	48,974	117,703	**–**	–	–
	979,476	3,214,569	3,254,739	**21,980**	8,865	13,353

13. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 22 November 2018, the Company had entered into a conditional sale and purchase agreement to acquire 100% of the issued share capital of a fintech solution provider, oCap Management Pte. Ltd. from Delphinium Capital PLC for $61.8 million. This would have resulted in a reverse takeover ("RTO") upon completion of the transaction. Subsequently on 30 May 2019, the Company had signed a deed of termination for the RTO (the "Termination").

Despite the Termination, management will continue its plan to dispose of the Group's printed circuit board business ("Disposal Group") given the continuous losses suffered and the intensified market competition in that industry. Accordingly, the PCB Segment has been classified as Disposal Group as at 31 March 2019 and the results of the discontinued operations have been presented separately in the consolidated statement of comprehensive income for the financial year ended 31 March 2019. Comparative figures have been restated to reflect the discontinued operations in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

13. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

The results of the discontinued operations are as follows:

	Group	
	2019	**2018**
	$	**$**
Revenue	**4,545,672**	5,494,009
Other income	**31,027**	374,765
Expenses	**(5,566,305)**	(6,392,483)
Inventories write down	**(291,566)**	(146,695)
Loss before tax from discontinued operations	**(1,281,172)**	(670,404)
Income tax expense	**–**	–
Loss after tax from discontinued operations	**(1,281,172)**	(670,404)

The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	2019	**2018**
	$	**$**
Operating cash outflows	**(1,099,197)**	(729,227)
Investing cash outflows	**(15,565)**	(11,588)
Financing cash (outflows)/inflows	**(105,540)**	87,691
Total cash outflows	**(1,220,302)**	(653,124)

The major classes of assets and liabilities in Disposal Group classified as held for sale as at 31 March 2019 were as follows:

	Group
	2019
	$
Property, plant and equipment	**757,330**
Inventories	**893,631**
Trade and other receivables	**974,992**
Prepayments	**24,504**
Cash and bank balances	**8,535**
Assets of Disposal Group classified as held for sale	**2,658,992**
Trade and other payables	**694,012**
Bank borrowings	
– bank overdrafts	**4,550**
– trust receipts	**671,855**
	676,405
Liabilities of Disposal Group classified as held for sale	**1,370,417**
Net assets of Disposal Group classified as held for sale	**1,288,575**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

13. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Cumulative expense recognised in other comprehensive income relating to Disposal Group classified as held-for-sale are as follows:

	Group	
	2019	**2018**
	$	**$**
Exchange differences on translating of foreign operations	**(277,750)**	(366,396)

14. SHARE CAPITAL

	Group and Company			
	2019	**2018**	**2019**	**2018**
	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.

15. 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.

16. SHARE-BASED PAYMENT RESERVE

The Group and the Company

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

The share-based payment reserve is non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

17. FINANCE LEASE PAYABLES

	Minimum lease payments $	Future finance charges $	Present value of minimum lease payments $
Group			
2019			
Within one financial year	**6,741**	**(741)**	**6,000**
After one financial year but within five financial years	**8,426**	**(349)**	**8,077**
	15,167	**(1,090)**	**14,077**
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 term is 5 (31 March 2018: 5; 1 April 2017: 5) years.

The effective interest rate of finance lease arrangement was 6.27% (31 March 2018: 6.27% to 7.16%; 1 April 2017: 6.27% to 7.16%) per annum.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

17. FINANCE LEASE PAYABLES (CONTINUED)

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

		Group	
	31 March 2019 $	31 March 2018 $	1 April 2017 $
Singapore dollar	**14,077**	19,702	24,973
Ringgit Malaysia	**–**	18,136	40,081
	14,077	37,838	65,054

18. TRADE AND OTHER PAYABLES

		Group			Company	
	31 March 2019 $	31 March 2018 $	1 April 2017 $	31 March 2019 $	31 March 2018 $	1 April 2017 $
Trade payables – third parties	**–**	770,003	645,898	**–**	–	–
Non-trade payables – third parties	**223,315**	97,817	120,650	**223,315**	104	83
Non-trade payables – subsidiaries	**–**	–	–	**40,000**	–	–
Rental deposits	**47,070**	59,950	66,246	**–**	–	–
Accrued expenses	**237,915**	271,452	288,099	**113,898**	101,015	122,181
	508,300	1,199,222	1,120,893	**377,213**	101,119	122,264

