ANNUAL REPORT 2017

IPCO INTERNATIONAL LIMITED

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INDEX

CORPORATE INFORMATION

DIRECTORS

Carlson Clark Smith
(Executive Director & Chief Financial Officer)

Chwee Han Sin
(Independent Director)

Chai Siew Hoon
(Independent Director)

COMPANY SECRETARY

Ong Sing Huat

REGISTERED OFFICE

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SHARE REGISTRAR

Intertrust Singapore Corporate Services Pte Ltd
77 Robinson Road
#13-00 Robinson 77
Singapore 068896

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 financial year ended 30 April 2016)

LETTER TO SHAREHOLDERS

The Group's financial performance is closely tied to the performance of our three primary subsidiaries, in respect of their operating results, as well as their prospects for business development.

The Group's wholly-owned subsidiary Excellent Empire Ltd, in turn via its wholly-owned subsidiary China Environmental Energy Protection Investment Ltd ("China Environmental"), holds an 85% equity interest in Hubei Zonglianhuan Energy Investment Management Inc. ("Hubei Zonglianhuan"), which in turn holds 100% equity interests in four companies supplying natural gas under 30-year exclusive contracts in the cities of Anlu, Dawu, Xiaochang, and Guangshui in Hubei Province, Peoples' Republic of China ("PRC"). Hubei Zonglianhuan also holds 90% equity interests in three natural gas companies being established in the cities of Weihai Nanhai, Haiyang, and Rushan in Shandong Province, PRC. A decline in new residential property development in our operating territory has led to lower connection revenue. However, assuming stable or slightly improving economic conditions, the completion of our new main pipeline from the Dou Shan gateway to Xiaochang City should create opportunities for more connection revenue along with sales to new industrial customers, while simultaneously reducing transportation costs. By the end of September 2017, we expect to complete construction of an 18 km main pipeline from Yang Zhai to Wang Jia Peng at an estimated cost of RMB 60 million. This will enable natural gas transmission from the new substation link to our previously completed Phase One network in Guangshui and to a new industrial park. Network expansion should provide the infrastructure necessary to support revenue and earnings growth as the customer base expands.

Over the past several years, China Environmental's four operating subsidiaries in Hubei Province have achieved notable progress in terms of marketing, business development, and operations, and have consequently provided strong, consistent growth in revenues and earnings. During the past financial year, Hubei Zonglianhuan achieved a 2.5% increase in revenue from $28.7 million to $29.4 million, with after-tax profits increasing from $0.2 million to $2.1 million.

Our successful track record in Hubei Province, along with the nurturing of sustained business relationships over the past decade, has positioned China Environmental to secure and develop expansion opportunities elsewhere in PRC, most notably in Shandong Province. In May 2015, Weihai Nanhai Zhonghuan Natural Gas Co., Ltd, ("WNZ") signed a Four Parties Joint Cooperation Agreement with the Weihai Nan Hai New District Regulatory Commission, China Construction Electric Power Construction Co., Ltd, and China Nuclear Power Engineering Co., Ltd to provide natural gas to four units of Natural Gas Steam Combined Cycle Power Plants in the Weihai Nanhai New District Development Area. Additionally, in March 2016 WNZ secured an exclusive 30-year concession from PetroChina Company Limited to supply 1.1 billion cubic meters of natural gas per annum in Phase 1. The supply will increase in Phase 2 to 2.2 billion cubic meters of natural gas per annum. Under the agreement, by the end of 2017 WNZ will lay a 52.4 km pipeline from PetroChina's supply gate to power plants to be constructed in the Weihai Nanhai New District Development Area. The Group's estimated total cost of investment is RMB 255 million.

On 24 December 2015, China Environmental's subsidiary, Hubei Zonglianhuan, entered into a Power Plant Development Proposal Agreement with Yantai City People's Government, China Construction Electric Power Construction Co., Ltd, and China Nuclear Power Engineering Co., Ltd for the construction of four units of Natural Gas Steam Combined-Cycle Power Plants in Mouping District, Yantai City, Shandong Province. The total estimated cost of the power plants is RMB 5 billion. Under the Joint Cooperation Agreement, Hubei Zonglianhuan will lay a 15 km pipeline from Petrochina's supply gate to transport and provide natural gas to the four units of the power plants in Mouping District.

As our management team is of the view that the China natural gas distribution business has considerable growth potential, China Environmental is actively seeking new energy investment opportunities in Hubei, Shandong and other provinces of the PRC.

The Group holds an 81.25% equity interest in ESA Electronics Pte Ltd ("ESA"). ESA is a Singapore-incorporated company engaged in the business of assembling, trading and providing consultancy services in the semiconductor industry. ESA also acts as agents and distributors of semiconductor back-end equipment, such as burn-in systems, vision inspection systems and test systems. Worldwide market conditions are uncertain, causing a lower demand for burn-in boards by semiconductor manufacturers of personal computer components and electronic devices. The demand for our Automated Optical Inspection equipment is also affected by market uncertainty. Nonetheless, ESA is anticipating more orders for its OEM line of business, especially customised products that are high mix and low volume.

LETTER TO SHAREHOLDERS
(CONTINUED)

Capri Investment L.L.C ("Capri"), in which the Group holds a 100% equity interest, is engaged in real estate development near the cities of Seattle and Tacoma in the state of Washington, USA. The residential real estate market in the Pacific Northwest has become increasingly favorable for continued development, as the supply of lots permitted for new home construction has become limited relative to the demand by new home builders. In view of this, a feasibility study has been conducted to design and obtain regulatory approvals for the next phase of development comprising 261 lots, with marketing expected to commence during the next quarter.

We are encouraged by the accomplishments and prospects for our three primary subsidiaries and look forward to their continuing development and contributions.

The Board of Directors, management team, and I would like to express our sincere gratitude to our shareholders, business partners, customers and employees for their contributions and support during the past year.

Carlson Clark Smith
Executive Director and Chief Financial Officer

On behalf of the Board
7 August 2017

FINANCIAL REVIEW

For the financial year ended 30 April 2017 ("FY17"), the Group achieved a Turnover of S$46.4 million, which was S$4.8 million or 9.4% lower than the Turnover of S$51.2 million recorded for the corresponding financial year 30 April 2016 ("FY16"). The Group's Turnover was mainly attributable to the following subsidiaries:

- ESA recorded a 24.6% decrease in Turnover of S$5.5 million to S$17.0 million in FY17, as compared to a Turnover of S$22.5 million recorded in FY16. The decrease was mainly due to lower demand for burn-in boards by semi-conductor manufacturers in the current year.
- Asia Plan Limited ("Asia Plan"), via an internal restructuring of subsidiaries of the Group, was voluntarily liquidated during the year, and its entire interest in Capri Investment L.L.C. ("Capri") was transferred to Excellent Empire Limited. Capri did not make any contribution in FY17 and FY16 as there was no finalised sales agreement with home builders in the current and previous year.
- Excellent Empire Ltd ("Excellent Empire"), via its wholly-owned subsidiary China Environmental Energy Protection Investment Ltd ("China Environmental"), which in turn through its China subsidiaries supplies natural gas to households, commercial and industrial users in Anlu, Dawu, XiaoChang and Guangshui cities in Hubei, PRC, achieved a Turnover of S$29.4 million in FY17, compared to S$28.7 million in FY16. The 2.5% increase in Turnover of S$0.7 million was due to increased installations to new households, resulting in higher natural gas sales.

The Group recorded a Profit before Income Tax of S$1.7 million in FY17, as compared with S$3.9 million recorded in FY16, resulting in a decrease of S$2.2 million in Profit before Income Tax.

The Group recorded a Profit after Income Tax of S$0.5 million in FY17, as compared with a S$2.6 million recorded in FY16.

Correspondingly, in FY17 the Group had a Net Loss Attributable to Shareholders of S$0.2 million and Loss per Share of 0.004 Singapore cents (FY16: Net Profit Attributable to Shareholders S$1.9 million and Earnings per Share of 0.038 Singapore cents). Other Revenue decreased by S$4.2 million, to S$2.2 million in FY17, as compared with S$6.4 million in FY16. This was mainly due to:

(a) a decrease of S$1.1 million in fair value loss of Financial Assets, at Fair Value Through Profit or Loss ("FVTPL"), arising from market valuation of quoted securities;

(b) an increase of S$1.2 million in Foreign Exchange Gain in FY17, from S$0.1 million Foreign Exchange loss in FY16 to S$1.1 million Foreign Exchange gain in FY17, largely due to unrealised exchange gains arising from the revaluation of foreign currency denominated balances primarily in United States Dollars ("US$"), which strengthened from S$1.344 to S$1.396 (FY16: from S$1.324 to S$1.344);

(c) a S$0.2 million gain on disposal of an associated company in FY16 and none in FY17;

(d) a S$0.2 million increase in government grants to the Group's subsidiaries;

(e) a S$0.1 million reversal of allowance for doubtful other receivables in FY17 and none in FY16;

(f) a decrease of S$6.6 million in write-back of other creditors arising from expiry of the mandatory period for claims.

The Group's Total Cost and Expenses decreased by approximately S$6.8 million to S$46.9 million in FY17, compared with S$53.7 million in FY16. This was mainly due to:

(a) a S$3.4 million decrease in changes in inventories, raw materials and consumables, which is in line with the decreased turnover by the semi-conductor business of ESA;

(b) a S$0.9 million increase in depreciation of property, plant and equipment, mainly from the Group's China subsidiaries;

(c) a S$0.1 million allowance for impairment loss of property, plant and equipment of China subsidiaries in FY16 and none in FY17;

(d) a S$2.5 million decrease in allowance for impairment loss of available-for-sale financial assets of mainly unquoted investments;

(e) a S$0.7 million decrease in allowance for doubtful receivables, mainly from ESA;

FINANCIAL REVIEW
(CONTINUED)

(f) a S$0.6 million decrease in employee benefit expenses, mainly from ESA;

(g) a S$0.3 million increase in finance costs mainly from China subsidiaries;

(h) a S$0.7 million decrease in other operating expenses, mainly from ESA.

A share of loss of S$34,000 from a previous associate company, Industrial Engineering Systems Pte Ltd, was recorded in FY16 and none in FY17, due to its disposal in the previous year.

The decrease in Income Tax of S$0.1 million to S$1.2 million in FY17, as compared to S$1.3 million in FY16, is mainly due to a decrease in tax provisions by the Group's subsidiaries.

As at 30 April 2017, the total assets of the Group increased by S$3.1 million from FY16 of S$147.4 million to FY17 of S$150.5 million. The increase is mainly due to additions of property, plant and equipment relating to construction of a gas receiving station and pipeline installations for connections to industrial and housing estates by the Group's China subsidiaries.

The Net Current Liabilities of the Group as at 30 April 2017 were S$3.5 million (Net Current Assets FY16: S$1.6 million), of which S$9.0 million (FY16: S$10.2 million) was held as cash and cash equivalents.

The Group's total borrowings and finance lease liabilities of S$20.7 million consist mainly of bank loans and overdrafts obtained by subsidiaries in China and ESA. The Group's gearing ratio as at 30 April 2017, based on net debt divided by total capital, is 0.28 times (FY16: 0.26 times). Net debt is calculated as total borrowings, finance lease payables, and trade and other payables less cash and cash equivalents. Total capital is calculated as equity to owners of the parent plus net debt.

As at 30 April 2017, the total equity of the Group was S$94.1 million, as compared to S$93.0 million in FY16. The increase was mainly due to a current year profit of S$0.5 million, increased share capital of S$0.5 million from the issuance of new placement shares, fair value of share-based payments of S$0.2 million recognized in equity, S$0.4 million translation gain in other reserve, and S$0.5 million dividend payments to non-controlling interests of a subsidiary.

The net asset value per share is S$0.018, in FY17 (FY16: S$0.018), and the total issued share capital of the Company is 5,300,799,986 ordinary shares.

DIRECTORS' STATEMENT

The Directors of Ipco International Limited (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 30 April 2017 and the statement of financial position of the Company as at 30 April 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

(a) the accompanying financial statements comprising the consolidated statement of financial position of the Group and the statement of financial position of the Company, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes thereon are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2017, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, after considering the matters as described in Note 4 to the financial statements with respect to the Group's and the Company's ability to continue as going concerns, 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:

Carlson Clark Smith
Chwee Han Sin
Chai Siew Hoon

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 was 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.

4. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, either at the beginning or at the end of the financial year.

5. SHARE OPTIONS AND EMPLOYEE SHARE SCHEME

Share options

There were no share options granted by the Company or its subsidiary corporations 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 subsidiary corporations.

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

Employee Share Scheme ("ESS")

On 21 May 2015, the Board of Directors and Remuneration Committee of the Company approved and adopted the ESS of a subsidiary, China Environmental Energy Protection Investment Limited ("CEEP"). Under the ESS, key executives of the Group are granted registered capital of Hubei Zonglianhuan Energy Investment Management Inc. ("HZLH"), a subsidiary in the People's Republic of China ("PRC"). The ESS is restricted to key executives of the Group.

DIRECTORS' STATEMENT
(CONTINUED)

5. **SHARE OPTIONS AND EMPLOYEE SHARE SCHEME (CONTINUED)**

Employee Share Scheme ("ESS") (Continued)

(i) RMB8 million registered capital in HZLH, representing 10% equity interest

RMB8 million registered capital in HZLH was granted to a key management personnel of the Group for a consideration of RMB14.4 million on 7 July 2015. There is no vesting condition attached and the amount is payable within 3 years from date of grant.

(ii) RMB16 million registered capital in HZLH, representing 20% equity interest

RMB16 million registered capital in HZLH was transferred to Xiaogan He Shun Investment Management Centre LLP ("He Shun"), registered in the PRC, for the purpose of the ESS for a consideration of RMB28.8 million. On 27 April 2016, the Group granted RMB5.6 million registered capital to certain key executives of the Group by admitting these executives as partners of He Shun for a consideration of RMB10.08 million, payable within 3 years from date of grant. These executives shall remain as employees of HZLH for a period of 3 years as part of the vesting condition. Subsequent to the vesting period, these executives cannot sell more than 25% per annum of HZLH's registered capital. As at 30 April 2017, RMB10.4 million registered capital in HZLH have not been granted to any key executives. On 4 May 2017, He Shun admitted two additional partners without the knowledge of the Board of Directors of the Company. The Board of Directors of the Company is in the process of seeking legal advice on how to resolve this matter and also in the midst of discussion with the management of HZLH to select and grant the remaining registered capital to eligible employees.

Particulars of the share plans are disclosed in Note 29(a) to the financial statements.

6. **AUDIT COMMITTEE**

The Audit Committee comprises three members, all of whom are independent directors. The members of the Audit Committee at the date of this report are:

Chwee Han Sin	(Chairman)
Chai Siew Hoon	
Ross Yu Limjoco	(Resigned on 2 August 2017)

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 Company's external and internal auditors;

(ii) Reviews the Group's financial and operating results and accounting policies;

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

(iv) Reviews quarterly, half-yearly and full-year announcements on the results of the Group, statement of financial position, and statement of changes in equity of the Company and of the Group;

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

(vi) Makes recommendations to the Board of Directors on the appointment of external and internal auditors; and

(vii) Reviews the Interested Person Transactions as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") as is 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.

DIRECTORS' STATEMENT

(CONTINUED)

6. AUDIT COMMITTEE (CONTINUED)

The Audit Committee has reviewed 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.

Based on the internal controls established and maintained by the Group and the reviews conducted by management and the internal auditors, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls addressing financial, operational and compliance risks were adequate as at 30 April 2017.

On behalf of the Board of Directors,

Carlson Clark Smith
Director

Chwee Han Sin
Director

Singapore
7 August 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Ipco International Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

DISCLAIMER OF OPINION

We were engaged to audit the financial statements of Ipco International Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 13 to 93, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 April 2017;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

BASIS FOR DISCLAIMER OF OPINION

Transaction relating to Employee Share Scheme

On 21 May 2015, the Board of Directors and the Remuneration Committee of the Company approved and adopted the Employee Share Scheme ("ESS") of a subsidiary, China Environmental Energy Protection Investment Limited. Under the ESS, key executives of the Group are granted registered capital of Hubei Zonglianhuan Energy Investment Management Inc. ("HZLH"), a subsidiary in the People's Republic of China ("PRC"). The ESS is restricted to key executives of the Group. To facilitate the implementation of the ESS, RMB16 million registered capital in HZLH representing 20% equity interest was transferred to Xiaogan He Shun Investment Management Centre LLP ("He Shun"), registered in the PRC, for a consideration of RMB28.8 million. The key executives of the Group that were granted with registered capital of He Shun were admitted as partners of He Shun and the consideration is payable within 3 years with the vesting conditions as set out in Note 29(a) to the financial statements.

On 4 May 2017, there were two additional partners admitted based on an independent company profile search on He Shun carried out as part of our audit procedures. The registered capital granted to the new partners represented 5% indirect interest in HZLH. Based on our inquiry, we understand that the transaction took place without discussion with or approval from the Board of Directors and Remuneration Committee of the Company. In addition, the two partners are not employees of the Group and hence, not eligible to the ESS. The Board of Directors of the Company is in the process of seeking legal advice on how to resolve this matter.

As of the date of this report, the Board of Directors of the Company is unable to provide us with further information on the transaction. Consequently, we were unable to obtain sufficient appropriate evidence regarding the nature and veracity of the transaction which may have a pervasive effect on the financial statements. Accordingly, we were also unable to assess the financial impact to the financial statements and to determine whether there are other matters up to the date of this report that may require any adjustment of, or disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Ipco International Limited

(CONTINUED)

BASIS FOR DISCLAIMER OF OPINION (CONTINUED)

Going concern

As disclosed in Note 4 to the financial statements, as at 30 April 2017, the Group's current liabilities exceeded the current assets by $3,460,000 and the Group and the Company had trade and other payables owing to third parties (excluding advance payments received from customers) of $17,895,000 and $1,104,000 which exceeded their cash and cash equivalents of $9,036,000 and $74,000 respectively. As of that date, the Group's cash and cash equivalents of $4,233,000 were held with subsidiaries in the PRC which are subject to local exchange control regulations.

The Board of Directors of the Company is of the view that the use of going concern basis to prepare the financial statements is appropriate for the Group and the Company based on projected cash flows which included the following key assumptions, amongst others:

i) The ability to raise funds through placement exercise as announced on 3 July 2017;
ii) The ability to sell its land lots in the United States of America recorded in the books of Capri Investments, L.L.C;
iii) The ability to generate positive cash flows from its group cash generating unit, HZLH, and the continuing financial support from its bankers and suppliers;
iv) The continuing financial support from a subsidiary to the Company.

As we have not been provided with sufficient appropriate evidence supporting the key assumptions used in the projected cash flows, we were unable to assess if the use of going concern basis in the preparation of these financial statements is appropriate.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised in a manner other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may need to reclassify non-current assets and liabilities to current assets and liabilities. No such adjustments have been made to these financial statements.

EMPHASIS OF MATTER

We draw attention to Note 35 to the financial statements, which describes the investigations by the Commercial Affairs Department, Singapore Police Force. Our opinion is not modified in respect of this matter.

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 Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore, 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Ipco International Limited

(CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, in view of the significance of the matters referred to in the *Basis for Disclaimer of Opinion* section of our report, we do not express an opinion on whether 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
7 August 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	Note	2017	Restated 2016
		$'000	$'000
Revenue	5	46,414	51,225
Other items of revenue/(expenses)			
Financial assets, at fair value through profit or loss			
- fair value loss	20	(14)	(1,103)
Other income	6	2,180	7,534
		2,166	6,431
Operating expenses			
Changes in inventories		285	(438)
Raw materials and consumables used		(30,135)	(32,806)
Amortisation of intangible assets	12	(1,357)	(1,358)
Depreciation of property, plant and equipment	13	(2,887)	(1,962)
Allowance for impairment loss of property, plant and equipment	13	-	(100)
Allowance for impairment loss of available-for-sale financial assets	17	(408)	(2,911)
Allowance for doubtful trade and other receivables		(64)	(741)
Employee benefits expenses	7	(8,790)	(9,377)
Finance costs	8	(620)	(334)
Operating lease expenses		(529)	(509)
Other expenses	9	(2,405)	(3,173)
Total expenses		(46,910)	(53,709)
Share of results of associated companies, net of tax	15	-	(34)
Profit before income tax		1,670	3,913
Income tax expense	10	(1,177)	(1,276)
Profit for the financial year		493	2,637
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating of foreign operations		379	52
Other comprehensive income for the financial year		379	52
Total comprehensive income for the financial year		872	2,689

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

	Note	2017	Restated 2016
		$'000	$'000
Profit attributable to:			
Owners of the parent		(209)	1,947
Non-controlling interests		702	690
		493	2,637
Total comprehensive income attributable to:			
Owners of the parent		389	2,151
Non-controlling interests		483	538
		872	2,689
(Loss)/Earnings per share (in cents)			
Basic/Diluted	11	(0.004)	0.038

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2017

		Group			Company	
	Note	30.04.2017	Restated 30.04.2016	Restated 01.05.2015	30.04.2017	30.04.2016
		$'000	$'000	$'000	$'000	$'000
Non-current assets						
Intangible assets	12	50,092	49,259	49,850	-	-
Property, plant and equipment	13	64,462	60,505	55,280	95	185
Subsidiaries	14	-	-	-	70,761	70,761
Associated companies	15	-	-	483	-	-
Joint ventures	16	-	-	-	-	-
Other receivables	19	2,946	3,533	878	-	-
Convertible loan	26	-	-	-	-	-
Deferred tax assets	27	910	1,282	959	-	-
		118,410	114,579	107,450	70,856	70,946
Current assets						
Available-for-sale financial assets	17	707	1,118	4,603	540	580
Inventories	18	12,962	12,220	12,499	-	-
Trade and other receivables	19	9,339	9,216	18,125	64,239	61,061
Financial assets, at fair value through profit or loss	20	51	65	1,350	14	32
Cash and cash equivalents	21	9,036	10,156	12,024	74	158
		32,095	32,775	48,601	64,867	61,831
Less:						
Current liabilities						
Trade and other payables	22	25,404	22,048	36,991	7,346	8,601
Provisions	23	294	283	267	294	283
Finance lease liabilities	24	46	45	43	46	45
Current income tax payable		920	1,004	704	-	-
Borrowings	25	8,891	7,760	6,650	-	-
		35,555	31,140	44,655	7,686	8,929
Net current (liabilities)/assets		(3,460)	1,635	3,946	57,181	52,902
Non-current liabilities						
Other payables	22	(367)	(425)	-	-	-
Finance lease liabilities	24	(2)	(49)	(93)	(2)	(49)
Borrowings	25	(11,733)	(13,929)	(15,593)	-	-
Deferred tax liabilities	27	(8,706)	(8,823)	(9,156)	-	-
		(20,808)	(23,226)	(24,842)	(2)	(49)
Net assets		94,142	92,988	86,554	128,035	123,799

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2017
(CONTINUED)

		Group			Company	
	Note	30.04.2017	Restated 30.04.2016	Restated 01.05.2015	30.04.2017	30.04.2016
		$'000	$'000	$'000	$'000	$'000
Equity						
Share capital	28	264,227	263,687	263,687	264,227	263,687
Other reserves	29	(21,612)	(22,210)	(22,039)	1,961	1,961
Accumulated losses		(144,468)	(144,259)	(146,206)	(138,153)	(141,849)
Equity attributable to owners of the parent		98,147	97,218	95,442	128,035	123,799
Non-controlling interests		(4,005)	(4,230)	(8,888)	-	-
Total equity		94,142	92,988	86,554	128,035	123,799

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	Share capital	Foreign exchange translation reserve	Capital reduction reserve	Equity-NCI	Accumulated losses	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 May 2016, as restated (Note 36)	263,687	(15,252)	1,961	(8,919)	(144,259)	97,218	(4,230)	92,988
Profit for the financial year	-	-	-	-	(209)	(209)	702	493
Other comprehensive income for the financial year:								
Exchange differences on translation of foreign operations	-	598	-	-	-	598	(219)	379
Total other comprehensive income for the financial year	-	598	-	-	-	598	(219)	379
Total comprehensive income for the financial year	-	598	-	-	(209)	389	483	872
Issuance of shares (Note 28)	540	-	-	-	-	540	-	540
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	(484)	(484)
Share-based payment (Note 29(a))	-	-	-	-	-	-	226	226
Balance at 30 April 2017	264,227	(14,654)	1,961	(8,919)	(144,468)	98,147	(4,005)	94,142

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

	Share capital	Foreign exchange translation reserve	Capital reduction reserve	Equity-NCI	Accumu-lated losses	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 May 2015								
As previously reported	263,687	(19,010)	1,961	(8,544)	(142,652)	95,442	(8,888)	86,554
Prior year adjustment (Note 36)	-	3,554	-	-	(3,554)	-	-	-
As restated (Note 36)	263,687	(15,456)	1,961	(8,544)	(146,206)	95,442	(8,888)	86,554
Profit for the financial year	-	-	-	-	1,947	1,947	690	2,637
Other comprehensive income for the financial year:								
Exchange differences on translation of foreign operations	-	204	-	-	-	204	(152)	52
Total other comprehensive income for the financial year	-	204	-	-	-	204	(152)	52
Total comprehensive income for the financial year	-	204	-	-	1,947	2,151	538	2,689
Transactions with non-controlling interests (Note 14(f))	-	-	-	(375)	-	(375)	3,491	3,116
Share-based payment (Note 29(a))	-	-	-	-	-	-	505	505
Capital contribution from a non-controlling interest of a subsidiary	-	-	-	-	-	-	124	124
Balance at 30 April 2016	263,687	(15,252)	1,961	(8,919)	(144,259)	97,218	(4,230)	92,988

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	Note	2017	2016
		$'000	$'000
Operating activities			
Profit before income tax		1,670	3,913
Adjustments for:			
Allowance made for doubtful trade and other receivables		64	741
Reversal of allowance made for doubtful other receivables		(155)	-
Write back other creditors and accrued expenses		(386)	(7,011)
Deposits written off		49	-
Amortisation of intangible assets		1,357	1,358
Depreciation of property, plant and equipment		2,887	1,962
Allowance for impairment loss of property, plant and equipment		-	100
Allowance for impairment loss of available-for-sale financial assets		408	2,911
Gain on disposal of property, plant and equipment		(10)	(5)
Interest expenses		595	310
Interest income		(134)	(130)
Gain on disposal of a subsidiary		-	(1)
Gain on disposal of an associated company		-	(151)
Provision made during the financial year		294	283
Share of results of associated companies		-	34
Share based expense		226	505
Fair value loss on financial assets, at fair value through profit or loss		14	1,103
Unrealised foreign exchange		(1,321)	532
Operating profit before changes in working capital		5,558	6,454
Working capital changes			
Inventories		(354)	427
Trade and other receivables		730	9,102
Net disposal and acquisition of financial assets held-for-trading		-	182
Trade and other payables		3,617	(7,672)
Provisions		(283)	(267)
Cash from operations		9,268	8,226
Interest received		53	49
Interest paid		(1,090)	(1,048)
Net income tax paid		(1,357)	(1,979)
Net cash from operating activities		6,874	5,248

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

CONSOLIDATED STATEMENT OF
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

	Note	2017	2016
		$'000	$'000
Investing activities			
Addition of intangible assets	12	(346)	(17)
Purchase of property, plant and equipment	13	(8,217)	(8,796)
Purchase of available-for-sale financial assets		-	(35)
Proceeds from disposals of property, plant and equipment		494	5
Proceeds from disposal of available-for-sale financial assets		-	395
Disposal of a subsidiary	14	-	(2)
Net cash used in investing activities		(8,069)	(8,450)
Financing activities			
Proceeds from borrowings		4,048	7,376
Proceeds from issuance of shares	28	540	-
Proceeds from non-controlling interests	29 (a)(ii)	-	425
Dividend paid to non-controlling interests of a subsidiary		(484)	-
Capital contribution from a non-controlling interest of a subsidiary		-	124
Repayments of borrowings		(4,300)	(5,721)
Repayments of finance leases		(46)	(42)
Net cash (used in)/from financing activities		(242)	2,162
Net change in cash and cash equivalents		(1,437)	(1,040)
Effect of foreign exchange rate changes in cash and cash equivalents		138	87
Cash and cash equivalents at beginning of financial year		5,646	6,599
Cash and cash equivalents at end of financial year	21	4,347	5,646

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

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

1. GENERAL CORPORATE INFORMATION

Ipco International Limited is a public limited company incorporated and domiciled in Singapore with its registered office and principal place of business at 24 Pandan Road, Singapore 609275. The Company is listed on the main board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's registration number is 199202747M.

The principal activities of the Company are those of an investment holding company and performing the functions of the corporate headquarters of the Company and its subsidiaries (the "Group").

The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including the related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below and on a going concern basis as disclosed in Note 4 to the financial statements.

Singapore-incorporated companies listed on SGX-ST will be required to apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after 1 January 2018. The Group will adopt the new framework on 1 May 2018 and will apply the equivalent of IFRS 1 First-time Adoption of International Financial Reporting Standards to the transition. This will involve restating the comparatives for the financial year ended 30 April 2017 and the opening statements of financial position as at 1 May 2017 in accordance with the new framework. The Group is in the process of assessing the impact of transition, including the impact from the adoption of IFRS 9 and 15 which is expected to be similar to the impact of FRS 109 and 115 disclosed below, as well as other transitional adjustments that may be required or elected under IFRS 1.

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("$'000"), unless otherwise stated.

The preparation of financial statements in compliance with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those 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 30 APRIL 2017
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

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

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Group were issued but not yet effective, and have not been adopted early in these financial statements:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

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

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

FRS 7 (Amendments) *Disclosure Initiative*

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

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

FRS 109 Financial Instruments

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

Classification and measurement

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

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

The Group has completed its preliminary assessment of the classification and measurement of its financial assets and liabilities, and expects that financial assets and liabilities currently measured at amortised cost will continue to qualify for measurement at amortised cost under FRS 109. However, the Group is still in the process of assessing whether its available-for-sale financial assets will continue to qualify to be measured at fair value through other comprehensive income when FRS 109 is adopted. The Group does not have financial liabilities which are designated at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

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

FRS 109 *Financial Instruments* (Continued)

Impairment

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

The new impairment requirements are expected to result in changes to and likely increase in impairment loss allowance for trade and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables due from third parties and related companies, the Group is still in the process of determining how it will estimate expected credit losses and the sources of forward-looking data.

Transition

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

FRS 115 *Revenue from Contracts with Customers*

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

The Group has preliminarily assessed that there will be no significant impact on the timing and pattern of the revenue recognition as disclosed in Note 2.4 to the financial statements. However, the Group is still in the process of making a detailed assessment on each revenue stream.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

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

FRS 116 Leases

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

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

On initial adoption of FRS 116, there may be a potentially significant impact on the accounting treatment for leases, which the Group as lessee currently accounts for as operating leases. On adoption of FRS 116, the Group will be required to capitalise its rented office premises on the statement of financial position by recognising them as 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments. However, the Group is in the process of making a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 May 2019 with either full or modified retrospective method in accordance with the transitional provisions, and will include the required additional disclosures in its 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 the Group up to the effective date on which control is lost, as appropriate.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

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

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

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

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

2.3 Business combinations

<u>Business combinations from 1 May 2010</u>

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 remeasured subsequently to fair value through profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Business combinations from 1 May 2010 (Continued)

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 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 and contingent 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 May 2010

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

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

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

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 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition (Continued)

Natural gas installation, connection, delivery and usage

Revenue from natural gas installation, connection and delivery is recognised when the services are rendered.

Revenue from usage of natural gas is recognised based on the customers' consumption (including estimated consumption) of natural gas for the financial year. For revenue received from prepaid card users, provisions for unearned revenue are made for usage which have not been utilised as at the end of the financial year.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Employee benefits

Pension obligations

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations, namely in Singapore and the People's Republic of China ("PRC"). The contributions to these schemes are charged to the profit or loss in the period in which the related service is performed.

Employee leave entitlements

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

Equity-settled share-based payment

The Group operates an Employee Share Scheme which allows it to issue equity-settled share-based payments to selected key executives. For equity-settled share-based payment, the fair value of the services received is recognised as an employee expense, with a corresponding increase in equity, over the vesting period during which the executives become unconditionally entitled to the equity instrument. The fair value of the services is determined by reference to the fair value of the equity instrument granted at the grant date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Employee benefits (Continued)

Equity-settled share-based payment (Continued)

The cumulative expense recognised for equity-settled transactions at each reporting date reflects the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for the financial year represents the movement in cumulative expense recognised as at the beginning and end of that financial year.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of equity instrument, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

The proceeds received relating to purchase of the equity instruments during the vesting period, are credited to liabilities. At the end of the vesting period, the accumulated liabilities will be transferred to non-controlling interest, together with remaining consideration receivables from employees.

2.7 Taxes

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

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the 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 tax 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, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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 are 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 associated companies, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Taxes (Continued)

Deferred tax (Continued)

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

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

The measurement of deferred tax reflects the tax consequences that would allow from the manner in which the Group expects to recover or settle its assets and liabilities.

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 tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

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 tax 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.

2.8 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Foreign currency transactions and translation (Continued)

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange translation reserve.

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

On disposal of a foreign operation, the accumulated foreign exchange translation reserve relating to that operation is reclassified to profit or loss.

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

2.9 Joint arrangement

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries (Note 2.2). The Group classifies its interests in joint arrangements as joint ventures where the Group has rights to only the net assets of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:
- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associated companies (i.e. using the equity method) as described in Note 2.10 below.

2.10 Associated companies and joint venture

Associated companies are entities 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 is not control or joint control over those policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Associated companies and joint venture (Continued)

Associated companies and joint venture are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for associated companies or joint ventures above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associated companies or joint ventures.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of associated companies or joint ventures and distributions received are adjusted against the carrying amount of the investments.

Losses of associated companies or joint ventures in excess of the Group's interest in that associated companies or joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associated companies or joint ventures.

Where the Group transacts with an associated company or a joint venture, unrealised profits are eliminated to the extent of the Group's interest in the associated company or joint venture. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

Investment in associated companies and joint ventures are stated at cost in the Company's statement of financial position less impairment loss, if any.

2.11 Intangible assets

<u>Goodwill</u>

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred (see Note 2.3), the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill on acquisition of subsidiaries prior to 1 May 2010 and jointly controlled entities represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries and is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (Continued)

Goodwill (Continued)

On the disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets acquired separately

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

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortisation method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

(i) Distribution, licensing, exploration and extraction rights

Distribution, licensing, exploration and extraction rights acquired through business combinations which have finite useful lives are amortised on a straight-line basis over their useful lives which represent the period of contractual rights as follows:

Distribution and licensing rights	28 years
Exploration and extraction rights	22 years

(ii) Intellectual rights

Intellectual rights refer to the rights obtained for the design or manufacture of certain equipment. It has indefinite use and therefore is not amortised.

(iii) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the lease term of 30 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment 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 of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the Company and the cost of the item can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation for property, plant and equipment other than construction-in-progress is provided on a straight-line basis so as to write off their depreciable amounts over their estimated useful lives as follows:

Leasehold building	30 years
Office equipment	3 to 5 years
Plant and equipment	2 to 30 years
Motor vehicles	3 to 5 years

Construction-in-progress, which represents plant and equipment pending installation, is stated at cost less impairment loss, and is not depreciated. Cost comprises direct costs incurred during the periods of construction, installation and testing, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Construction-in-progress is reclassified to the appropriate category of plant and equipment and depreciation commences when the construction work is completed and the asset is ready for use.

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

The estimated useful lives, residual value 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 shorter of the lease term and its useful life.

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.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of non-financial assets excluding goodwill

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 losses (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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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.

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.

2.14 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. 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.

Financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

Financial assets (Continued)

The Group classifies its financial assets into the following specified categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of these financial assets when they were acquired and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL if the financial asset is either held for trading or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group; or if it is a derivative that is not designated and effective as a hedging instrument. The Group has not designated any financial assets as FVTPL upon initial recognition.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables

Trade and other receivables (excluding prepayments and advance payments for construction of plant and equipment), convertible loan, and cash and cash equivalents that have fixed or determinable payments that are not quoted in active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost, where applicable, using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets ("AFS")

Certain investments held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in the fair value reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses on monetary instruments which are recognised in the profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is included in profit or loss for the period.

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

Available-for-sale financial assets are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment 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 amounts of all financial assets are reduced by the impairment losses directly with the exception of receivables where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, 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 is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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.

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables (excluding advance payments received from customers) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy on borrowing costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

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

2.15 Inventories

Saleable merchandise

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a "weighted-average" basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress includes cost of direct materials, labour and an appropriate portion of production overhead expenditure.

Net realisable value represents the estimated selling price less anticipated costs of disposal and after making allowance for damaged, obsolete and slow-moving items.

Land held for sale

Land held for sale comprises land lots is stated at the lower of cost and net realisable value. Cost includes cost of land and related expenditure which are capitalised as and when activities that are necessary to get the assets ready for their sale are in progress.

Net realisable value represents the estimated selling price less costs to be incurred in selling the land.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Cash and cash equivalents

Cash and cash equivalents comprise demand deposits, cash and bank balances, and short-term highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of change in value. For the purposes of the statement of cash flows, cash and cash equivalents also includes bank overdrafts and excludes any pledged deposits. In the statement of financial position, bank overdrafts are presented within borrowings under current liabilities.