Trade payables are unsecured, non-interest bearing and normally settled between 30 to 90 (31 March 2018: 30 to 90; 1 April 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	
	31 March 2019 $	31 March 2018 $	1 April 2017 $	31 March 2019 $	31 March 2018 $	1 April 2017 $
Singapore dollar	**508,300**	513,723	604,424	**377,213**	101,119	122,264
United States dollar	**–**	458,278	267,253	**–**	–	–
Ringgit Malaysia	**–**	227,221	249,216	**–**	–	–
	508,300	1,199,222	1,120,893	**377,213**	101,119	122,264

19. BANK BORROWINGS

	Group		
	31 March 2019	**31 March 2018**	**1 April 2017**
	$	**$**	**$**
Unsecured			
Bank overdraft	**344,041**	782,829	–
Trust receipts	**–**	732,517	600,959
	344,041	1,515,346	600,959

	Group		
	31 March 2019	**31 March 2018**	**1 April 2017**
	%	**%**	**%**
Effective interest rates per annum			
Trust receipts	**–**	2.25 – 5.25	1.98 – 5.25
Bank overdraft	**5.25**	5.75	–

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

In the previous financial year, trust receipts have maturities of between 38 to 117 (1 April 2017: 65 to 110) days.

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

	Group		
	31 March 2019	**31 March 2018**	**1 April 2017**
	$	**$**	**$**
Facilities granted	**3,889,000**	6,807,390	6,934,650
Facilities utilised			
– Continuing operations	**344,041**	1,515,346	600,959
– Discontinued operations (Note 13)	**676,405**	–	–

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

19. BANK BORROWINGS (CONTINUED)

As at 31 March 2019, the banking facilities amounting to $3,889,000 (31 March 2018: $6,807,390; 1 April 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.

As at 31 March 2019, a subsidiary of the Group has not complied with a financial covenant set by a bank to maintain the required tangible networth. Subsequent to the end of the financial year, the Group had received confirmation from the bank to grant a waiver for the financial covenant.

Pursuant to the terms stated in the banking facilities letter, the bank can immediately cancel or recall the facilities and request the Group to make immediate repayments to the bank.

20. REVENUE

	Group	
	2019	**2018**
	$	**$**
		(Restated)
Discontinued operations		
Sale of printed circuit boards	**4,545,672**	5,494,009

Disaggregation of revenue

The Group has disaggregated revenue into various categorical in the following table which is intended to:

(i) depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic data; and

(ii) enable users to understand the relationship with revenue segment information provided in Note 28 to the financial statements.

Business segment	Group	
	2019	**2018**
	$	**$**
Timing of transfer of goods and services		
Point in time	**4,545,672**	5,494,009

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

21. OTHER INCOME

	Group 2019 $	Group 2018 $ (Restated)
Continuing operations		
Government grants	**9,528**	15,829
Interest income	**23,603**	28,944
Rental income	**380,096**	422,853
	413,227	467,626

	Group 2019 $	Group 2018 $ (Restated)
Discontinued operations		
Interest income	**12**	346
Foreign exchange gain, net	**–**	337,255
Rental income	**31,015**	37,164
	31,027	374,765

22. FINANCE COSTS

	Group 2019 $	Group 2018 $ (Restated)
Continuing operations		
Interest expenses		
– bank overdrafts	**29,741**	16,512
– finance lease payables interests	**1,521**	1,592
	31,262	18,104
Discontinued operations		
Interest expenses		
– bank overdrafts	**1**	–
– trust receipts	**26,570**	18,080
– finance lease payables interests	**529**	2,003
	27,100	20,083

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

23. 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	
	2019	2018
	$	$
		(Restated)
Continuing operations		
Administrative expenses		
Audit fees		
– auditors of the Company	**52,695**	56,016
Non-audit fees		
– auditors of the Company	**23,574**	16,840
Depreciation of property, plant and equipment	**38,444**	39,611
Operating lease expenses		
– rental of land	**156,884**	182,272
Professional fees	**109,337**	116,804
Provision for Directors' fee	**125,000**	115,000
Employee benefits expense[1]		
– salaries, bonus and other benefits	**349,882**	344,809
– defined contribution plans	**31,238**	31,584
Other expenses		
Change in fair value of investment property	**180,000**	320,000
Discontinued operations		
Cost of sales		
Depreciation of property, plant and equipment	**37,562**	285,822
Repair and maintenance	**110,590**	134,832
Utilities expenses	**538,540**	534,676
Employee benefits expense		
– salaries, bonus and other benefits	**997,600**	1,020,691
– defined contribution plans	**75,249**	83,324
Inventories write-off	**–**	81,789
Inventories write-down	**291,566**	146,695
Selling and distribution costs		
Freight and handling	**16,374**	18,060
Sales commission	**32,935**	44,368
Administrative expenses		
Audit fees		
– other auditors	**6,501**	6,326
Non-audit fees		
– other auditors	**1,330**	1,268
Depreciation of property, plant and equipment	**4,036**	4,820
Operating lease expenses		
– rental of land	**6,028**	5,881
Professional fees	**33,604**	26,493
Employee benefits expense[1]		
– salaries, bonus and other benefits	**345,303**	335,419
– defined contribution plans	**19,070**	18,100

(1) Employee benefits expense include the amounts shown as Directors' remuneration in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

24. INCOME TAX EXPENSE

	Group	
	2019	2018
	$	$
Current income tax		
– under provision in prior financial years	**10**	31
Income tax from continuing operations	**10**	31
Income tax from discontinued operations (Note 13)	**–**	–
	10	31

Reconciliation of effective income tax rate

	Group	
	2019	2018
	$	$
Loss before income tax from		
– continuing operations	**(968,559)**	(1,073,725)
– discontinued operations (Note 13)	**(1,281,172)**	(670,404)
	(2,249,731)	(1,744,129)
Share of results of associate, net of tax	**71,551**	76,054
	(2,178,180)	(1,668,075)
Income tax calculated at Singapore's statutory tax rate of 17%	**(370,291)**	(283,573)
Effect of different tax rate of overseas operation	**(93,620)**	(52,279)
Tax effect of income not subject to income tax	**(12,086)**	(18,719)
Tax effect of non-deductible expenses for income tax purposes	**148,622**	174,236
Deferred tax assets not recognised	**327,544**	180,431
Under provision of current income tax in prior years	**10**	31
Others	**(169)**	(96)
	10	31

Unrecognised deferred tax assets

	Group	
	2019	2018
	$	$
Balance at beginning of financial year	**2,550,821**	2,310,924
Amount not recognised in profit or loss	**327,544**	180,431
Adjustment resulting from change in temporary differences	**(26,750)**	(21,919)
Currency re-alignment	**(29,545)**	81,385
Balance at end of financial year	**2,822,070**	2,550,821

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

24. INCOME TAX EXPENSE (CONTINUED)

Unrecognised deferred tax assets (Continued)

Unrecognised deferred tax assets are attributable to:

	Group	
	2019	**2018**
	$	**$**
Accelerated tax depreciation	**15,543**	85,690
Unutilised tax losses	**2,184,897**	1,977,132
Unabsorbed capital allowances	**564,868**	484,332
Others	**56,762**	3,667
	2,822,070	2,550,821

As at 31 March 2019, the Group had unutilised tax losses and unabsorbed capital allowances of approximately $11,344,000 (2018: $10,744,000) and $2,354,000 (2018: $2,337,000) 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 2.21 to the financial statements.

25. LOSS PER SHARE

The calculation for loss per share is based on:

	Group	
	2019	**2018**
		(Restated)
Loss after income tax from continuing operations attributable to owners of the parent ($)	**(968,569)**	(1,073,756)
Loss after income tax from discontinued operations attributable to owners of the parent ($)	**(1,281,172)**	(670,404)
Actual number of ordinary shares in issue during the financial year applicable to basic loss per share	**1,229,226,124**	1,229,226,124

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

25. LOSS PER SHARE (CONTINUED)

	Group	
	2019	**2018**
		(Restated)
Loss per share from continuing operations (in cents)		
– Basic	**(0.08)**	(0.09)
– Diluted	**(0.08)**	(0.09)
Loss per share from discontinued operations (in cents)		
– Basic	**(0.10)**	(0.05)
– Diluted	**(0.10)**	(0.05)

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.