2.17 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 financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.18 Leases

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

Operating leases

Where the Group and the Company are the lessee of an operating lease

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.19 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 chief executive officer who make strategic decisions.

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FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company'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.

Critical judgements in applying the Group's accounting policies

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

(i) Impairment of investments in subsidiaries, associated companies and available-for-sale financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 in determining whether an investment in subsidiaries, associated companies or available-for-sale financial assets are impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the recoverable amount of an investment or fair value of a financial asset is less than its carrying amount and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The carrying amounts of investment in subsidiaries, associated companies and available-for-sale financial assets at the end of the financial year were disclosed in Notes 14, 15 and 17 to the financial statements respectively.

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 within the next financial year are discussed below.

(i) Impairment of intangible assets

The management determines whether goodwill and other intangible assets have suffered impairment on an annual basis and as and when there is an indication of impairment. The recoverable amounts of the cash-generating unit ("CGU") are determined by the management based on value-in-use, which involves the use of estimates. In estimating the value-in-use, the management exercised judgement in estimating the expected future cash flows from the CGUs using suitable discount rate in order to calculate the present value of those cash flows. The carrying value of the Group's intangible assets at the end of the financial year was disclosed in Note 12 to the financial statements.

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

Key sources of estimation uncertainty (Continued)

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 to 30 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore, future depreciation charges could be revised. The carrying values of the Group's and the Company's property, plant and equipment at the end of the financial year were disclosed in Note 13 to the financial statements.

(iii) Net realisable value of inventories

In determining the net realisable value of the Group's inventories, an estimation of the recoverable amount of inventories on hand is performed based on the most reliable evidence available at the time the estimates are made. This represents the value of the inventories which are expected to realise as estimated by the management. These estimates take into consideration the fluctuations of price or cost, or any inventories on hand that may not be realised, directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the financial year. The carrying value of the Group's inventories at the end of the financial year was disclosed in Note 18 to the financial statements.

(iv) Allowance for doubtful receivables

The management establishes allowance for doubtful receivables on a case-by-case basis when it is believed that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers the historical experience and changes to the financial position of the customers. If the financial conditions were to deteriorate, resulting in impairment of their ability to make the required payments, allowances may be required. The carrying values of the Group's and the Company's trade and other receivables at the end of the financial year were disclosed in Note 19 to the financial statements.

(v) Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. At the end of the financial year, the Group's current income tax payable and deferred tax liabilities were $920,000 (2016: $1,004,000) and $8,706,000 (2016: $8,823,000) respectively. The Group's deferred tax assets were $910,000 (2016: $1,282,000) at the end of the financial year.

(vi) Share-based payment

The Group has granted equity instruments to key executives under the Employee Share Scheme. The market price of equity instruments granted are not available on the grant date. Management estimates the fair value of the instruments granted using the most appropriate valuation model, depending on the terms and conditions of the grant, to determine the price of those equity instruments on measurement date. The valuation model and factors incorporated in estimating the fair value for the equity-settled share-based payment transactions are disclosed in Note 29(a) to the financial statements.

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4. GOING CONCERN

As at 30 April 2017, the Group's current liabilities exceeded the current assets by $3,460,000 and the Group and the Company had trade and other payables owing to third parties (excluding advance payments received from customers) of $17,895,000 and $1,104,000 which exceeded their cash and cash equivalents of $9,036,000 and $74,000 respectively. As of that date, the Group's cash and cash equivalents of $4,233,000 were held with subsidiaries in the PRC which are subject to local exchange control regulations. These conditions indicate the existence of material uncertainties that may cast significant doubts about the Group's and the Company's abilities to continue as going concerns.

The Directors of the Company are of the view that the going concern assumption is appropriate for the preparation of these financial statements based on the following assessment on the Group's major segments. Meanwhile, the Company is seeking funds through a placement exercise as announced on 3 July 2017 to strengthen its liquidity and provide working capital for its Group's operations. The placement details have been submitted to SGX-ST which has yet to approve the application and the placee has agreed to extend the agreement.

1) Capri Investments L.L.C. ("Capri")

The Group holds a 100% equity interest in Capri which is engaged in real estate development near the cities of Seattle and Tacoma in the state of Washington, USA. The residential real estate market in the Pacific Northwest has become increasingly favourable for continued development, as the supply of lots permitted for new home construction has become limited relative to the demand by new home builders. In view of this, a feasibility study has been conducted to design and obtain regulatory approvals for the next phase of development comprising 261 lots, with marketing expected to commence in 2017.

The total land lots recorded as inventories in Capri is currently carried at cost of $10,495,000 as at 30 April 2017. However, its market potential is worth 3 times over based on its latest valuation report carried out by an independent valuer. Once an agreement is signed with home builders, Capri will be able to realise the potential market value in its land inventory. When the land inventory is sold, this can raise cash for the Group's operations.

2) Hubei Zonglianhuan Energy Investment Management Inc. ("HZLH")

The Group's wholly-owned subsidiary, Excellent Empire Limited, in turn via its wholly-owned subsidiary, China Environmental Energy Protection Investment Ltd ("China Environmental"), through a restructuring of its subsidiaries in the People's Republic of China ("PRC"), holds 85% equity interest in HZLH, which in turn holds 100% equity interest in four subsidiaries supplying natural gas under 30 year exclusive contracts in the cities of Anlu, Dawu, Xiaochang, and Guangshui in Hubei Province, PRC. These contracts have an average remaining contract life of 20 years.

During the financial year, the group cash generating unit is generating profits. However, it is in capital intensive phase of constructing Compressed Natural Gas stations and pipeline installations to link to households and industrial users. The completion of the Dou Shan gateway to Xiaochang city will create opportunities for more connection revenue along with more sales to new industrial customers, while reducing transportation costs. In addition, the Group believes that its bankers and suppliers will continue to provide financial support.

3) ESA Electronics Pte Ltd ("ESA")

The Group holds an 81.25% equity interest in ESA, a Singapore incorporated company dealing in the business of assembling, trading and providing consultancy services in the semiconductor industry. ESA acts as agents and distributors of semi-conductor back-end equipment, such as burn-in systems, vision inspection systems and test systems. The Group belives that ESA will continue to generate profits and to provide financial support to the Company.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company and may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised in a manner other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may need to reclassify non-current assets and liabilities to current assets and liabilities. No such adjustments have been made to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

(CONTINUED)

5. REVENUE

	Group	
	2017	2016
	$'000	$'000
Sale of goods	17,005	22,540
Natural gas installation, connection, delivery and usage	29,409	28,685
	46,414	51,225

6. OTHER INCOME

	Group	
	2017	Restated 2016
	$'000	$'000
Administrative service fee, rental and corporate guarantee fee from an associated company	-	13
Foreign exchange gain/(loss), net	1,098	(112)
Gain on disposal of an associated company (Note 15)	-	151
Gain on disposal of a subsidiary	-	1
Gain on disposal of property, plant and equipment	10	5
Interest income	134	130
Sundry income	62	218
Government grant	335	117
Reversal of allowance made for doubtful other receivables	155	-
Write back of other payables and accrued expenses	386	7,011
	2,180	7,534

7. EMPLOYEE BENEFITS EXPENSES

	Group	
	2017	2016
	$'000	$'000
Short-term employee benefits	8,031	8,075
Defined contribution plans	533	797
Share-based payment (Note 29)	226	505
	8,790	9,377

The above included key management remuneration as shown in Note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

8. FINANCE COSTS

	Group	
	2017	**2016**
	$'000	**$'000**
Interest expenses		
- finance leases	3	4
- bank borrowings	470	306
- unwinding of discount on non-current other receivables and payables, net	122	-
- other bank charges	25	24
	620	334

9. OTHER EXPENSES

Other expenses include the following:

	Group	
	2017	**2016**
	$'000	**$'000**
Audit fees		
- auditor of the Company	128	168
- other auditors[1]	97	434
Non-audit fees		
- auditor of the Company	25	28
- other auditors	34	42
Provision for Directors' fees		
- Directors of the Company	88	88
- Directors of a subsidiary	36	36
General repair and maintenance	328	555
Professional and consultancy fees	383	519
Travelling expenses	247	333
Utilities	522	475
Safety production expenses	55	493

[1] In the previous financial year, included in these expenses were professional fees amounted to $238,000 in connection with the restructuring exercise of China subsidiaries.

10. INCOME TAX EXPENSE

	Group	
	2017	**2016**
	$'000	**$'000**
Current income tax		
- current year	1,300	1,369
- (over)/under provision in prior years	(31)	204
- withholding tax	5	573
	1,274	2,146
Deferred tax assets		
- current year	358	(348)
Deferred tax liabilities		
- current year	(455)	(522)
	1,177	1,276

Domestic income tax is calculated at 17% (2016: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expenses varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2016: 17%) to profit before income tax as a result of the following differences:

	Group	
	2017	**2016**
	$'000	**$'000**
Profit before income tax	1,670	3,913
Income tax calculated at statutory tax rate of 17%	284	665
Tax effect of:		
- different tax rates in other countries	367	161
- expenses not deductible for tax purposes	459	829
- income not subject to tax	(382)	(1,068)
- income tax exemption	-	(21)
- (over)/under provision of current income tax in prior years	(31)	204
- deferred tax assets not recognised in profit or loss	490	704
- utilisation of unrecognised deferred tax asset	(15)	(411)
- recognition of previous unrecognised deferred tax asset	-	(348)
- withholding tax	5	573
- others	-	(12)
	1,177	1,276

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

10. INCOME TAX EXPENSE (CONTINUED)

Unrecognised deferred tax asset

	Group	
	2017	**2016**
	$'000	**$'000**
At beginning of financial year	17,232	17,679
Additions	490	704
Transferred to deferred tax asset	-	(348)
Utilisation	(15)	(411)
Changes in temporary differences	(9,189)	-
Exchange translation difference	(516)	(392)
At end of financial year	8,002	17,232

Unrecognised deferred tax asset is attributed to unutilised tax losses.

At the end of the financial year, the Group had unutilised tax losses of approximately $44,175,000 (2016: $95,680,000) which are available for set-off against future taxable profits subject to the agreement of the relevant tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Group operates. The related deferred tax asset has not been recognised in the financial statements due to the unpredictability of future revenue streams.

The unutilised tax losses can be carried forward indefinitely except for those arising from the subsidiaries in the jurisdiction of the People's Republic of China ("PRC") amounting to $233,000 (2016: $313,000) which can only be utilised for the set-off against its future taxable profits within five years from the date the tax losses were incurred. The unutilised tax losses in the PRC will expire at various dates up to and including 2021.

11. EARNINGS PER SHARE

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

	Group	
		Restated
	2017	**2016**
	$'000	**$'000**
<u>Earnings</u>		
(Loss)/Profit attributable to owners of the parent	(209)	1,947
<u>Number of shares</u>		
Number of shares	5,300,799,986	5,100,799,986
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	5,256,416,424	5,100,799,986
(Loss)/Earnings per share (in cents)		
Basic/Diluted	(0.004)	0.038

12. INTANGIBLE ASSETS

	Goodwill	Intellectual rights	Distribution and licensing rights	Exploration and extraction rights	Land use rights	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost						
At 1 May 2016	86,106	688	37,764	11,929	1,127	137,614
Additions	-	-	-	-	346	346
Exchange translation difference	1,006	-	1,461	461	(24)	2,904
At 30 April 2017	87,112	688	39,225	12,390	1,449	140,864
Accumulated amortisation and impairment						
At 1 May 2016	63,142	688	12,353	11,929	243	88,355
Amortisation	-	-	1,303	-	54	1,357
Exchange translation difference	118	-	487	461	(6)	1,060
At 30 April 2017	63,260	688	14,143	12,390	291	90,772
Carrying value						
At 30 April 2017	23,852	-	25,082	-	1,158	50,092
Remaining useful lives	Indefinite	Indefinite	19 - 23 years	-	19 years	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

12. INTANGIBLE ASSETS (CONTINUED)

	Goodwill	Intellectual rights	Distribution and licensing rights	Exploration and extraction rights	Land use rights	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost						
At 1 May 2015	93,696	688	37,202	11,752	1,143	144,481
Additions	-	-	-	-	17	17
Disposal of a subsidiary	(8,510)	-	-	-	-	(8,510)
Exchange translation difference	920	-	562	177	(33)	1,626
At 30 April 2016	86,106	688	37,764	11,929	1,127	137,614
Accumulated amortisation and impairment						
At 1 May 2015	71,074	688	10,924	11,752	193	94,631
Amortisation	-	-	1,300	-	58	1,358
Disposal of a subsidiary	(8,510)	-	-	-	-	(8,510)
Exchange translation difference	578	-	129	177	(8)	876
At 30 April 2016	63,142	688	12,353	11,929	243	88,355
Carrying value						
At 30 April 2016	22,964	-	25,411	-	884	49,259
Remaining useful lives	Indefinite	Indefinite	20 - 24 years	-	20 years	

12. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of intangible assets

At the end of each financial year, the management will assess the recoverable amount of the Group's intangible assets allocated to the cash-generating unit ("CGU") based on the value-in-use method.

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the group's CGU identified. An impairment test is carried out at the end of each financial year to assess if there is any impairment loss. The carrying value of goodwill has been allocated to the following group CGU:

	Group	
	2017	**2016**
	$'000	**$'000**
Excellent Empire Limited and its subsidiaries	23,852	22,964

The group CGU included 4 operating units in the gas distribution segment in the PRC. Value-in-use calculations are based on financial budgets approved by management for periods covering 19 to 23 years, which represents the remaining period of distribution and licensing rights for the operating units. The budgeted gross margins, average growth rates and discount rates used in the first 5 years of projections are based on management's best estimate with reference to past performance. Thereafter, the projected cash flows are extrapolated at either adjusted or zero growth rate to reflect the different stages of the operations. The calculations of VIU for the group CGU was discounted at a pre-tax discount rate of 10% (2016: 11%) which is the benchmark used by management to assess the operating performance of the group CGU.

The budgeted gross margins and average growth rates for the first 5 years are as below:
Management has identified that a reasonably possible change in the key assumptions could cause the recoverable amount to be equal to the carrying amount for the group CGU:

	Budgeted gross margin		Average growth rates	
	2017	**2016**	**2017**	**2016**
Excellent Empire Limited and its subsidiaries	14% to 51%	39% to 45%	1% to 27%	7% to 42%

	Growth rate	Gross margin	Discount rate
	2017	**2017**	**2017**
Change required for recoverable amount to be equal to carrying amount	(6%)	(10%)	5%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building	Office equipment	Plant and equipment	Motor vehicles	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost						
At 1 May 2016	6,865	1,565	58,006	3,226	10,639	80,301
Additions	15	50	57	25	8,253	8,400
Disposals	-	(70)	(308)	(194)	-	(572)
Reclassification	2,381	-	4,906	-	(7,287)	-
Exchange translation difference	(455)	(6)	(810)	(470)	(234)	(1,975)
At 30 April 2017	8,806	1,539	61,851	2,587	11,371	86,154
Accumulated depreciation and impairment						
At 1 May 2016	1,564	1,465	15,279	1,488	-	19,796
Depreciation for the financial year	267	53	2,282	285	-	2,887
Disposals	-	(44)	(1)	(43)	-	(88)
Exchange translation difference	(29)	(6)	(500)	(368)	-	(903)
At 30 April 2017	1,802	1,468	17,060	1,362	-	21,692
Carrying value						
At 30 April 2017	7,004	71	44,791	1,225	11,371	64,462

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold building $'000	Office equipment $'000	Plant and equipment $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Group						
Cost						
At 1 May 2015	3,193	1,536	61,646	3,119	4,048	73,542
Additions	184	45	1,396	185	6,986	8,796
Disposals	-	(9)	-	-	-	(9)
Reclassification	3,570	-	(3,293)	-	(277)	-
Exchange translation difference	(82)	(7)	(1,743)	(78)	(118)	(2,028)
At 30 April 2016	6,865	1,565	58,006	3,226	10,639	80,301
Accumulated depreciation and impairment						
At 1 May 2015	801	1,432	14,752	1,277	-	18,262
Depreciation for the financial year	813	48	850	251	-	1,962
Disposals	-	(9)	-	-	-	(9)
Allowance for impairment loss	-	-	100	-	-	100
Exchange translation difference	(50)	(6)	(423)	(40)	-	(519)
At 30 April 2016	1,564	1,465	15,279	1,488	-	19,796
Carrying value						
At 30 April 2016	5,301	100	42,727	1,738	10,639	60,505

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment $'000	Motor vehicles $'000	Total $'000
Company			
Cost			
At 1 May 2016 and 30 April 2017	18	435	453
Accumulated depreciation			
At 1 May 2016	6	262	268
Depreciation for the financial year	4	86	90
At 30 April 2017	10	348	358
Carrying value			
At 30 April 2017	8	87	95
Cost			
At 1 May 2015 and 30 April 2016	18	435	453
Accumulated depreciation			
At 1 May 2015	2	176	178
Depreciation for the financial year	4	86	90
At 30 April 2016	6	262	268
Carrying value			
At 30 April 2016	12	173	185

At the end of the financial year, the Group had property, plant and equipment with a carrying value of approximately $34,733,000 (2016: $34,199,000) pledged to financial institutions as security for bank borrowings granted to certain subsidiaries (Note 25).

At the end of the financial year, the Group and the Company had motor vehicles with carrying value of approximately $87,000 (2016: $173,000) acquired under finance lease contracts.

Borrowing costs of $617,000 (2016: $738,000) which arose from financing were specifically entered into for the construction of the plant and equipment were capitalised by the Group during the financial year.

In the previous financial year, the Group reviewed the consumption rate in certain residential areas in the gas distribution segment and recognised an impairment loss of $100,000 with respect to plant and equipment in this segment in the consolidated statement of comprehensive income. The recoverable amount was determined based on value-in-use, discounted at pre-tax discount rate of 5%.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Group	
	2017	**2016**
	$'000	**$'000**
Additions of property, plant and equipment	8,400	8,796
Payable for property, plant and equipment	(183)	-
Cash payments to acquire property, plant and equipment	8,217	8,796

14. SUBSIDIARIES

(a) Investments in subsidiaries

	Company	
	2017	**2016**
	$'000	**$'000**
Unquoted equity shares, at cost	184,802	184,802
Quasi-equity loan	50,244	50,244
	235,046	235,046
Allowance for impairment losses	(164,285)	(164,285)
	70,761	70,761

Movement in allowance for impairment losses during the financial year:

	Company	
	2017	**2016**
	$'000	**$'000**
At beginning of financial year	164,285	162,285
Allowance for impairment loss	-	2,000
At end of financial year	164,285	164,285

Quasi-equity loan

Quasi-equity loan represents an interest-free loan provided by the Company to its subsidiary, Excellent Empire Ltd ("EEL"), which is not expected to be repaid in the foreseeable future. EEL has in turn invested substantially the proceeds from the quasi-equity loan to expand the operations of natural gas in the PRC.