26. 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	
	2019	**2018**
	$	**$**
Within one financial year	**211,318**	385,511
After one financial year but within five financial years	**–**	211,318
	211,318	596,829

27. 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 2019, the total banking facilities granted to certain subsidiaries amounted to $3,889,000 (2018: $6,807,390) and the amount utilised by those subsidiaries amounted to $1,020,446 (2018: $1,515,346). There has been no default or non-repayment since the utilisation of the banking facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

28. 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.

Other than segregating rental as a separate business segment, there is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group has three reportable segments namely:

(i) Food and beverage business;

(ii) Rental; and

(iii) Printed circuit boards business (discontinued).

The printed circuit boards business segment relates to the manufacture and sale of printed circuit boards and advance interconnect substrates. As at financial year end, this business segment has been classified as discontinued operations as disclosed in Note 13.

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

The rental business segment relates to the rental income derived from investment property.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

28. SEGMENT INFORMATION (CONTINUED)

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

Business segment

	Food and beverage $	Rental $	Printed circuit boards (Discontinued) $	Unallocated $	Total $
2019					
Results					
Revenue					
External revenue	–	–	4,545,672	–	4,545,672
Segment results	–	100,015	(1,254,084)	(809,364)[(i)]	(1,963,433)
Change in fair value of investment property	–	(180,000)	–	–	(180,000)
Interest income	–	–	12	23,603	23,615
Finance costs	–	–	(27,100)	(31,262)	(58,362)
Share of results of associate, net of tax	(71,551)	–	–	–	(71,551)
Loss before income tax	(71,551)	(79,985)	(1,281,172)	(817,023)	(2,249,731)
Income tax expense	–	–	–	(10)	(10)
Loss after income tax	(71,551)	(79,985)	(1,281,172)	(817,033)	(2,249,741)
Non-cash item					
Depreciation of property, plant and equipment	–	–	41,598	38,444	80,042
Capital expenditure					
Property, plant and equipment	–	–	15,565	–	15,565
Assets and liabilities					
Segment assets	400,344	8,000,000	2,658,992	1,332,690	12,392,026
Segment liabilities	–	–	1,370,417	866,418	2,236,835

(i) Attributable to the corporate expenses that cannot be allocated to any other segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

28. SEGMENT INFORMATION (CONTINUED)

Business segment (Continued)

	Food and beverage $	Rental $	Printed circuit boards (Discontinued) $	Unallocated $	Total $
2018					
Results					
Revenue					
External revenue	–	–	5,494,009	–	5,494,009
Segment results	–	115,380	(650,667)	(803,891)[i]	(1,339,178)
Change in fair value of investment property	–	(320,000)	–	–	(320,000)
Interest income	–	–	346	28,944	29,290
Finance costs	–	–	(20,083)	(18,104)	(38,187)
Share of results of associate, net of tax	(76,054)	–	–	–	(76,054)
Loss before income tax	(76,054)	(204,620)	(670,404)	(793,051)	(1,744,129)
Income tax expense	–	–	–	(31)	(31)
Loss after income tax	(76,054)	(204,620)	(670,404)	(793,082)	(1,744,160)
Non-cash item					
Depreciation of property, plant and equipment	–	–	290,642	39,611	330,253
Capital expenditure					
Property, plant and equipment	–	–	11,587	–	11,587
Assets and liabilities					
Segment assets	471,895	8,180,000	3,089,437	3,327,360	15,068,692
Segment liabilities	–	–	1,668,896	1,083,510	2,752,406

(i) Attributable to the corporate expenses that cannot be allocated to any other segment.

Geographic information

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

28. SEGMENT INFORMATION (CONTINUED)

Geographic information (Continued)

	Germany	Switzerland	Malaysia	Japan	Singapore	Others	Total
	$	$	$	$	$	$	$
2019							
Total revenue from external customers	**1,954,541**	**956,300**	**1,000,995**	**317,960**	**114,727**	**201,149**	**4,545,672**
Non-current assets	**–**	**–**	**–**	**–**	**8,510,467**	**–**	**8,510,467**
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

Major customers

The revenue from five (2018: five) customers of the Group's printed circuit boards segment amounted to approximately $3,890,000 (2018: $4,689,000).

29. 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	
	2019	2018
	$	$
Related parties		
Rental income	**71,071**	71,071
Settlement of liabilities on behalf of	**12,156**	10,218

The related parties including a company where a director and shareholder of the Company has beneficial interests.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

29. 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	
	2019	**2018**
	$	**$**
Continuing operations		
Provision for Directors' fees	**125,000**	115,000
Short-term employee benefits	**354,264**	354,452
Post-employment benefits	**23,448**	23,456
	502,712	492,908
Discontinued operations		
Short-term employee benefits	**104,381**	109,080
Post-employment benefits	**12,660**	14,205
	117,041	123,285

These include the following Directors' remuneration:

	Group	
	2019	**2018**
	$	**$**
Continuing operations		
Directors of the Company	**452,883**	445,369
Directors of subsidiaries	**49,829**	47,539
	502,712	492,908
Discontinued operations		
Directors of subsidiaries	**27,123**	27,795

30. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's activities expose it to financial risks (including credit risk, interest rate risk, market 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.

30.1 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		
	31 March		1 April
	2019	2018	2017
	$	$	$
Corporate guarantees provided to bank for a subsidiary's banking facilities utilised as at the end of financial year	**1,020,446**	1,515,346	600,959

For the corporate guarantee issued, the Company has assessed that these subsidiaries have sufficient financial capabilities to meet its contractual cash flows obligation in the near future hence, does not expect any material loss allowance under 12-month expected credit loss model.

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 27). 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

30.1 Credit risks (Continued)

As at 31 March 2018, the Group had significant credit exposure arising from the trade amounts due from 5 third party customers amounting to approximately $656,709. As at 31 March 2019, the Company had significant credit exposure arising from the non-trade amounts due from subsidiaries amounting to $2,671,290 (2018: $3,141,675).

The management estimates expected credit loss allowance using a forward-looking expected credit loss ("ECL") model. When measuring ECL, the Group performs a review of the historical trends, default payment information, profile of its customers to determine a reasonable probability of default. As at the end of the financial year, management assessed the ECL for trade receivables classified under Disposal Group to be insignificant.

For amount due from subsidiaries, Board of Directors has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. The Board of Directors monitor and assess at each reporting date on any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their financial performance and any default in external debt. The loss allowance as at the financial year end represents allowances made for non-trade receivables that are credit impaired.

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.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted and hence, subjected to insignificant credit loss.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in Note 11 to the financial statements.

30.2 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 Note 19. 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 (2018: 50 basis points) lower/higher with all other variables held constant, the Group's profit would have been $1,720 (2018: $7,577) higher/lower arising from lower/higher interest expense.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

30.3 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	
	2019	2018	2019	2018
	$	$	$	$
United States dollar	**24,703**	138,721	–	458,278
Singapore dollar	**9,449,812**	7,198,538	14,596,751	11,811,686

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

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

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

Foreign currency sensitivity analysis

The following table details the sensitivity to a 5% (2018: 5%) in Singapore dollar against Ringgit Malaysia. 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 Singapore dollar, are included in the analysis.

	Profit or loss	
	2018	2017
	$	$
Group		
Singapore dollar		
Strengthens against Ringgit Malaysia	257,347	230,657
Weakens against Ringgit Malaysia	(257,347)	(230,657)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

30.4 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 27 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 pay.

	Within one financial year $	After one financial year but within five financial years $	Total $
Group			
2019			
Financial liabilities			
Non-interest bearing			
– Trade and other payables	**508,300**	**–**	**508,300**
Interest bearing			
– Bank borrowings	**363,824**	**–**	**363,824**
– Finance lease payable	**6,741**	**8,426**	**15,167**
	878,865	**8,426**	**887,291**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

30.4 Liquidity risks (Continued)

Contract maturity analysis (Continued)

	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 payable	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 payable	32,018	39,287	71,305
	1,764,963	39,287	1,804,250

	Within one financial year
	$
Company	
Financial liabilities	
2019	
Non-interest bearing	
– Trade and other payables	**377,213**
Financial guarantee contracts	**1,066,073**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

30.4 Liquidity risks (Continued)

Contract maturity analysis (Continued)

	Within one financial year $
Company	
Financial liabilities	
2018	
Non-interest bearing	
– Trade and other payables	101,119
Financial guarantee contracts	1,626,354
Financial liabilities	
2017	
Non-interest bearing	
– Trade and other payables	122,264
Financial guarantee contracts	664,676

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.