The management will assess the recoverable amount of its investments in subsidiaries at the end of each financial year using the value-in-use method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

14. SUBSIDIARIES (CONTINUED)

(a) Investments in subsidiaries (Continued)

Impairment losses

In the previous financial year, the Company recognised an impairment loss of $2,000,000 in profit or loss with regards to its investment in Asia Plan Ltd ("APL"), which through its wholly-owned subsidiary, Capri, owns the Falling Water Real Estate project in the United States of America ("USA"). As the real estate market segment in the USA remains competitive, the management engaged an independent valuer to estimate the market value of the land lots held for sale, which approximates the recoverable amount of the investment. The recoverable amount of approximately $29,100,000 was determined using the fair value less costs of disposal based on the valuation report by an independent valuer. The fair value hierarchy is Level 3. The market value was derived using the sales comparison approach whereby sale prices of comparable properties in similar locations are adjusted for differences in key attributes such as size, location and demand of land. During the financial year, the Company carried out an internal restructuring and the total cost of $29,533,000 including the amount owing by APL of $20,195,000 was assigned to EEL, refer to paragraph (d).

(b) Details of subsidiaries

Name of company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
		2017	2016	2017	2016
		%	%	%	%
Held by Ipco International Limited					
(1)# Ipco Constructors Private Limited (Singapore)	Engineering, construction and warehousing	100	100	-	-
(1) Friendship Bridge Holding Company Private Limited (Singapore)	Investment securities trading	100	100	-	-
(1) Nueviz Investment Private Limited (Singapore)	Investment securities trading	100	100	-	-
(1)# Sino Gas Holdings Pte Limited (Singapore)	Investment holding	-	90	-	10

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FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

14. SUBSIDIARIES (CONTINUED)

(b) Details of subsidiaries (Continued)

Name of company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
		2017	2016	2017	2016
		%	%	%	%
Held by Ipco International Limited					
(4) ESA Electronics Pte Ltd (Singapore)	Trading and providing consultancy services in semi-conductor industry	81.25	81.25	18.75	18.75
(2)# Ipco International Construction Limited (Hong Kong)	Dormant	100	100	-	-
(2)# Millgate Asia Limited (Hong Kong)	Dormant	100	100	-	-
(3)# Ipco Constructors Sdn. Bhd. (Malaysia)	Engineering, construction and infrastructure development	100	100	-	-
(3)# Ipco Sdn. Bhd. (Malaysia)	Investment holding	100	100	-	-
(5)# Ambico Sendirian Berhad (Brunei)	Dormant	100	100	-	-
# Ipco-Prebumi (B) Sendirian Berhad (Brunei)	Under liquidation	70	70	30	30
# Ipco Contractors (S.A.) (British Virgin Islands)	Dormant	100	100	-	-
(8)* Asia Plan Limited (British Virgin Islands)	Investment holding	-	100	-	-
(8) Excellent Empire Limited (British Virgin Islands)	Investment holding	100	100	-	-

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FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

14. SUBSIDIARIES (CONTINUED)

(b) Details of subsidiaries (Continued)

Name of company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
		2017	2016	2017	2016
		%	%	%	%
Held by Ipco Contractors (S.A.)					
(8)# Ipco China Gas Pipelines Limited (British Virgin Islands)	Dormant	70	70	30	30
Held by Ipco Sdn. Bhd.					
# Gulf Asia Holdings Ltd (Malaysia)	Dormant	100	100	-	-
Held by ESA Electronics Pte Ltd					
(4) ESA Assembly Pte Ltd (Singapore)	Manufacturers, assemblers, installers, maintainers, repairers of and dealers in electronic components	81.25	81.25	18.75	18.75
Held by Excellent Empire Limited					
(8) Capri Investments L.L.C. (United States of America)	Residential estate development	100	100	-	-
(6) China Environmental Energy Protection Investment Limited (Samoa)	Investment holding	100	100	-	-
(7) Grand Prosper Group Limited (Hong Kong)	Investment holding	75	75	25	25
Held by China Environmental Energy Protection Investment Limited					
(6) Hubei Zonglianhuan Energy Investment Management Inc. (People's Republic of China)	Providing management services	85	85	15	15

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

14. SUBSIDIARIES (CONTINUED)

(b) Details of subsidiaries (Continued)

Name of company (Country of incorporation and principal place of business)	**Principal activities**	**Proportion of ownership interest held by the Group**		**Proportion of ownership interest held by non-controlling interests**	
		2017	**2016**	**2017**	**2016**
		%	**%**	**%**	**%**
Held by Hubei Zonglianhuan Energy Investment Management Inc.					
(6) Anlu Jiaxu Natural Gas Company Limited (People's Republic of China)	Natural gas distribution	85	85	15	15
(6) Dawu Jiaxu Natural Gas Company Limited (People's Republic of China)	Natural gas distribution	85	85	15	15
(6) Xiaochang Jiaxu Natural Gas Company Limited (People's Republic of China)	Natural gas distribution	85	85	15	15
(6) Guangshui Zhong Huan Gas Development Co., Ltd (People's Republic of China)	Natural gas distribution	85	85	15	15
(6)# Weihai Nanhai Zhong Huan Natural Gas Co., Ltd (People's Republic of China)	Dormant	76.5	76.5	23.5	23.5
(6)# Hai Yang Zhong Huan Natural Gas Co., Ltd (People's Republic of China)	Dormant	76.5	76.5	23.5	23.5
(6)# Rushan Zhong Huan Natural Gas Co., Ltd (People's Republic of China)	Dormant	76.5	-	23.5	-
(1)# Sino Gas Holdings Pte Limited (Singapore)	Investment holding	76.5	-	23.5	-
Held by Anlu Jiaxu Natural Gas Company Limited					
(6) Anlu Jiaxu Natural Gas WeiHuo Transportation Company Limited (People's Republic of China)	Transportation of natural gas	85	85	15	15

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(CONTINUED)

14. SUBSIDIARIES (CONTINUED)

(b) Details of subsidiaries (Continued)

Name of company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
		2017	2016	2017	2016
		%	%	%	%
Held by Grand Prosper Group Limited					
[8]# Deshi Oil and Gas Exploration Co., Ltd (People's Republic of China)	Dormant	67.5	67.5	32.5	32.5

Notes:

[1] Audited by BDO LLP, Singapore
[2] Audited by BDO Limited, Hong Kong
[3] Audited by BDO, Malaysia
[4] Audited by RSM Chio Lim LLP, Singapore
[5] Audited by Lee & Raman, Brunei
[6] Audited by BDO China Shu Lun Pan CPAs LLP, People's Republic of China
[7] Audited by SRF Partners & Co
[8] Reviewed by BDO LLP, Singapore, for consolidation purposes
Not considered as a significant subsidiaries as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited
* Struck off with effect from 29 September 2016

(c) Incorporation of subsidiaries

HZLH incorporated the following subsidiaries in the PRC:

i) Rushan Zhong Huan Natural Gas Co., Ltd on 13 May 2016, a 90% equity interest subsidiary with an authorised registered capital of RMB30 million and the remaining 10% equity interest or RMB3 million will be invested by Mr. Xin Rui Zhang, a Chinese businessman. Since the subsidiary has no operation, the capital remains unpaid.

ii) Weihai Nanhai Zhong Huan Natural Gas Co., Ltd on 28 December 2015, a 90% equity interest subsidiary with an authorised registered capital of RMB30 million of which RMB1,800,000 (2016: RMB600,000) was paid-up during the financial year. Although the unpaid capital is scheduled for payment on 1 August 2017, the capital remains unpaid since the subsidiary has no operation.

14. SUBSIDIARIES (CONTINUED)

(d) Internal restructuring

During the financial year, the Company transferred 9,000 fully-paid ordinary shares or 90% of the issued share capital of Sino Gas Holdings Pte Limited ("Sino Gas"), a subsidiary of the Company, to HZLH. Consequent to the internal restructuring, Sino Gas became an indirect subsidiary of the Company.

In addition, the Company carried out an internal restructuring exercise between Asia Plan Limited ("APL") and EEL, both being wholly-owned subsidiaries of the Company, in which APL had transferred its 99% equity interest in Capri to EEL. The remaining 1% equity interest is held by the Company. Subsequent to the transfer, APL was liquidated.

The above internal restructuring did not result any significant financial impact to the Group and the Company.

(e) Disposal of a subsidiary

In the previous financial year, the Group disposed of its entire issued and paid-up share capital of Dimensi Cita Sdn. Bhd. ("DCSB"), a company incorporated in Malaysia, for a cash consideration of RM50 (equivalent to $17).

(i) The carrying amount of the identifiable assets and liabilities of DCSB as at date of disposal were as follows:

	Group 2016 $'000
Bank balances	2
Other payables and accruals	(3)
	(1)
Less: Consideration received	-*
Gain on disposal	(1)

(ii) The effects of the disposal of DCSB on cash flows of the Group were as follows:

	Group 2016 $'000
Consideration received in cash	-*
Less: Bank balance disposed	(2)
Net cash outflow of the Group on disposal	(2)

* represents RM50 (equivalent to $17)

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14. SUBSIDIARIES (CONTINUED)

(f) Transactions with non-controlling interests ("NCI")

Hubei Zonglianhuan Energy Investment Management Inc.

In the previous financial year, CEEP transferred RMB8 million registered capital of HZLH, representing 10% equity interest to a key management personnel of the Group, for a consideration of RMB14.4 million as part of the Employee Share Scheme (Note 29(a)(i)). This transaction was accounted as equity transaction between parent and non-controlling interest as below:

	Group 2016 $'000
Carrying amount of non-controlling interests disposed	3,491
Less:	
Consideration receivable from non-controlling interests	(3,116)
Recognised in equity	375

Non-controlling interests

Summarised financial information in relation to the subsidiaries that have non-controlling interests ("NCI") that are material to the Group, before intra-group eliminations and together with amounts attributed to NCI, are presented below:

	Hubei Zonglianhuan Energy Investment Management Inc. and its subsidiaries		**Grand Prosper Group Limited and its subsidiaries**		**ESA Electronics Pte Ltd and its subsidiaries**	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
Revenue	29,409	30,027	-	-	17,005	22,540
Profit/(Loss) before income tax	4,883	3,550	1,327	150	(451)	2,260
Income tax expense	(1,640)	(1,418)	-	-	(37)	(134)
Profit/(Loss) after income tax	3,243	2,132	1,327	150	(488)	2,126
Profit/(Loss) allocated to NCI	460	256	332	36	(92)	398
Other comprehensive income allocated to NCI	(270)	(152)	35	-	-	-
Total comprehensive income allocated to NCI	190	104	367	36	(92)	398

14. SUBSIDIARIES (CONTINUED)

(f) Transactions with non-controlling interests ("NCI") (Continued)

Non-controlling interests (Continued)

Summarised financial information in relation to the subsidiaries that have non-controlling interests ("NCI") that are material to the Group, before intra-group eliminations and together with amounts attributed to NCI, are presented below: (Continued)

	Hubei Zonglianhuan Energy Investment Management Inc. and its subsidiaries		Grand Prosper Group Limited and its subsidiaries		ESA Electronics Pte Ltd and its subsidiaries	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash flows from/(used in) operating activities	1,877	463	(155)	(29)	510	3,507
Cash flows (used in)/from investing activities	(392)	(4,846)	153	29	37	(870)
Cash flows (used in)/from financing activities	(241)	918	-	-	(2,580)	-
Net cash inflows/(outflows)	1,244	(3,465)	(2)	-	(2,033)	2,637
Assets:						
Current assets	6,158	18,125	219	602	11,232	13,660
Non-current assets	65,726	84,201	21	37	1,233	1,423
Liabilities:						
Current liabilities	(24,913)	(32,439)	(8,251)	(8,211)	(6,552)	(6,102)
Non-current liabilities	(11,733)	(13,931)	(43,413)	(43,700)	-	-
Net assets/(liabilities)	35,238	55,956	(51,424)	(51,272)	5,913	8,981
Accumulated non-controlling interests	5,254	7,097	(13,131)	(13,011)	1,109	1,684

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15. ASSOCIATED COMPANIES

(a) Investments in associated companies comprise:

	Group	
	2017	**2016**
	$'000	**$'000**
Unquoted equity investments, at carrying value		
At beginning of financial year	-	483
Disposal	-	(449)
Share of results, net of tax	-	(34)
At end of financial year	-	-

(b) Details of associated companies

Name of company (Country of incorporation/operation)	**Effective equity interest held by the Group**		**Principal activities**
	2017	**2016**	
	%	**%**	
Held by Ipco International Limited			
Ace Century Group Ltd (British Virgin Islands)	-	-	Dormant
Industrial Engineering Systems Pte Ltd (Singapore)	-	-	Designing of industrial plant engineering services systems and general wholesaler and trader

Disposal of Industrial Engineering Systems Pte Ltd ("IES")

In the previous financial year, the Group disposed of its 20% equity interest in IES, a company incorporated in Singapore, to Annica Holdings Limited ("Annica") for a total consideration of $600,000 of which $100,000 was to be settled in cash and $500,000 by way of allotment and issue of new ordinary shares of Annica. Upon disposal, IES ceased to be an associated company.

The effect of disposal as at date of disposal was as follows:

	Group
	2016
	$'000
Non-cash consideration received in available-for-sale financial assets	500
Consideration receivable in cash	100
	600
Carrying value of investment in associated company	(449)
Gain on disposal of an associated company	151

15. ASSOCIATED COMPANIES (CONTINUED)

Disposal of Ace Century Group Ltd ("ACE")

In the previous financial year, the Group disposed of its 30% equity interest in ACE, a company incorporated in British Virgin Islands, for a total consideration of $1 in cash. Upon disposal, ACE ceased to be an associated company.

16. JOINT VENTURES

(a) Investments in joint ventures comprise:

	Group and Company	
	2017	2016
	$'000	$'000
Unquoted equity investments, at carrying value	-	-

(b) Details of joint ventures are as follows:

Name of company (Country of incorporation/operation)	Effective equity interest held by the Group		Principal activities
	2017	2016	
	%	%	
Unincorporated			
[1] MMCE-Ipco-MURPHY joint venture (Malaysia)	33	33	Dormant
[1] Ipco-ASAL joint venture (Malaysia)	70	70	Dormant
[1] Ipco-G&C joint venture (Thailand)	50	50	Under voluntary liquidation

[1] Not audited as company is either dormant or under liquidation

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17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
At beginning of financial year	1,118	4,603	580	3,514
Additions	-	535	-	535
Disposals	-	(1,100)	-	(1,100)
	1,118	4,038	580	2,949
Impairment loss recognised in profit or loss	(408)	(2,911)	(40)	(2,369)
Exchange translation difference	(3)	(9)	-	-
At end of financial year	707	1,118	540	580

Available-for-sale financial assets comprise the following:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Mutual fund, at fair value	535	1,068	-	-
Impairment loss recognised in profit or loss	(368)	(530)	-	-
	167	538	-	-
Quoted equity securities, at fair value	580	2,961	580	2,962
Impairment loss recognised in profit or loss	(40)	(2,381)	(40)	(2,382)
	540	580	540	580
	707	1,118	540	580

The investment in quoted equity securities and mutual fund have neither fixed maturity date nor coupon rate.

The fair values of quoted equity securities are based on closing quoted market prices on the last market day of the financial year. The quoted securities are listed on the SGX-ST.

The fair value of mutual fund is determined by net asset value ("NAV") derived by dividing the total value of all the cash and securities in a fund's portfolio, less any liabilities, by the number of shares outstanding. NAV computation is undertaken once at the end of each trading month based on the closing market prices of the portfolio's securities. The resulting fair value of mutual fund is considered Level 2 recurring fair value measurement.

At the end of the previous financial year, available-for-sale financial assets of $80,000 were pledged to financial institutions for share margin trading facilities granted to subsidiaries.

Available-for-sale financial assets are denominated in Singapore dollar.

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

In the previous financial year, the Company entered into share lending agreements with a third party (the "Borrower") to lend certain quoted shares ("Shares") for a total lending fee of $186,000 which was included as sundry income in other income. The share lending agreements expired and the Shares had not been returned to the Company. Consequently, the risks and rewards and control of the Shares were deemed transferred to the Borrower, and the Shares with fair value of $705,000 were derecognised to profit or loss and recognised as disposal. The amount recoverable from the third party of $705,000 was recognised as non-trade receivables in Note 19(c).

18. INVENTORIES

	Group	
	2017	2016
	$'000	$'000
Work-in-progress	2,441	2,161
Saleable merchandise	26	21
Land held for sale	10,495	10,038
	12,962	12,220

The cost of inventories recognised as expenses in profit or loss amounted to $10,930,000 (2016: $12,038,000).

19. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Non-current					
Non-trade receivables					
- third party	(a)(i)	4,188	4,032	4,188	4,032
- key management personnel	(a)(ii)	2,694	3,116	-	-
- advance payments for construction of plant and equipment		252	417	-	-
Allowance for doubtful receivables					
- third party	(e)	(4,188)	(4,032)	(4,188)	(4,032)
Total non-current other receivables		2,946	3,533	-	-

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(CONTINUED)

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

		Group		Company	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Current					
Trade receivables					
- third parties	(b)	3,653	3,588	-	-
Allowance for doubtful receivables	(e)	(259)	(267)	-	-
		3,394	3,321	-	-
Non-trade receivables					
– third parties	(c)	20,818	21,281	10,859	11,462
Allowance for doubtful receivables	(e)	(16,553)	(17,063)	(10,698)	(11,279)
		4,265	4,218	161	183
Due from subsidiaries	(d)	-	-	81,568	79,305
Allowance for doubtful receivables	(e)	-	-	(17,527)	(18,525)
		-	-	64,041	60,780
Goods and services tax recoverable, net		12	15	-	-
Prepayments		1,464	1,413	20	34
Rental, utilities and other deposits		175	237	10	64
Staff advances		29	12	7	-
		1,680	1,677	37	98
Total current trade and other receivables		9,339	9,216	64,239	61,061
Total trade and other receivables		12,285	12,749	64,239	61,061

(a)(i) The non-current non-trade receivable included an amount of $4,188,000 (2016: $4,032,000) arising from a tender deposit paid to a third party to secure a potential investment in Indonesia. The amount is unsecured, interest-free and not repayable within the next twelve months. The amount was fully impaired during the financial year ended 30 April 2010 based on the recoverability assessment made by the management. The parties involved in the securing of the potential investment had initiated a legal claim against the third party and a final award was issued in favour of the parties involved. However, there was no repayment made by the third party.

(a)(ii) The amount due from key management personnel comprised consideration receivable under the Employee Share Scheme with a payment term of 3 years (Note 29(a)). The amount is measured at amortised cost and the carrying amount approximates its fair value. During the financial year, an amount of $61,000 was received from this key management personnel.

(b) Trade receivables due from third parties are non-interest bearing and generally have credit terms of 30 to 90 days (2016: 30 to 90 days).