Corporate guarantee contracts represents the maximum amount that the Company would be called upon to pay at the earliest period should the subsidiary default on the loan repayments to the bank.

The repayment terms of the Group's bank borrowings and finance lease payables are disclosed in Note 19 and Note 17 respectively to the financial statements.

30.5 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 Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issues new shares or sell assets to reduce debts.

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

30.5 Capital management policies and objectives (Continued)

The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 14, 15 and 16 to the financial statements.

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.

The Group has complied with all externally-imposed capital requirements for the financial year ended 31 March 2019, except for those disclosed in Note 19. The Group's overall strategy remains unchanged from 2018.

30.6 Fair value of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair value of other financial assets and other financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

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

Fair value hierarchy (Continued)

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 17 to the financial statements.

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.

30.7 Categories of financial instruments

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

		Group			Company	
	31 March 2019	31 March 2018	1 April 2017	31 March 2019	31 March 2018	1 April 2017
	$	$	$	$	$	$
Financial assets						
Trade and other receivables less goods and services tax receivables	**224,430**	820,657	1,024,928	**2,895,300**	3,141,675	3,629,849
Cash and cash equivalents	**979,476**	3,214,569	3,254,739	**21,980**	8,865	13,353
Financial assets, at amortised cost (2018: loan and receivables)	**1,203,906**	4,035,226	4,279,667	**2,917,280**	3,150,540	3,643,202
Financial liabilities						
Finance lease payable	**14,077**	37,838	65,054	**–**	–	–
Trade and other payables	**508,300**	1,199,222	1,120,893	**377,213**	101,119	122,264
Bank borrowings	**344,041**	1,515,346	600,959	**–**	–	–
Financial liabilities, at amortised cost	**866,418**	2,752,406	1,786,906	**377,213**	101,119	122,264

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

31. EVENTS SUBSEQUENT TO THE REPORTING DATE

Termination of Reverse Takeover ("RTO") Exercise

As disclosed in Note 13, the RTO transaction was mutually terminated on 30 May 2019. In accordance with the Deed of Termination, the Company does not expect this termination to have a material financial impact as it was mutually agreed that the Company will not be bearing any of the costs associated with the RTO transaction.

STATISTICS OF SHAREHOLDINGS

AS AT 20 JUNE 2019

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 2019, 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	23	0.65	465	0.00
100 – 1,000	170	4.82	84,979	0.01
1,001 – 10,000	1,085	30.73	5,358,262	0.44
10,001 – 1,000,000	2,147	60.80	273,766,726	22.27
1,000,001 and above	106	3.00	950,015,692	77.28
	3,531	**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	77,127,500	6.27
3	POH CHONG PENG	60,000,000	4.88
4	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	53,519,977	4.35
5	RHB SECURITIES SINGAPORE PTE. LTD.	50,000,000	4.07
6	UOB KAY HIAN PTE LTD	31,914,500	2.60
7	LIM KAH HIN	28,000,000	2.28
8	DBS NOMINEES (PRIVATE) LIMITED	23,452,491	1.91
9	ONG POH CHOO	20,000,000	1.63
10	TAN CHIN WAH	20,000,000	1.63
11	NG CHIEW SENG	18,000,000	1.46
12	LIM EE CHUAN	17,125,000	1.39
13	OCBC SECURITIES PRIVATE LIMITED	16,548,554	1.35
14	GAN HAN NEO	15,000,000	1.22
15	MAYBANK KIM ENG SECURITIES PTE. LTD.	14,472,260	1.18
16	NG KWEE PANG	14,431,900	1.17
17	PHILLIP SECURITIES PTE LTD	13,483,300	1.10
18	ANG CHIN SAN	13,200,000	1.07
19	KGI SECURITIES (SINGAPORE) PTE. LTD.	11,694,300	0.95
20	YEO TIONG BOON	11,150,000	0.91
		679,132,097	**55.25**

STATISTICS OF SHAREHOLDINGS

AS AT 20 JUNE 2019

SUBSTANTIAL SHAREHOLDERS' INFORMATION AS AT 20 JUNE 2019

	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	–	–	103,492,977[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 53,492,977 shares held by CGS-CIMB Securities (Singapore) Pte. Ltd. and 50,000,000 shares held by RHB Securities Singapore 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 Tuesday, 30 July 2019 at 9.00 a.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESS