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) The current non-trade receivables due from third parties included an amount of $9,535,000 (2016: $9,535,000) arising from the disposal of 70% equity interest in PT Prestasi Cipta Pertiwi (a former subsidiary) to a third party. The amount is unsecured, interest-free and repayable on demand. The amount was fully impaired during the financial year ended 30 April 2009 based on the recoverability assessment performed by the management which was determined with reference to past default experience based on the revised repayment schedule. In the previous financial year, there was an amount of $705,000 due from a third party in respect of share lending agreements entered (Note 17). Subsequent to the end of the financial year, the shares were returned at a fair value of $155,000 and the remaining amount of $550,000 was written off.

All other current non-trade receivables are unsecured, interest-free and repayable on demand.

(d) The amount due from subsidiaries is non-trade in nature, unsecured, interest-free, repayable on demand and to be settled in cash except for an amount of approximately $21,494,000 (2016: $19,788,000), which bears interest at 18% (2016: 18%) per annum.

(e) Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience.

Movements in allowance for doubtful trade receivables during the financial year:

	Group	
	2017	**2016**
	$'000	**$'000**
At beginning of financial year	267	305
Allowance credited to profit or loss	(17)	(45)
Exchange translation difference	9	7
At end of financial year	259	267

Trade receivables that are individually determined to be impaired at the end of the financial year relate to debtors that may settle their debts beyond the prescribed credit terms.

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FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in allowance for doubtful non-trade receivables during the financial year:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
At beginning of financial year	21,095	20,315	33,836	34,297
Allowance (reversed)/made during the financial year	(155)	705	181	1,048
Bad receivables written off against allowance made	(550)	-	(550)	-
Exchange translation difference	351	75	(1,054)	(1,509)
At end of financial year	20,741	21,095	32,413	33,836
Analysed into:				
Third parties	20,741	21,095	14,886	15,311
Subsidiaries	-	-	17,527	18,525
	20,741	21,095	32,413	33,836

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore dollar	1,317	1,664	23,873	23,903
United States dollar	5,704	5,334	40,364	37,158
Ringgit Malaysia	4	3	-	-
Renminbi	5,176	5,722	-	-
Hong Kong dollar	-	-	2	-
Euro	84	26	-	-
	12,285	12,749	64,239	61,061

20. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
At beginning of financial year	65	1,350	32	82
Additions	-	180	-	140
Disposals	-	(362)	-	(130)
Fair value loss	(14)	(1,103)	(18)	(60)
At end of financial year	51	65	14	32

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FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

20. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Financial assets, at fair value through profit or loss comprise the following:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Held for trading				
Listed securities:				
- Equity securities – Singapore	49	61	14	32
- Equity securities – Malaysia	2	4	-	-
	51	65	14	32

The fair value of these securities are based on closing quoted market prices on the last market day of the financial year.

At the end of previous financial year, financial assets, at fair value through profit or loss of $3,000 was pledged to financial institutions for share margin trading facilities granted to subsidiaries and bank borrowings granted to the Group.

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Fixed deposit	3	3	3	3
Cash and bank balances	9,033	10,153	71	155
As per statements of financial position	9,036	10,156	74	158
Bank overdrafts (Note 25)	(2,089)	(1,910)	-	-
Cash pledged for bank facilities (Note 25)	(2,600)	(2,600)	-	-
As per consolidated statement of cash flows	4,347	5,646	74	158

Cash and bank balances of the Group amounting to $2,600,000 (2016: $2,600,000) were pledged to banks to secure credit facilities granted to the subsidiaries (Note 25).

Fixed deposit with a financial institution mature at 4 months (2016: 4 months) from the end of the financial year with an interest rate of 0.15% (2016: 0.15%) per annum.

Significant restriction

Cash and bank balances of approximately $4,233,000 (2016: $3,074,000), equivalent to RMB20,910,000 (2016: RMB14,852,000) held with the subsidiaries in the PRC are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus significantly affect the Group's ability to access or use assets, and settle liabilities, of the Group.

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(CONTINUED)

21. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore dollar	3,003	3,368	73	144
United States dollar	1,466	3,549	1	14
Renminbi	4,233	3,074	-	-
Euro	184	135	-	-
Others	150	30	-	-
	9,036	10,156	74	158

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Trade payables				
– third parties	1,741	1,916	-	-
Non-trade payables				
- third parties	1,648	2,008	725	615
- subsidiaries	-	-	6,242	7,637
- key management personnel	432	386	166	120
- payable for property, plant and equipment	9,623	9,440	-	-
Advance payments received from customers	7,876	4,707	-	-
Accrued operating expenses	4,084	3,591	213	229
Total current trade and other payables	25,404	22,048	7,346	8,601
Non-current				
Other payables (Note 29(a))	367	425	-	-
Total trade and other payables	25,771	22,473	7,346	8,601

Trade payables are non-interest bearing and are generally settled on 60 to 90 days (2016: 60 to 90 days) terms.

Except for an amount of $250,000 (2016: $1,252,000) due to a subsidiary of the Company with interest charge at 7.5% to 8.5% (2016: 8.5%) per annum, the current non-trade-payables are unsecured, interest-free and repayable on demand and to be settled in cash.

22. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore dollar	543	317	6,578	7,783
United States dollar	2,496	2,672	-	-
Ringgit Malaysia	3,031	3,235	768	818
Renminbi	19,501	15,857	-	-
Hong Kong dollar	10	-	-	-
Euro	129	89	-	-
Others	61	303	-	-
	25,771	22,473	7,346	8,601

23. PROVISIONS

	Group and Company	
	2017	2016
	$'000	$'000
Provision for employee benefits	206	195
Provision for Directors' fees	88	88
	294	283

Movements in provisions during the financial year:

	Group and Company	
	2017	2016
	$'000	$'000
At beginning of financial year	283	267
Provisions made during the financial year	294	283
Amount utilised during the financial year	(283)	(267)
At end of financial year	294	283

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24. FINANCE LEASE LIABILITIES

	Minimum lease payments $'000	Future finance charges $'000	Present value of minimum lease payments $'000
Group and Company			
2017			
Within one year	47	(1)	46
After one year but within five years	2	-	2
	49	(1)	48
2016			
Within one year	48	(3)	45
After one year but within five years	50	(1)	49
	98	(4)	94

The finance leases are repayable in 1 to 2 years.

Finance lease liabilities are secured by the leased assets which will revert to the lessors in the event of default.

The effective interest rates during the financial year ranged from 3.48% to 4.30% (2016: 3.48% to 4.30%) per annum.

Interest rates are fixed at the contract date, and thus expose the Company to fair value interest rate risk. At the end of the financial year, the fair values of finance lease obligations approximate their carrying values.

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

The finance lease liabilities are denominated in Singapore dollar.

25. BORROWINGS

	Group	
	2017	2016
	$'000	$'000
Secured		
Bank borrowings	17,715	18,989
Bank overdrafts	2,089	1,910
	19,804	20,899
Unsecured		
Loans from business associates	820	790
Total borrowings	20,624	21,689
Less:		
Amount due for settlement within 12 months	(8,891)	(7,760
Amount due for settlement after 12 months	11,733	13,929

(a) The bank borrowings of the Group included amount of $17,715,000 (2016: $18,989,000) which are secured by property, plant and equipment (Note 13). Interest is charged at 4.57% to 6.95% (2016: 4.90% to 6.95%) per annum.

(b) Bank overdrafts are secured by cash pledged as disclosed in Note 21. Interest is charged at 5% (2016: 5%) per annum.

(c) The loans from business associates are unsecured, interest-free and repayable on demand.

(d) The management estimates the carrying amounts of bank borrowings approximate their fair value as these financial liabilities are subject to floating interest rates.

Borrowings are denominated in the following currencies:

	Group	
	2017	2016
	$'000	$'000
Singapore dollar	2,089	1,910
United States dollar	820	790
Renminbi	17,715	18,989
	20,624	21,689

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26. CONVERTIBLE LOAN

On 25 June 2011, the Group entered into a Convertible Loan Agreement with Hudson Minerals Holdings Pte Ltd (the "Borrower"), to advance the borrower an amount of A$720,000 (or $900,000 equivalent) ("Advance") at an interest rate of 9.0% per annum. The Group has the right to convert in part or in full the Advance ("Option"), into ordinary shares at the conversion price of A$119.45 per ordinary share for a total of 6,028 ordinary shares within forty-eight months after the drawdown date.

If the Group exercises the Option, the equity interest held by the Group will be 3.9% of the total shareholding of the Borrower. The management estimates the carrying value of the convertible loan approximates its fair value. The net principal and interest receivable on the convertible loan of $81,000 (2016: $81,000) were fully impaired during the financial year ended 30 April 2017 based on the recoverability assessment performed by the management which was determined with reference to past default experience.

Movement in allowance for impairment loss during the financial year:

	Group	
	2017	2016
	$'000	$'000
At beginning of financial year	1,167	1,086
Allowance made during the financial year	81	81
At end of financial year	1,248	1,167

During the current financial year, the Group agreed to extend the loan repayment together with interest due to 31 December 2020 with all other terms of the agreement remain unchanged.

27. DEFERRED TAX

Deferred tax assets

	Group	
	2017	2016
	$'000	$'000
At beginning of financial year	1,282	959
Transfer (to)/from profit or loss	(358)	348
Exchange translation difference	(14)	(25)
At end of financial year	910	1,282

27. DEFERRED TAX (CONTINUED)

Deferred tax assets (Continued)

Deferred tax assets are attributable to the following:

	Group	
	2017	**2016**
	$'000	**$'000**
Property, plant and equipment	505	536
Unutilised tax losses	424	580
Others	(19)	166
	910	1,282

Deferred tax liabilities

	Group	
	2017	**2016**
	$'000	**$'000**
At beginning of financial year	8,823	9,156
Transfer to profit or loss	(455)	(522
Exchange translation difference	338	189
At end of financial year	8,706	8,823

Deferred tax liabilities of the Group are attributable to temporary difference arising from intangible assets.

At the end of the financial year, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $2,410,000 (2016: $925,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

28. SHARE CAPITAL

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Issued and fully paid with no par value:		
At beginning and end of financial year		
- 5,300,799,986 (2016: 5,100,799,986) ordinary shares	264,227	263,687

The Company has one class of ordinary shares which carries no right to fixed income. 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. On 20 July 2016, the Company issued 200,000,000 new ordinary shares for total cash consideration of $540,000.

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29. OTHER RESERVES

		Group		Company	
			Restated		
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Attributable to owners of the parent					
Foreign exchange translation reserve	(b)	(14,654)	(15,252)	-	-
Capital reduction reserve	(c)	1,961	1,961	1,961	1,961
Equity – NCI	(d)	(8,919)	(8,919)	-	-
		(21,612)	(22,210)	1,961	1,961
Non-controlling interest					
Share-based payment reserve	(a)	731	505	-	-

(a) Share-based payment reserve

The share-based payment reserve represent the value of service received from employees of the Group relating to equity settled share-based payment transactions.

Equity-settled share-based payment

On 21 May 2015, the Board of Directors and Remuneration Committee of the Company approved and adopted the Employee Share Scheme ("ESS") of a subsidiary, CEEP. Under the ESS, key executives of the Group are granted registered capital of HZLH, a subsidiary in the PRC. The ESS is restricted to key executives of the Group.

(i) 10% equity interest (equivalent RMB8 million registered capital) in HZLH

RMB8 million registered capital in HZLH was granted to a key management personnel of the Group for a consideration of RMB14.4 million ($3.1 million equivalent) on 7 July 2015. There is no vesting condition attached and the amount is payable within 3 years from date of grant.

(ii) 20% equity interest (equivalent RMB16 million registered capital) in HZLH

RMB16 million registered capital in HZLH was transferred to Xiaogan He Shun Investment Management Centre LLP ("He Shun"), registered in the PRC, for the purpose of the ESS for a consideration of RMB28.8 million. On 27 April 2016, the Group granted RMB5.6 million registered capital to certain key executives of the Group by admitting these executives as partners of He Shun for a consideration of RMB10.08 million, payable within 3 years from date of grant. These executives shall remain as employees of HZLH for a period of 3 years as part of the vesting condition. Subsequent to the vesting period, these executives cannot sell more than 25% of their respective interest in He Shun per annum. As at 30 April 2017, RMB10.4 million registered capital in HZLH have not been granted to any key executives.

In respect of the RMB5.6 million registered capital granted, a deposit of RMB2 million ($425,000 equivalent) was received (Note 22). In view that the vesting condition has not been met, cash received from those key executives will be recorded as financial liability until the end of the vesting period, where it will be reclassified to non-controlling interests.

29. OTHER RESERVES (CONTINUED)

(a) Share-based payment reserve (Continued)

Equity-settled share-based payment (Continued)

(ii) 20% equity interest (equivalent RMB16 million registered capital) in HZLH (Continued)

On 4 May 2017, He Shun admitted two additional partners without the knowledge of the Board of Directors of the Company. The Board of Directors of the Company is in the process of seeking legal advice on how to resolve this matter and also in the midst of discussion with the management of HZLH to select and grant the remaining registered capital to eligible employees.

The details of the grants were as follows:

Grant date	7 July 2015	27 April 2016
Exercise price per equity interest	RMB1.80	RMB1.85
Fair value per equity interest	RMB2.01	RMB2.01
Equity interest in HZLH granted	RMB8 million	RMB5.6 million
Vesting period	Nil	3 years

Market prices of equity instruments granted were not available at the grant date. Consequently, the fair value of the equity instruments under the ESS granted were measured at their intrinsic value, and incorporated the following factors in setting the value of equity instruments:

i. Observable Price-Earnings ratio of comparable companies in same industry and listed on China's National Equities Exchange Quotations;

ii. The earnings of HZLH of the past 12 months; and

iii. No dividends were incorporated into the measurement of fair value as there was no historical payment trend.

The total equity-settled share-based payment of approximately $226,000 (2016: $505,000) was recognised in profit or loss (Note 7) and the corresponding increase was recorded in non-controlling interests.

(b) Foreign exchange translation reserve

The foreign exchange translation reserve is used to record exchange differences arising from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Capital reduction reserve

The capital reduction reserve arose from a capital reduction exercise in year 2006 to reduce the par value of each issued and paid-up share capital of the Company from $0.20 to $0.05 to cancel an aggregate amount of $123,867,000 of the issued and paid-up share capital of the Company, of which $121,906,000 represents issued and paid-up share capital which had been lost and unrepresented by available assets, and the balance of $1,961,000 was credited to capital reduction reserve.

(d) Equity - NCI

The Equity – NCI is the effect of transaction with non-controlling interests without loss of control and these transactions will no longer result in goodwill or gains or losses.

The movements of other reserves of the Group are presented in the consolidated statement of changes in equity.

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FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
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30. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
With subsidiaries				
Payments made on behalf of subsidiaries	-	-	587	418
Receipts collected on behalf of subsidiaries	-	-	61	447
Funds transferred from subsidiaries	-	-	-	36
Funds transferred to subsidiaries	-	-	-	20
Loan from a subsidiary	-	-	515	350
Loan interest charged by a subsidiary	-	-	27	96
Loan interest charged to a subsidiary	-	-	1,724	1,728
Management fees charged to subsidiaries	-	-	330	514
Administrative expenses charged to subsidiaries	-	-	105	107
Administrative expenses charged by subsidiaries	-	-	172	165
Sale of financial assets, at fair value through profit or loss	-	-	-	224
Dividend received from a subsidiary	-	-	2,096	-
Transfer of equity interest in a subsidiary	-	-	9	-
With associated company				
Administrative service fee and rental charged to an associated company	-	14	-	14
With key management personnel				
Disposal of equity interest in a subsidiary	-	3,116	-	-
Loan repayment	120	-	120	-

30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

The remuneration of Directors and other key members of the key management personnel of the Group and the Company during the financial year was as follow:

	Group	
	2017	**2016**
	$'000	**$'000**
Directors' fees	124	124
Short-term employee benefits	922	1,114
Post-employment benefits	70	69
Share-based payment	-	505
	1,116	1,812
Comprise amounts paid to:		
Directors of the Company		
- Salaries, allowances and bonuses	308	301
- Directors' fee	88	88
Directors of subsidiaries		
- Salaries, allowances and bonuses	437	658
- Defined contributions plan expenses	16	52
- Directors' fee	36	36
- Share-based payment	-	505
Other key management personnel		
- Salaries, allowances and bonuses	206	155
- Defined contributions plan expenses	25	17
	1,116	1,812

31. COMMITMENTS

Operating lease arrangements – as lessee

At the end of the financial year, there were future minimum lease payments under non-cancellable operating leases for office premises in subsequent accounting periods as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	508	404	143	64
After one year but within five years	904	-	209	-
	1,412	404	352	64

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

31. COMMITMENTS (CONTINUED)

Operating lease arrangements – as lessee (Continued)

The lease agreements provide for periodic revision of rental rates in the future. Operating lease payments represent rents payable by the Group and the Company for office premises. Leases are negotiated for an average term of 1 to 3 years and rentals are fixed for an average of 1 to 3 years. There are no arrangements for contingent rent payments.

Capital commitments

Capital commitments contracted for at the end of the financial year but not recognised in the financial statements were as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Acquisition of property, plant and equipment	482	483

32. SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

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 and foreign exchange gains or losses.

Management considers the business from both business and geographical segment perspective. 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. There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

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

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

Business segments

The Group is organised into five main business segments:

- Infrastructure development and turnkey construction;
- Development of residential real estate for sale;
- Supplying gas to households, commercial and industrial users;
- Manufacture and sale of electronic components; and
- Investment securities trading.

Other operations of the Group mainly comprise investment holding and other management services, neither of which constitutes a separately reportable segment.

32. SEGMENT REPORTING (CONTINUED)

Segment assets consist primarily of property, plant and equipment, intangible assets, land held for sale, inventories, receivables, financial assets and operating cash and bank deposits. Segment liabilities comprise payables, provisions, borrowings and deferred tax liabilities. Capital expenditures comprise additions to property, plant and equipment and intangible assets, including those acquired through business combinations.

<u>Geographic segments</u>

The Group's business segments operate in five main geographical areas:

- Singapore
  The operations in this area are principally the manufacture and sale of electronic components, investment securities trading, and investment holding.

- People's Republic of China
  The operations in this area are principally distribution of gas to household, commercial and industrial users.

- United States of America
  The operations in this area are principally the development of residential real estate for sale.

- Taiwan, Philippines and Europe
  The operations in these areas are principally acting as agents and distributors of semi-conductor back-end equipment and providing consultancy services in semi-conductor industry.

- Other countries
  The operations in these areas are those investment holding.

With the exception of Singapore, the People's Republic of China, the United States of America, Taiwan, Philippines and Europe, no other individual geographical area contributed more than 10% of consolidated sales and assets. Sales are based on the geographical area in which the customer is located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

<u>Major customers</u>

The revenues from three customers of the Group's electronics and trading segment represent approximately $9,237,000 (2016: $12,811,000).

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(CONTINUED)

32. SEGMENT REPORTING (CONTINUED)

Business segments	Infrastructure development and turnkey construction		Property development		Gas distribution		Electronics and trading		Investment securities trading		Corporate and others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	Restated 2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue														
Sale to customers	-	-	-	-	29,409	28,685	17,005	22,540	-	-	-	-	46,414	51,225
Other revenue/ (expense)	712	515	-	6,499	893	569	240	69	46	58	422	(1,129)	2,313	6,581
	712	515	-	6,499	30,302	29,254	17,245	22,609	46	58	422	(1,129)	48,727	57,806
Inter-segment revenue	(147)	(150)	-	-	-	-	-	-	-	-	-	-	(147)	(150)
Total external revenue/ (expense)	565	365	-	6,499	30,302	29,254	17,245	22,609	46	58	422	(1,129)	48,580	57,656
Segment profit/ (loss)	379	(1,100)	(141)	5,663	3,701	1,767	(322)	2,390	(178)	(878)	(1,308)	(3,715)	2,131	4,127
Interest income	-	-	-	-	11	10	41	38	81	82	1	-	134	130
Interest expenses	-	-	-	-	(515)	(246)	(77)	(60)	-	-	(3)	(4)	(595)	(310)
Share of results of associated companies	-	-	-	-	-	-	-	(34)	-	-	-	-	-	(34)
Profit/(Loss) before income tax	379	(1,100)	(141)	5,663	3,197	1,531	(358)	2,334	(97)	(796)	(1,310)	(3,719)	1,670	3,913
Income tax (expense)/credit	-	-	-	(162)	(1,108)	(1,305)	(37)	(135)	(32)	(337)	-	663	(1,177)	(1,276)
Profit/(Loss) for the financial year	379	(1,100)	(141)	5,501	2,089	226	(395)	2,199	(129)	(1,133)	(1,310)	(3,056)	493	2,637
Non-controlling interests	-	-	-	-	(795)	(292)	92	(399)	-	-	1	1	(702)	(690)
Profit/(Loss) attributable to owners of parent	379	(1,100)	(141)	5,501	1,294	(66)	(303)	1,800	(129)	(1,133)	(1,309)	(3,055)	(209)	1,947

32. SEGMENT REPORTING (CONTINUED)

Business segments	Infrastructure development and turnkey construction		Property development		Gas distribution		Electronics and trading		Investment securities trading		Corporate and others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment assets and liabilities														
Segment assets	90	94	13,332	13,122	122,139	118,945	12,215	13,831	54	120	2,675	1,242	150,505	147,354
Segment liabilities	254	525	1,024	1,209	46,156	43,977	6,552	6,102	221	1,222	2,156	1,331	56,363	54,366
Capital expenditure	-	-	-	-	8,706	7,803	40	1,010	-	-	-	-	8,746	8,813
Allowance made for doubtful receivables	-	-	-	-	14	-	(31)	(45)	81	786	-	-	64	741
Amortisation of intangible assets	-	-	-	-	1,357	1,358	-	-	-	-	-	-	1,357	1,358
Depreciation of property, plant and equipment	-	-	-	-	2,596	1,720	200	152	-	-	91	90	2,887	1,962
Allowance for impairment loss of property, plant and equipment	-	-	-	-	-	100	-	-	-	-	-	-	-	100
Allowance for impairment loss of available-for-sale financial assets	-	-	-	-	368	529	-	-	-	13	40	2,369	408	2,911
Share-based payment	-	-	-	-	226	505	-	-	-	-	-	-	226	505

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

32. SEGMENT REPORTING (CONTINUED)

Geographic segments	Singapore		People's Republic of China		United States of America		Taiwan		The Philippines		Europe		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	Restated 2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sales to external customers	5,828	4,612	30,262	29,119	965	467	3,108	9,823	94	413	3,808	4,096	2,349	2,695	46,414	51,225
Others	760	(982)	893	569	-	6,499	-	-	-	-	-	-	513	345	2,166	6,431
Total external revenue	6,588	3,630	31,155	29,688	965	6,966	3,108	9,823	94	413	3,808	4,096	2,862	3,040	48,580	57,656
Segment assets	13,212	15,206	123,889	118,945	13,332	13,122	-	-	-	-	-	-	72	81	150,505	147,354
Segment liabilities	8,981	8,680	46,157	43,977	1,024	1,209	-	-	-	-	-	-	201	500	56,363	54,366
Capital expenditure	41	1,010	8,705	7,803	-	-	-	-	-	-	-	-	-	-	8,746	8,813
Non-current assets	927	1,177	113,627	108,587	-	-	-	-	-	-	-	-	-	-	114,554	109,764

Non-current assets consist of intangible assets and property, plant and equipment.

During the financial years of 2017 and 2016, there were no inter-segment sales between the geographic segments.

33. FINANCIAL RISK MANAGEMENT

The Group's and the Company's activities expose it to credit risks, market risks (including equity price risk, foreign currency risk and interest rate risk) and liquidity risk. The Group's and the Company's overall risk management strategy seeks to minimise the adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's and the Company's 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 and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

33.1 Credit risk

Credit risk refers to the risk that 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 and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for trade receivables amount due by 3 (2016: 3) customers making up 49% (2016: 56%) of the total trade receivables of the Group at the end of the financial year. The Company's non-trade receivables due from subsidiaries accounted for 99% (2016: 99%) of the total non-trade receivables. Management is confident of their full recovery.

The Group's major classes of financial assets are bank deposits and trade receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

The age analysis of trade receivables is as follows:

	Gross receivables 2017 $'000	Impairment 2017 $'000	Gross receivables 2016 $'000	Impairment 2016 $'000
Group				
Not past due	1,952	-	1,958	-
Past due 1 to 90 days	938	-	802	-
Past due 91 to 180 days	219	-	335	-
Past due 181 to 365 days	183	47	193	42
Past due over 365 days	361	212	300	225
	3,653	259	3,588	267

Trade receivables that are past due but not impaired and neither past due nor impaired are substantially companies with good collection track record with the Group.

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(CONTINUED)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.2 Equity price risk

The Group and the Company are exposed to equity risks arising from equity investments classified as financial assets at fair value through profit or loss or available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments.

Further details of these equity investments can be found in Notes 17 and 20 to the financial statements.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the financial year.

The sensitivity analysis assumes an instantaneous 30% (2016: 15%) change in the quoted equity prices from the end of the financial year, with all variables held constant.

	Increase/(Decrease)			
	2017		2016	
	Profit or loss	Equity	Profit or loss	Equity
	$'000	$'000	$'000	$'000
Group				
Listed in Singapore				
- increased by 30% (2016: 15%)	15	212	9	168
- decreased by 30% (2016: 15%)	(15)	(212)	(9)	(168)
Listed in Malaysia				
- increased by 30% (2016: 15%)	1	-	1	-
- decreased by 30% (2016: 15%)	(1)	-	(1)	-
Company				
Listed in Singapore				
- increased by 30% (2016: 15%)	4	162	5	87
- decreased by 30% (2016: 15%)	(4)	(162)	(5)	(87)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.3 Foreign currency risk

The carrying value of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the financial year were as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Monetary assets				
United States dollar	57,502	46,985	40,365	37,172
Renminbi	10,302	7,741	-	-
Hong Kong dollar	2,434	2,342	-	-
Euro	277	161	-	-
Others	63	740	-	-
Monetary liabilities				
United States dollar	27,134	27,917	-	-
Ringgit Malaysia	5,787	6,165	768	818
Renminbi	376	64	-	-
Euro	129	89	-	-
Others	18	-	-	-

Foreign currency sensitivity analysis

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in a currency other than their respective functional currency. The currencies giving rise to this risk are primarily United States dollar ("USD"). Exposure to foreign currency risk is monitored on an ongoing basis by the Group to ensure that the net exposure is kept at an acceptable level.

If the functional currency changes against the following foreign currencies by 10% (2016: 10%) each respectively at the end of the financial year, assuming that all other variables held constant, the effects arising from the net financial asset position for the Group and of the Company will be as follow:

	2017	2016
	$'000	$'000
Group		
United States dollar		
Strengthen against Singapore dollar	3,037	1,907
Weaken against Singapore dollar	(3,037)	(1,907)
Renminbi		
Strengthen against Singapore dollar	993	768
Weaken against Singapore dollar	(993)	(768)
Company		
United States dollar		
Strengthen against Singapore dollar	4,037	3,717
Weaken against Singapore dollar	(4,037)	(3,717)

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(CONTINUED)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.4 Interest rate risk

The Group's exposure to market risk for changes in interest rates relate primarily to interest-earning fixed deposits and interest-bearing debt obligations with financial institutions.

The Group's fixed deposits are placed at prevailing interest rates.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long term and short term borrowings.

The sensitivity analysis below showing the effect on profit or loss assumes an instantaneous 100bp (2016: 100bp) change in the interest rates at the end of the financial year, with all variables held constant.

Interest rate sensitivity analysis

	Increase/(Decrease) Profit or Loss			
	2017		2016	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group				
Bank borrowings	(177)	177	(190)	190
Secured bank overdraft	(21)	21	(19)	19
	(198)	198	(209)	209

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.5 Liquidity risk

The Group manages its liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions.

The table below analyses the Group's and Company's financial liabilities into relevant maturity groupings based on the remaining period as at the end of the financial year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which include both interest and principal cash flows.

	Less than 1 year $'000	2 to 5 years $'000	Total $'000
Group			
Trade and other payables, excluding advance payments received from customers	17,528	367	17,895
Finance lease liabilities	47	2	49
Borrowings	9,350	14,656	24,006
As at 30 April 2017	26,925	15,025	41,950
Trade and other payables, excluding advance payments received from customers	17,341	425	17,766
Finance lease liabilities	48	50	98
Borrowings	7,985	17,434	25,419
As at 30 April 2016	25,374	17,909	43,283
Company			
Trade and other payables	7,352	-	7,352
Finance lease liabilities	47	2	49
As at 30 April 2017	7,399	2	7,401
Trade and other payables	8,707	-	8,707
Finance lease liabilities	48	50	98
As at 30 April 2016	8,755	50	8,805

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.6 Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of non-current financial liabilities in relation to finance lease payables and bank borrowings are disclosed in Notes 24 and 25 to the financial statements.

The carrying amounts of financial assets and financial liabilities recorded at amortised costs, which approximate their fair value, are detailed in the following table.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Trade and other receivables, excluding goods and services tax recoverable, prepayments and advance payments for construction of plant and equipment	10,557	10,904	64,219	61,027
Cash and cash equivalents	9,036	10,156	74	158
Total loans and receivables	19,593	21,060	64,293	61,185
Financial liabilities				
Trade and other payables, excluding advance payments received from customers	17,895	17,766	7,346	8,601
Finance leases liabilities	48	94	48	94
Borrowings	20,624	21,689	-	-
Total financial liabilities at amortised cost	38,567	39,549	7,394	8,695

<u>*Fair value hierarchy*</u>

The Group and the Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by the valuation method. 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).

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Fair value hierarchy (Continued)

	Fair value measurement using	
	Level 1	**Level 2**
	$'000	**$'000**
Group		
2017		
Available-for-sale financial assets	540	167
Financial assets, at fair value through profit or loss	51	-
	591	167
2016		
Available-for-sale financial assets	580	538
Financial assets, at fair value through profit or loss	65	-
	645	538
Company		
2017		
Available-for-sale financial assets	540	-
Financial assets, at fair value through profit or loss	14	-
	554	-
2016		
Available-for-sale financial assets	580	-
Financial assets, at fair value through profit or loss	32	-
	612	-

During the financial year ended 30 April 2017 and 2016, there were no transfers between instruments in Level 1 and Level 2.

34. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

The Group's management reviews the capital structure on an annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through new share issues as well as the issue of new debt. The Group's overall strategy remains unchanged from 2016.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, finance lease payables and trade and other payables less cash and cash equivalents. Total capital is calculated as equity attributable to owners of the parent plus net debt.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
(CONTINUED)

34. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Net debt	37,407	34,100	7,320	8,537
Equity attributable to owners of the parent	98,147	97,218	128,035	123,799
Total capital	135,554	131,318	135,355	132,336
Gearing ratio	28%	26%	5%	6%

The Group and the Company are not subject to externally imposed capital requirements for the financial years ended 30 April 2017 and 2016.

35. OTHER MATTER

On 2 April 2014 and 29 April 2014, the Company, certain of its subsidiaries, a previous associated company and certain Directors had received order under Section 20 of the Criminal Procedures Code from Commercial Affairs Department, Singapore Police Force ("CAD") requesting their assistance for an investigation into an alleged offence under the Securities and Futures Act, Chapter 280. The CAD had requested for files and financial records, computers, and data storage devices for the period from 1 January 2011 to the respective date of the letters.

On 25 November 2016, a joint statement was made by the Attorney-General's Chambers, CAD and the Monetary Authority of Singapore, which stated that Ms Quah Su-Ling, an ex-Director and ex-Chief Executive Officer of the Company, and Mr Goh Hin Calm, the current interim Chief Executive Officer of the Company, have been charged in the State Courts for offences under the Securities and Futures Act and the Penal Code. As at the date of these financial statements, the investigations against persons who may have facilitated the offences are still ongoing.

The Board of Directors of the Company is in the process of seeking professional advice on this matter. The Board is not aware of any offence being committed within the Company and the Group and is of the view that the business and operations of the Company and of the Group are not unduly affected by the investigations and continue as normal. The Company and the Group will continue to monitor the progress of the investigations.

36. PRIOR YEAR ADJUSTMENT AND COMPARATIVE FIGURES

As at 30 April 2014, interest-free quasi-equity loans amounting to $50,244,000 was provided by the Company to its subsidiaries which in turn invested the proceeds from the loans substantially to expand its operations of natural gas in the PRC. The foreign exchange effect which arose from translation of this monetary item was recognised in profit or loss as other income. The management has re-assessed the nature of the loans and considers the loans to form part of net investment in the PRC operations.

In view of the above, the foreign exchange effect from translating the loans should have been recognised in other comprehensive income. Accordingly, the previously recognised foreign exchange difference recorded in accumulated losses relating to the translation effect of this net investment were reclassified from accumulated losses to other reserves - foreign exchange translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017 (CONTINUED)

36. PRIOR YEAR ADJUSTMENT AND COMPARATIVE FIGURES (CONTINUED)

As a result, the financial statements for the financial year ended 30 April 2016 have been restated and the statement of financial position at the beginning of the comparative period, 1 May 2015, has been re-presented to ensure compliance with FRS 1 Presentation of Financial Statements and the following line items have been restated:

	Group	
	As restated 2017	**As previously reported 2016**
	$'000	**$'000**
Consolidated statement of comprehensive income for the financial year ended 30 April 2016		
Other income	7,534	8,315
Other comprehensive income - Exchange differences on translating foreign operations	52	(729)
Profit before income tax	3,913	4,694
Profit for the financial year	2,637	3,418
Profit attributable to owners of the parent	1,947	2,728
Statement of financial position at 30 April 2016		
Equity		
Other reserves	(22,210)	(26,545)
Accumulated losses	(144,259)	(139,924)
Statement of financial position at 1 May 2015		
Equity		
Other reserves	(22,039)	(25,593)
Accumulated losses	(146,206)	(142,652)
Statement of changes in equity		
As at 30 April 2016		
Other reserves – foreign exchange translation reserve	(15,252)	(19,587)
As at 1 May 2015		
Other reserve – foreign exchange translation reserve	(15,456)	(19,010)

The above adjustment has no impact on the consolidated statement of cash flows.

37. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 30 April 2017 were authorised for issue by the Board of Directors on 7 August 2017.

CORPORATE GOVERNANCE

Ipco International Limited (the "Company") is committed to maintaining a high standard of corporate governance and transparency in the spirit of the Code of Corporate Governance 2012 (the "Code"). In line with the commitment to maintaining high standards of corporate governance, the Company has been regularly reviewing its corporate governance processes to strive to comply continually with the Code. Good corporate governance provides the framework for an ethical and accountable corporate environment, which will protect the interests of the Company's shareholders and enhance investors' confidence.

This report describes the Company's corporate governance processes and practices with specific reference to the Code for the financial year ended 30 April 2017 and up to the date of this report. The Company has complied with the principles and guidelines as set out in the Code, where applicable. Appropriate explanations have been provided where there is any deviation from the Code.

PROFILE OF DIRECTORS

Mr Carlson Clark Smith

Mr Carlson Clark Smith is an Executive Director and Chief Financial Officer of the Company. He has 37 years of experience in finance, strategic planning and general management in the capital goods, technology and infrastructure industries. He graduated with a Masters Degree in Business Administration from Cornell University, USA and a Bachelor of Arts Degree from the Grinnell College in Iowa, USA.

Date of first appointment	:	8 May 2002
Date of last re-election as a director	:	28 August 2015

Mr Chwee Han Sin

Mr Chwee Han Sin is an Independent Director of the Company. He is also the Chairman of Nominating, Remuneration and Audit Committees. He graduated with a Bachelor of Law LLB (Honours) degree from the University of Buckingham.

Date of first appointment	:	12 February 2001
Date of last re-election as a director	:	28 August 2015

Ms Chai Siew Hoon

Ms Chai Siew Hoon is an Independent Director of the Company. She is a member of the Audit Committee, Nominating Committee and Remuneration Committee. She was a Planning Manager experienced in supply chain and production planning attached to Multi National Corporation and Malaysian Electronic Manufacturing Services industry from 2004 to 2011. She is currently a Financial Planner and has been involved in property management since 2011. She graduated with a Bachelor of Business in Business Administration degree from the Royal Melbourne Institute of Technology in 2001.

Date of first appointment	:	25 April 2014
Date of last re-election as a director	:	31 August 2016

CORPORATE GOVERNANCE
(CONTINUED)

Mr Ross Yu Limjoco

As at the date of the Financial Statements for the Financial Year ended 30 April 2017, Mr Ross Yu Limjoco is an Independent Director of the Company. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee. He is the Assurance and M&A Director of Nexia TS Advisory Pte Ltd. From 2014 to 2016, he was the Managing Director of TMS Capital Advisory Limited. He was the Chief Financial Officer and Joint Company Secretary in PSL Holdings Limited from 2012 to 2014. He was the head of business advisory with BDO Advisory Pte Ltd (member firm of BDO LLP) spearheading the IPO, transaction advisory and corporate finance services from 2003 to 2012. From 1992 to 2001, he was an audit manager with Arthur Andersen Singapore and Manila offices responsible for the audits of public listed and private companies, multi-national corporations, small & medium sized enterprises and non-for-profit organisations. He is also an Independent Director of Fittec International Group Ltd.