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

2. To re-elect Mr Lee Teong Sang 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.
[See Explanatory Note (i)] **(Resolution 2)**

3. To re-elect Mr Chong Cheng Whatt 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.
[See Explanatory Note (ii)] **(Resolution 3)**

4. To re-appoint Madam Choo Tung Kheng who retires pursuant to Rule 720(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited and who, being eligible offers herself for re-election, as a Director of the Company.
[See Explanatory Note (iii)] **(Resolution 4)**

5. To approve the payment of Directors' fees of S$71,000 for the financial year ended 31 March 2019 (FY2018: S$61,000). **(Resolution 5)**

6. To re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business which may 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:–

8. Authority to allot and issue shares

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

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

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

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

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

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed one hundred per 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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

(4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier 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 (iv)] **(Resolution 7)**

By Order of the Board

Ong Kian Soon
Director and Company Secretary

Singapore, 15 July 2019

Explanatory Notes:

(i) Mr Lee Teong Sang will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Chairman, Chairman of the Audit and Remuneration Committees and a member of Nominating Committee. He will be considered independent for the purpose of Rule 704(7) of the Catalist Rules. There are no relationships (including family relationships) between Mr Lee Teong Sang and the other Directors, the Company and its ten per cent (10%) shareholder. Detailed information on Mr Lee Teong Sang can be found under the "Board of Directors", "Corporate Governance Report" and "Disclosure of Information on Directors Seeking Re-election/Re-appointment" sections in the Company's Annual Report.

(ii) Mr Chong Cheng Whatt will, upon re-election as a Director of the Company, remain as an Executive Director. There are no relationships (including family relationships) between Mr Chong Cheng Whatt and the other Directors, the Company and its ten per cent (10%) shareholder. Detailed information on Mr Chong Cheng Whatt can be found under the "Board of Directors", "Corporate Governance Report" and "Disclosure of Information on Directors Seeking Re-election/Re-appointment" sections in the Company's Annual Report.

(iii) Pursuant to Article 89 of the Company's Constitution, no director holding office as Managing Director (or any equivalent appointment howsoever described) shall be subject to retirement by rotation. However, under Rule 720(4) of the Catalist Rules which took effect from 1 January 2019, an issuer must have all directors submit themselves for re-nomination and re-appointment at least once every three years. In view of the requirement of the Catalist Rules, Madam Choo Tung Kheng who is the Managing Director of the Company, will retire and seek re-appointment under Rule 720(4) of the Catalist Rules at this Annual General Meeting ("**AGM**"). Upon her re-appointment at the conclusion of this AGM, Madam Choo Tung Kheng will remain as Managing Director of the Company. There are no relationships (including family relationships) between Mdm Choo Tung Kheng and the other Directors, the Company and its ten per cent (10%) shareholder. Detailed information on Madam Choo Tung Kheng can be found under the "Board of Directors", "Corporate Governance Report" and "Disclosure of Information on Directors Seeking Re-election/Re-appointment" sections in the Company's Annual Report.

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(iv) Ordinary Resolution 7 in item 8 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 7 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 7 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 AGM. A proxy need not be a Member of the Company.

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. 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.

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

PERSONAL DATA PRIVACY

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

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CPH LTD.

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

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.

ANNUAL GENERAL MEETING
PROXY FORM

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

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

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting ("**AGM**") of the Company to be held at 8 First Lok Yang Road, Singapore 629731 on Tuesday, 30 July 2019 at 9.00 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 Audited Financial Statements for the financial year ended 31 March 2019 together with the Directors' Statement and the Independent Auditors' Report		
2	Re-election of Mr Lee Teong Sang as Director		
3	Re-election of Mr Chong Cheng Whatt as Director		
4	Re-appointment of Madam Choo Tung Kheng as Director		
5	Approval of Directors' fees of S$71,000 for the financial year ended 31 March 2019		
6	Re-appointment of Messrs BDO LLP as Auditors		
7	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 ____________ 2019

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 AGM 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 AGM 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. The dispensation of the use of common seal pursuant to the Companies Act, Chapter 50 of Singapore effective from 30 March 2017 is applicable at this AGM.
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 AGM, in accordance with Section 179 of the Companies Act, Cap. 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 15 July 2019.

CPH Ltd.

SINGAPORE
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