Mr Ross Yu Limjoco holds a Bachelor of Science in Business Administration Major in Accounting from Philippine School of Business Administration. He is a member of Institute of Singapore Chartered Accountants, Philippine Institute of Certified Public Accountants, Certified Fraud Examiner and International Association of Consultants, Valuers and Analysts.

Date of first appointment	:	11 July 2014
Date of last re-election as a director	:	31 August 2016
Date of resignation as a director	:	2 August 2017

BOARD OF DIRECTORS

The Board of Directors (the “Board”) are responsible for determining the strategic direction for the Company. Each Director is expected to act in good faith and always in the best interest of the Company.

The Board comprises four Directors, three of who are Independent and Non-Executive and whose collective experience and contributions are invaluable to the Company.

The Board has examined its size and is of the view that the current arrangement is adequate given that the Independent Directors form not less than one-third of the Board composition. The criterion of independence is based on the definition set out in the Code. The Independent Directors are respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary.

To assist the members of the Board, the Company has arranged for the Board to be updated by the Company Secretary and its other consultants on the continuing obligations and various requirements expected of a public company. When directors are first appointed to the Board, an orientation program is arranged for them to ensure that they are familiar with the Company’s business, governance practices and Directors duties and obligations.

In recognition of the high standard of accountability to our shareholders, a Nominating Committee, a Remuneration Committee and an Audit Committee have been established, each of which has been delegated specific authority. Each Board Committee is chaired by an Independent Director and all the members are Non-Executive and Independent Directors and has its own terms of reference to address their respective areas of focus. These Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on regular basis. The effectiveness of each Board Committee is also constantly reviewed by the Board.

During the financial year ended 30 April 2017 (“FY2017”), the Board held scheduled meetings on a regular basis to coincide with the announcement of the Group’s quarterly, half yearly and full year financial results, and to keep abreast of significant business activities and overall business environment.

CORPORATE GOVERNANCE
(CONTINUED)

Apart from board meetings, important or urgent matters concerning the Group are also presented for the Board's decision by way of written resolutions, fax, electronic mail and telephone conferencing by which all persons participating in the meeting are able to hear and be heard by all other participants, for the dispatch of business, adjournment and otherwise regulating their meetings as they deem fit. Details of the number of Board meetings held in the year and attendance of each Board member at those meetings and meetings of the various Board Committees are provided on page 99 of this Annual Report.

The Company has in place a general orientation program to ensure that every newly appointed and incoming director of the Company is familiar with the Group's operations and governance practices. Upon the appointment of any new Director, the Company will provide a formal letter to the Director, setting out the Director's duties and obligations. The Company will conduct briefings to ensure that any incoming and/or new Director becomes familiar with the Group's business and governance practices.

The Company has adopted a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Company's operations or business from the Management. The Directors also sit on the board of other listed companies, and are therefore not only well aware of their duties and responsibilities, but how to discharge such duties. The Directors must disclose to the Company, if they serve on multiple Boards and ensure that sufficient time and attention is given to the affairs of each company, where there is competing time commitment by Directors, the Directors will reschedule their meetings to accommodate the Company needs and requirements.

All Board members are also encouraged to attend regular training, at the Group's expense, particularly on relevant new laws, regulations and changing commercial risks from time to time. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with regulatory changes, where these changes have an important bearing on IPCO's Directors' disclosure obligations, Directors are briefed either during Board meetings or at specially-convened sessions conducted by professionals. In particular, Directors are encouraged to attend relevant courses conducted by the Singapore Institute of Directors ("SID"), SGX-ST and consultants.

Executive Directors

It is the view of the Board that it is in the best interest of the Group to designate an Interim Chief Executive Officer ("Interim CEO") and a Chief Financial Officer ("CFO") each bearing the responsibilities in their respective and complementary areas of expertise to ensure that the decision-making process of the Group will not be unnecessarily hindered.

The Nomination Committee had considered Mr Goh Hin Calm, who is the Senior Finance and Admin Manager of the Company, to be the most suitable candidate to temporarily assume the duties and responsibilities as the Interim Chief Executive Officer. Mr Goh Hin Calm and Mr Carlson Clark Smith, the Interim CEO and Executive Director of the Group, will share responsibility for the overall development of the group's business strategies and the day-to-day running of the Group in their respective roles. Both have played important roles and are instrumental in developing the overall business of the Group and also provided the Group with strong leadership and vision.

All major decisions made by the Interim CEO and Executive Director are reviewed by the Audit Committee. Their performances and appointments to the Board are reviewed periodically by the Nominating Committee and their remuneration packages are reviewed periodically by the Remuneration Committee.

Independent Directors

The three Independent Directors of the Board are Mr Chwee Han Sin, Ms Chai Siew Hoon and Mr Ross Yu Limjoco who are also Non-Executive Directors of the Company. Mr Ross Yu Limjoco resigned from the Board on 2 August 2017.

The Board has sought and obtained written confirmations from each of the non-executive Independent Directors that, apart from their office as Directors of the Company, none of them has any other relationship (business or otherwise) with the Company, its subsidiaries, related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment with a view to the best interests of the Company.

All the Independent Directors also ensure that there is effective corporate governance in managing the affairs of the Board and the Company.

In addition, the Independent Directors would meet periodically (in the absence of Management) and will provide feedback to the CEO after such meetings.

In accordance with the Code, the NC has reviewed the status of the Independent Directors and is of the view that they are in compliance with the Code's definition of independence.

Interim Chief Executive Officer

The role of Interim CEO is currently filled by Mr Goh Hin Calm.

The Interim CEO:-
(a) leads the Board to ensure its effectiveness on all aspects of its roles;
(b) sets the agenda and ensures that adequate time is available for discussion of all items on the agenda, in particular strategic issues;
(c) promotes a culture of openness and debate at the Board;
(d) ensures that the Directors receive complete, adequate and timely information;
(e) ensures effective communication with shareholders;
(f) encourages constructive relations within the Board and between Board and management;
(g) facilitates the effective contribution of non-executive directors; and
(h) promotes high standards of corporate governance.

Key Management

Goh Hin Calm
Interim Chief Executive Officer, Senior Finance and Admin Manager, Ipco International Limited and subsidiaries ("Ipco Group")

Goh Hin Calm, was appointed as the Interim Chief Executive Officer in April 2015 and he also serves as Senior Finance and Admin Manager of Ipco Group. He is responsible for the overall development of the Group's business strategy and development, Group's Financial Management Reporting, Administration, Human Resources and reporting in connection with the Group's natural gas business in China. He has extensive experience in the areas of Accounting and Finance and Project Financial Management for over 36 years in Singapore, Saudi Arabia, Taiwan, Pakistan, Nigeria, Thailand, Indonesia, Papua New Guinea and Fiji. Prior to his appointment to the Company, he was a project accountant with Kumagai Gumi Co. Ltd in its South Pacific division and the senior finance, administration and human resource manager of Promet-Nippon Steel Consortium and Conseng Singapore Ltd.

Mr Goh Hin Calm has assumed the duties and responsibilities of CEO and has been appointed as the Interim Chief Executive Officer of the Group.

Please refer to Principle 3 on the Board's efforts to locate a new Chief Executive Officer.

CORPORATE GOVERNANCE
(CONTINUED)

Koh William
CEO, ESA Electronics Pte Ltd and subsidiaries ("ESA")

Koh William is one of the co-founders of ESA and he holds a Diploma in Electrical and Communication Engineering from the Singapore Polytechnic. Mr. Koh has valuable experience in the field of engineering as from his past appointments and participation in the engineering divisions of various companies. Prior to joining ESA, Mr Koh joined Infineon Technologies as a maintenance engineer. Mr. Koh is presently responsible for the management and operations (including the technical, engineering and marketing aspects) of ESA, in particular, but not limited to ESA's portfolio in Taiwan.

Ong Swee Hin, Danny
Engineering Director, ESA Electronics Pte Ltd and subsidiaries ("ESA")

Ong Swee Hin, Danny holds a Degree of Bachelor in Engineering (Electrical and Electronics) from Nanyang Technological University in 2001. He has more than 20 years of working experience in the engineering department. As the Engineering Director, he manages a team of design engineers. Mr. Danny also oversees the CAD (Computer–Aided Design) application, software and product development departments in our Company.

Wilson On Wang Sang
Business Development Director and General Manager of Hubei ZongLianHuan Investment Management Inc. ("HZLH")

A Chinese (Hong Kong) national, Wilson On was born in May 1954, and holds a Master's Degree in demographics. Mr On serves as a general manager for the China business unit of IPCO International Limited, and as a director and general manager of HZLH. Mr On has valuable experience in the fields of finance, commercial trading, and business management in mainland China and Hong Kong since 1986. From 2003, Mr On joined IPCO Group and has been mainly engaged in city gas development and management projects in China.

(A) BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Company is headed by the Board of Directors (the "Board") which is responsible for the overall management of the Company. The Board works closely with the management of the Company (the "Management") and the Management remains accountable to the Board.

The Board is entrusted with the responsibility for the overall management of the Company. The Board's primary responsibilities include review and approval of policy guidelines, setting direction to ensure that the strategies undertaken lead to enhanced shareholders' value.

The principal functions of the Board are:

(1) to provide entrepreneurial leadership and approve the broad policies, strategies and financial objectives of the Company and monitor the performance of the Management;
(2) to ensure that necessary financial and human resources are in place for the Company to meet its objectives;
(3) to oversee the processes for evaluating the adequacy of internal controls, financial reporting and compliance;
(4) to approve the change of directors and key management personnel of the Company;
(5) to approve annual budgets, major funding proposals, investment and divestment proposals;
(6) to assume responsibility for corporate governance;
(7) to set the Company's values and standards, and ensure that obligations to shareholders and others are understood and met; and
(8) to delegate authority to the respective committees, such as the Nomination, Remuneration and Audit Committees, to carry out their duties and make decisions in their specific roles.

Matters Requiring Board Approval

The Board has previously approved and adopted internal control procedures and guidelines for the Company. The following matters require the Board's approval, and the Board and the relevant committees are guided by their respective terms and references and operating procedures which are reviewed from time to time:

- Statutory requirements such as approval of financial statements;
- Other requirements such as the quarter, half-year, full-year results announcements, the annual report and financial statements;
- Corporate strategic direction, strategies, business re-organisation, financial restructuring and action plans;
- Investment and divestment proposals;
- Financial/Funding arrangements and decisions of the Group;
- Nomination of Directors and appointment of key executives;
- Material acquisition and disposal of assets/investments;
- Material capital expenditures;
- Issuance of policies and key business initiatives;
- Declaration of interim dividends and the proposal of final dividends;
- Convening of Shareholders' Meetings;
- Processes for evaluating the adequacy of internal controls risk management and compliance;
- The appointment and removal of the Company Secretary and internal and external auditors and key management staff;
- Acquisition/disposal proposals, annual budgets, major funding proposals and other material transactions;
- Share issuances;
- Other transactions of a material nature requiring announcement under the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), and all other matters of strategic importance.

The Board ensures compliance of regulatory requirements by seeking company secretary or professional advice as and when required.

The Management was also given clear directions on matters (including setting thresholds for certain operation matters relating to subsidiaries) that require the Board's approval.

The full Board meets at least four times a year. Whenever warranted by particular circumstances, ad hoc, non-scheduled Board meetings are convened. In addition to these meetings, some matters concerning the Group are also put to the Board for its decision by way of written resolutions.

The number of Board meetings and other meetings held in FY 2017 and the attendances of the Directors at these meetings are set out below:

Directors' Attendance at Board and Committee Meetings

Meeting of:	**Board**	**Audit**	**Nominating**	**Remuneration**
Total held in FY 2017 and up to the date of this report	5	5	2	2
Carlson Clark Smith	5	5	2	2
Chwee Han Sin	5	5	2	2
Chai Siew Hoon	5	5	2	2
Ross Yu Limjoco	4	4	2	2

CORPORATE GOVERNANCE
(CONTINUED)

Principle 2: Board Composition and Guidance

IPCO is headed by an effective Board to lead, control and direct the Company and the Board has a pivotal role in charting the strategic course and direction of the Group.

As at 30 April 2017, the Board comprised four (4) Directors who are Board Members as follows:

Mr Carlson Clark Smith	Executive Director and Chief Financial Officer
Mr Chwee Han Sin	Independent Director
Mr Ross Yu Limjoco	Independent Director (Resigned on 2 August 2017)
Ms Chai Siew Hoon	Independent Director

The Board comprises four Directors, three of who are Independent and Non-Executive and whose collective experience and contributions are invaluable to the Company.

The Board is responsible for determining the strategic direction for the Company. Each Director is expected to act in good faith and always in the best interest of the Company.

The Board has examined its size and is of the view that the current arrangement is adequate given that the Independent Directors form not less than one-third of the Board composition. The criterion of independence is based on the definition set out in the Code. The Independent Directors are respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary.

To assist the members of the Board, the Company has arranged for the Board to be updated by the Company Secretary and its other consultants on the continuing obligations and various requirements expected of a public company. When directors are first appointed to the Board, an orientation program is arranged for them to familiarise them with the Company's business and governance practices.

All directors are required to disclose to the Board in a timely manner, any relationships or appointment which would impair their independence to the Board. Taking into account the views of the NC, the Board has determined that the Independent Directors are independent. The criteria for independence is based on the guidelines set out in the Code.

The Board comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Group. They also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge. A brief description of the background of each director is presented in the "Profile of Directors" section of this Annual Report.

Non-executive Directors are encouraged to meet regularly without the presence of Management.

Principle 3: Chairman and Interim Chief Executive Officer

The position of the Chairman has been vacant since August 2006. Mr. Goh Hin Calm acts as the Interim CEO.

The Company recognizes that there should be a clear division of responsibility between the Chairman and the Interim CEO. These roles should be held by different persons as the Chairman is responsible for inter alia, exercising control over quality, quantity and timeliness of flow of information between the Management and the Board, and ensuring compliance with the Company's guidelines on corporate governance. The responsibilities of the CEO is on strategic planning, business development and generally, charting the growth of the Company.

Notwithstanding the above, the Board is of the view that there are sufficient safeguards and checks to ensure that all decisions made by the Board are independent and collective.

All major decisions are made in consultation with the Board and where necessary, external consultants are invited to attend Board Meetings to assist the Directors in their deliberations.

The Interim CEO:-

(a) leads the Board to ensure its effectiveness on all aspects of its roles;
(b) sets the agenda and ensures that adequate time is available for discussion of all items on the agenda, in particular strategic issues;
(c) promotes a culture of openness and debate at the Board;
(d) ensures that the Directors receive complete, adequate and timely information;
(e) ensures effective communication with shareholders;
(f) encourages constructive relations within the Board and between Board and Management;
(g) facilitates the effective contribution of non-executive directors; and
(h) promotes high standards of corporate governance.

The Company continues to seek for a suitable candidate for appointment as the new Chairman and CEO. The Board is cognizant of need to have a balanced and diversified board. The inclusion of a female Independent Director with property management experience also enhances the depth of expertise of the Board.

With regards to the “Other Matter” in Note 35 to the financial statements, as a pre-emptive measure, the Board of Directors has commenced the search for a new Chief Executive Officer to head the group since January 2017. Despite assessing suitable candidates from within the group and also seeking candidates from other avenues, no suitable successor has been found to date. The Board will continue to search for a suitable candidate to act as Chief Executive Officer of the group. Apart from performing his role as interim Chief Executive Officer, Mr Goh Hin Calm has delegated certain administrative tasks to his staff to ensure that there is day-to-day continuity in head office operations.

Meanwhile, the Board is working towards the fulfilment of the position of a Lead Independent Director.

In the interim, all the Independent Directors have assisted the CEO and the Board to ensure that there is effective corporate governance in managing the affairs of the Board and the Company.

In addition, the independent directors would meet periodically (in the absence of Management) and will provide feedback to the CEO after such meetings.

Principle 4: Board Membership

Nominating Committee (“NC”)

The NC comprises all the three Independent Directors. The Chairman of the NC is Mr Chwee Han Sin.

The NC’s principal functions are as follows:

(a) review and recommend to the Board on key executive appointments, all board appointments and re-appointments;
(b) determine the independence status of the Independent Directors annually;
(c) determine whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company; and
(d) evaluate the performance and effectiveness of the Board as a whole and the contribution of each Director.

The responsibilities of the NC also include setting the criteria for identifying candidates and reviewing nominations for the appointment of key executive officers, directors to the Board and also to decide how the Board’s performance may be evaluated and propose objective performance criteria for the Board’s approval.

CORPORATE GOVERNANCE
(CONTINUED)

Where a vacancy exists, or where additional Directors are required, the Board will seek potential candidates and refer them to the NC for interview and assessment of the credentials and suitability for the appointment. In addition, the NC has the liberty to refer to and instruct executive search companies, personal contacts (as relevant) and deliberate on and consider recommendations in its search and nomination process and in identifying the right candidates.

New directors are appointed by the Board after the NC has reviewed and recommended their appointments. When the need for a new director arises, the Nominating Committee will review the expertise, skills and attributes of the Board, identify its needs and shortlist candidates with the appropriate profiles for nomination. Such new directors must subject themselves for re-election at the AGM of the Company following their initial appointment. Article 91 of the Company's Articles of Association also requires at least one-third of the Board to retire via rotation at every AGM. Retiring directors are eligible for re-appointments at AGM.

A member of the NC holds office until the next AGM where that member's retirement as a director, and upon being duly re-elected, may be re-appointed to such office by the Board. Each member of the NC will abstain, and had in FY2017 abstained, from reviewing and voting on any resolution relating to the assessment of his performance or re-nomination as Director, or in any matter where he has an interest.

Where, by virtue of any vacancy in the membership of the NC for any reason, the number of members of the NC is reduced to fewer than three (or such other number as may be determined by the SGX-ST), the Board shall, within three months thereafter, appoint a sufficient number of new members to the NC. Any new member appointed should hold office for the remainder of the term of office of the member of the NC in whose place he or she was appointed.

The Board and the NC are satisfied that the current size and composition of the Board has adequate ability to meet the Company's existing scope of needs and the nature of operation. From time to time, the NC will review the appropriateness of the current Board size and composition, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

In accordance with the requirements of the Code, the NC has reviewed the status of the Independent Directors and is of the view that they are in compliance with the Code's definition on independence.

In respect of Mr. Chwee Han Sin, who has served the Company as an independent director for more than 15 years, the Board has deliberated and scrutinized his performance as an independent director and has not discerned any factors that would affect, or could appear to affect his independence. The Board is also satisfied that the independence of character and judgement of each of the independent directors was not in any way affected or impaired by their respective length of service and they can continue to discharge their duties objectively and effectively. The Board does not consider it to be in the interests of the Company or shareholders to require all independent directors who have served for long years to retire as continuity and stability are also important attributes that would constitute an effective Board.

The Company has not set a maximum number of listed company board representations for any of its Directors and believes that each director is able to discharge his or her responsibilities to the Board and the Company without setting a limit on their respective board representations.

The NC has also reviewed and recommended that the following Directors, who will retire via rotation pursuant to Regulation 91, and being eligible and having consented, be nominated for re-appointment at the forthcoming AGM:

Name of Director	**Appointment**	**Last re-elected**
Carlson Clark Smith	Executive Director and Chief Financial Officer	28 August 2015
Chwee Han Sin	Independent Director, Chairman of the Nominating Committee, Remuneration Committee, and Audit Committee	28 August 2015

Both Mr Carlson Clark Smith and Mr Chwee Han Sin, subject to being duly re-elected at the forthcoming AGM, will resume their respective appointments.

Principle 5: Board Performance

At the date of this report, the NC has adopted a formal process to assess the effectiveness of the Board as a whole and members of the Board individually. The qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board. Upon reviewing the assessment, the NC is of the opinion that the Board and each director have been able to and has adequately carried out his duties as a Director of the Company. The evaluation exercise is carried out annually. In addition to this formal process, the NC has also not discerned any circumstances or relationships between the independent directors and the Company that would compromise their independence.

In the selection, appointment or reappointment of Directors, the Company considers their experiences and contributions as key attributes for their effective roles in the Company. The Company does not have any alternate Director on its Board.

Each member of the Board will assess other members of the Board on their performances during the year to ensure the Board functions effectively in enhancing long-term shareholders value.

Principle 6: Access to Information

The Directors have separate and independent access to the Company Secretary and the external auditors at all times based on their experiences, commitment and valid licenses obtained in their professional capacity. The Company currently does not have a formal procedure to seek independent and professional advice for the furtherance of the Board's duties. However, any Director may, on a case-to-case basis, propose to the Board for such independent and professional advice, the cost of which will be borne by the Company.

The Management provides the Board with detailed management accounts of the Group's performance, position and prospects on a monthly basis.

The Company Secretary assists in the conduct of the Board meetings and ensures adherence to Board procedures. The Company Secretary also assists on matters in respect of compliance with the Singapore Companies Act, Chapter 50 and all other rules and regulations of the SGX-ST.

(B) REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

Remuneration Committee ("RC")

Pursuant to the Code, the RC comprises all the three Independent Directors. The Chairman of the RC is Mr Chwee Han Sin. The RC's tasks include reviewing and deliberating upon the compensation packages of Board members as well as key personnel in the Company and the Group.

The responsibilities of the RC are to:

- make recommendations to the Board on matters relating to remuneration, including but not limited to fees, salaries, allowance, bonuses, options and benefits in kind of Directors and key executives;
- determine the appropriateness of remuneration of Directors and key executives;
- review and recommend to the Board, the terms of service agreements of Directors and key executives; and
- consider the disclosures requirements for Directors and key executives remuneration as required by the Listing Manual and the Code.

CORPORATE GOVERNANCE
(CONTINUED)

All recommendations of the RC will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind shall be covered by the RC. In determining remuneration packages of Executive Directors and key executives, the RC seeks to ensure that Executive Directors and key executives are adequately but not excessively rewarded. The RC will also consider, in consultation with the Board, amongst other things, their responsibilities, skills, expertise and contributions to the Company's performance and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

In discharging their duties, the RC may seek professional advice relating to the remuneration of all Directors and key executives. All recommendations of the RC will be submitted for endorsement by the Board. No Director is involved in deciding his own remuneration.

Annual reviews of the compensation of Directors are also carried out by the RC to ensure that the remuneration of the Executive Directors and key executives commensurate with their performance and the value added to the Group, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (along with that of other key executives) is reviewed periodically by the RC and the Board based on the revenue contributions by respective business sectors.

The Company is considering issuing share options as an incentive to all Directors, key executives and employees who have performed well and contributed valuable services to the Company.

Any termination of Directors and key executives are based on terms and conditions specified in the agreements signed with respective parties.

Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure on Remuneration

The Company recognizes that a clear disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid/payable to the Directors and the Management. The remuneration of each Director and Management has been disclosed in the respective bands. The Board is of the opinion that given the confidentiality of and commercial sensitivity attached to remuneration matters and to be in line with the interest of the Company, the remuneration will not be disclosed in dollars terms.

A breakdown, showing the level and mix of each individual Director's remuneration for the financial year ended 30 April 2017 is as follows:

Directors	Salary & CPF	Bonus	Allowance and other benefits	Director's Fees	Total
Executive Director & Chief Financial Officer Above S$250,000 to below S$500,000					
Carlson Clark Smith	95%	–	5%	–	100%
Non-Executive Directors Below S$50,000					
Chwee Han Sin	–	–	–	100%	100%
Chai Siew Hoon	–	–	–	100%	100%
Ross Yu Limjoco	–	–	–	100%	100%

Non-executive Directors are paid Directors' fees appropriate to their level of contribution to the Board, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate Directors. Non-Executive Directors' fees of a total S$88,000 are recommended by the Board and tabled for shareholders' approval at the Annual General Meeting ("AGM").

Total remuneration paid to the key Management personnel and Directors of the Group for FY2017 was approximately S$1.116 million and is disclosed in the respective bands. The Board is of the opinion that given the confidentiality of and commercial sensitivity attached to remuneration matters and to be in line with the interest of the Company, the remuneration will not be disclosed in dollar terms. As Note 30 of the Financial Statements also sets out such information, the Board is of the opinion that the information disclosed would be sufficient to the shareholders for their understanding of the Company's compensation policies as remuneration matters are commercially sensitive information and thus may be prejudicial to the Group's interest and may hamper its ability to retain the Group's talent pool.

In view of the confidentiality of remuneration matters and given that the industry is very competitive in terms of hiring key personnel, the Board is of the opinion that it is in the best interest of the Company and the Group not to disclose the identity and details of remuneration of individual Key Management personnel in the annual report and by disclosure of such information would not be in the interest of the Company. To maintain confidentiality of the key executives' remuneration, only their remuneration mix is disclosed as follows:

Top 5 Key Management Personnel's Remuneration Band	Salary*	Allowances and Other benefits	Bonus
S$250,000 to S$500,000			
Goh Hin Calm	45%	44%	11%
Below S$250,000			
William Koh	82%	6%	12%
Danny Ong Swee Hin	81%	7%	12%
Wilson On Wang Sang	92%	0%	8%

** Salary is inclusive of defined contribution plan*

In aggregate, the total remuneration paid/payable to the Key Management Personnel and Directors of the Group for the financial year ended 30 April 2017 is approximately S$1.116 million.

Remuneration of other employees related to a Director

For the financial year under review, there were no employees who was related to a Director, Chief Executive Officer or Interim Chief Executive Officer or Chief Financial Officer.

(C) Accounting and Audit

Principle 10: Accountability

The Board strives to present a balanced and understandable assessment of the Company's performance, position and prospects and members of the board are presented with quarterly draft financial reports and/or management accounts that present a balance and understandable assessment of the Company's performance, position and prospects. In addition, necessary updates are given to the Board as and when there are any development that would have an impact on the Company.

CORPORATE GOVERNANCE
(CONTINUED)

Principle 11: Risk Management and Internal Controls

The Board has overall responsibility for the management of the Group's key risks to safeguard shareholders' interests and its assets.

The Audit Committee ("AC") assists the Board in providing risk management oversight while the ownership of day-to-day management and monitoring or existing internal control systems are delegated to the Management which comprise the Executive Directors and senior executives of the Group.

The AC, with the assistance of the internal auditors, reviews the adequacy and effectiveness of the Company's internal control systems, including financial, operational, compliance and information technology controls and risks management policies and systems established by the Management on an annual basis. In addition, the external auditors will highlight any material control weaknesses within the Group discovered in the course of the statutory audit. Any material findings from both internal and external auditors' comments and findings, ensure that there are adequate internal controls within the Group and follow-up on actions implemented with the recommendation from internal and external auditors.

The Company has in place and enterprise-wide risk management frameworks ("ERM Framework") to enhance its risk management capabilities. The key risks have been identified and action plans are in place to mitigate these risks. Management will regularly review the key risks, both existing and emerging new risks, and current controls on the key risks and take necessary measures to address and mitigate these risks with the recommendation from internal auditors.

For FY2017, the Board and the AC had in addition, received assurance from the Interim CEO, CFO and its division operation manager on the adequacy and effectiveness of the Company's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks, in order to control appropriately and mitigate these risks. The Company reviews its control policies and procedures regularly and highlights all significant matters to the AC and Board.

Based on the ERM Framework established, reviews carried out by the AC, the work performed by the internal and external auditors and assurance from the Management, the Board, with the concurrence of the AC, is of the opinion that the internal controls and systems maintained by Management during the financial year and up to the date of this report are adequate in addressing financial, operational, compliance and information technology risks and to meet the current scope of the Group's business operations. The AC and the Board note that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Principle 12: Audit Committee ("AC")

The AC comprises three Board members, all of who are Non-Executive and Independent Directors. The Chairman of the AC is Mr Chwee Han Sin. There is no restriction imposed on the number of members in the AC committee.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50 and has been entrusted with the following functions:

(a) review with the auditors the audit plans, their evaluation of the system of internal controls, audit reports and management letter and ensure the adequacy of the Group's system of accounting controls and co-operation given by the Management to the Auditors;
(b) review the quarterly, half-yearly and annual financial statements before submission to the Board and before their announcement in particular, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards, compliance with stock exchange and statutory/regulatory/requirements, financial accounting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
(c) review the scope and results of the internal audit function and ensuring co-ordination between the internal and external auditors and the Management;
(d) review the co-operation given by the Company's officers to the auditors;
(e) review the legal and regulatory matters that may have a material impact on the financial statements, disclosure and compliance requirements and programs and reports received from the regulators;
(f) review the cost effectiveness, independence and objectivity of the auditors;
(g) review the nature and extent of non-audit services, if any, provided by the external auditors and seek to balance the maintenance of independence and value for money;
(h) undertake such other reviews and projects as may be requested by the Board;
(i) review, at least annually, the adequacy and effectiveness of the internal audit function;
(j) ensure that the external and internal audit function is adequately resourced (staffed with persons with relevant qualifications and experience), independent of the activities it audits and has appropriate standing within the Company:
(k) review and nominate external auditors for appointment/re-appointment and approving their remuneration and terms of engagement;
(l) review all interested person transactions to ensure that they comply with the approved internal control procedures and are in accordance with the requirements of the Listing Manual of the SGX-ST; and
(m) disclose the following information in the Company's annual report:-
    - names of the members of the AC;
    - details of the AC activities;
    - number of AC meetings held in that year; and
    - the attendance of individual directors at such meetings.

The AC meets at least four (4) times a year and more frequently if required. In particular, the AC meets to review the financial statements before each announcement. In the financial year under review, the AC has met to review and approve the audit plan, the quarter, half-yearly and full-year unaudited results for announcement purposes.

The AC may meet with the auditors at any time, without the presence of the Company's management. It may also examine any other aspects of the Company's affairs, as it deems necessary, where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations. The AC has power to conduct or authorise investigations into any matters within the AC's scope of responsibility. In line with the recommendations of the Code, the AC had met amongst themselves and with the auditors without the presence of the Company's management during the financial year under review.

The AC has reviewed the non-audit services provided by the external auditor, Messrs BDO LLP ("BDO") and where the auditors also supply a substantial volume of non-audit services to the Company, the AC shall keep the nature and extent of such services under review, seeking to maintain objectivity. The AC, having reviewed all non-audit services provided by the external auditors of the Group is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors.

CORPORATE GOVERNANCE
(CONTINUED)

The aggregate amount of fees paid to the external auditor of the Company, broken down into audit and non-audit services during FY2017 are disclosed in the Note 9 to the Financial Statements. The audit partner assigned to the audit has also not been in charge of more than five (5) consecutive audits.

Service Category	**Fees Paid/Payable (S$'000)**
Audit Service	128
Non-Audit Service	25
Total Fees	153

There was no interested party transaction during the financial year under review.

Throughout the financial year, the Board will assess and review, together with the assistance of the NC, to ensure that the members of the AC are appropriately qualified to discharge their responsibilities. The Board views that adequate and reasonable assistance and support have been properly rendered by the Directors, Management and officers to enable the AC to carry out its role effectively and efficiently. The AC comprises members who have expertise and experience in financial management and are qualified to discharge the AC's responsibilities. The AC have taken measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements by attending seminars to update themselves.

The Group's external auditors, BDO, is an accounting firm registered with the Accounting and Corporate Regulatory Authority. Having regard to BDO's other auditing engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the audit, the Group is satisfied that BDO and the audit engagement partner assigned to the audit have adequate resources and experience to meet its audit obligations. In this connection, the Group confirms that it is in compliance with Rule 712 and Rule 715 read together with Rule 716 of the Listing Manual of SGX-ST in relation to the appointment of auditors.

BDO has indicated to the AC and the Board of its intention not to seek for reappointment as auditor of the Company at the forthcoming AGM. The AC has commenced the process of selecting a replacement for BDO.

Principle 13: Internal Audit

The Board believes in the importance of maintaining a sound system of internal controls to safeguard the interests of the shareholders and the Company's assets. The system of internal controls provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, fraud or other irregularities. As part of the annual statutory audit, the Company's external auditors conduct an annual review, in accordance with their audit plan, of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken on the recommendations made by the external auditors in this respect, if any.

The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs Baker Tilly Consultancy (S) Pte Ltd ("Baker Tilly"), to provide much of the assurance it requires regarding the operating effectiveness of the Group's systems of internal control. Messrs Baker Tilly conducts internal audits on the operations in Singapore.

In the year 2016, the Board has engaged another professional accounting and consulting firm, RUIHUA Certified Public Accountants (LLP), ("RUIHUA") to review the internal control systems of the Group's China subsidiaries, with a view to implement effective measures to reinforce the existing internal control systems of these subsidiaries. The Management and the AC are in the process of reviewing its internal audit requirements and areas for the next cycle and will either continue to engage RUIHUA or another professional accounting and consulting firm to carry out the internal audit review on the Group's China subsidiaries.

The internal auditors adopt a risk-based approach in developing its audit plan which addresses the core business processes of the Group based on its risk profile. Scheduled internal audits are carried out by the internal auditors based on the internal audit plan presented to and approved by the AC. The internal audit focuses on areas on system control and risk management to ensure that adequate action plans are in place to improve and manage the controls. For those areas with high risks, the internal auditors will ascertain that the risks are effectively mitigated by the controls. The internal auditors will report to the AC on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

The AC has reviewed with the internal auditors their audit plan and their evaluation of the system of internal controls, their findings and management's processes to those findings; the effectiveness of material internal controls, including financial, operational and compliance controls and overall risk management of the Group for the financial year ended 30 April 2017. The AC is satisfied that the internal audit function is adequately resourced and has appropriate standing with the Group. The Internal Auditor has unfettered access to all the company's documents records, properties and personnel, including access to the AC committee.

Based on the internal controls established and maintained by the Group and the reviews conducted by management and the internal and external auditors and reviews by the management, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls addressing financial, operational and compliance risks were adequate as at 30 April 2017 and met the needs of the Group in the current business environment.

The Management of the various subsidiaries and the Management generally are accountable to the Board for the provision of detailed management accounts of the Group and the Group companies' performance, position and prospects on a quarterly basis.

The Board has received assurance from the relevant management and the Management:

(a) That the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and

(b) of the effectiveness of the company's risk management and internal control systems.

In line with the SGX Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Management has provided assurance to the Board on the integrity of the Group's financial statement.

For the financial year under review, the CEO and the CFO have provided assurance to the Board that the financial records of the Company have been properly maintained and the financial statement give a true and fair view of the operations and finances and that an effective risk management and internal control system has been put in place.

CORPORATE GOVERNANCE
(CONTINUED)

Whistle Blower Policy

The Company has in place a whistle-blowing policy to encourage all employees to report any wrongdoing that may adversely impact the Company, the Company's customers, shareholders, employees, investors, or the public at large, without fear of reprisals.

In pursuit of a high standard of corporate governance, the Company encourages its officers, employees, vendors/contractors, consultants, and other parties to come forward and provide information about concerns with regards to unethical, unlawful actions, circumvention of internal controls and questionable business and financial practices. In turn, the Company guarantees the protection of the whistle blower from any form of retaliation or other discriminatory acts for information provided in good faith.

This policy applies to all domestic and international offices, subsidiaries and associates of the Company.

The Audit Committee or its designates shall objectively investigate and take remedial measures where warranted to correct the weaknesses in the existing internal control system so as to prevent a recurrence.

Principle 14: Shareholder Rights

The Company does not practice selective disclosure. Price-sensitive information is publicly released and results and annual reports are announced or issued within the mandatory period. All shareholders of the Company will be able to access the Annual Report and the Notice of the AGM via the Company's website. The Company facilitates the exercise of ownership rights by all shareholders giving them the opportunities at AGM, to express their views and ask the Board and Management questions regarding the operations of the Company. The Chairman of the AC, RC and NC will normally be present at the AGM to answer any questions relating to the work of their respective committees.

Principle 15: Communication with Shareholders

The Company believes that a high standard of disclosure is crucial to raising the level of corporate governance. The Board is aware of its obligations to shareholders and has devised investor relations policies to provide regular, effective and fair communication and convey pertinent information to shareholders. In line with continuous disclosure obligations of the Company pursuant to the Listing Manual, the Board's policy is that all shareholders should be equally and timely informed of all major developments and events that impact the Group. All information communicated to shareholders relating to the Company's new initiatives are first disseminated via SGXNET followed by a news release where appropriate over the SGX-ST's website and annual reports/circulars that are available via the Company's website and notices of general meeting are advertised. The Group does not practice selective disclosure of material information. Material price sensitive and other pertinent information is excluded from briefings with investors or analysts, unless it has been publicly released via SGXNET before, or concurrently with, such meetings. Where there is inadvertent disclosure made to a selected group, the Group makes the same disclosure publicly to all others are also simultaneously disseminated to the SGX-ST, and where relevant, the press.

Results of quarterly, half yearly and annual reports are announced or issued within the mandatory period are also simultaneously disseminated via SGXNET, and where relevant, the press. Contact details and channels of communications with shareholders and public remain open and relevant information is duly updated and conveyed via the Company's websites and email channels.

Principle 16: Conduct of Shareholder Meeting

The Board welcomes the view of shareholders on matters affecting the Company at the shareholders' meetings. The Board encourages active shareholder participation in general shareholders' meetings, including AGMs and EGMs. It believes that general meetings are an opportune forum and suitable platform for shareholders and the Board and Management of the Company to engage in active exchange of ideas. In addition, the Company holds such shareholders' meetings in order to provide shareholders with greater opportunity to understand the company's business. Shareholders are allowed to appoint proxies to attend shareholder meetings provided they submit the proxy form within time frame specified in the notice of shareholders meeting.

The Company sends its Annual Report and Notice of AGM to all shareholders. The Notice will also be published in either The Straits Times or The Business Times newspapers together with explanatory notes or a circular on items of special business, at least fourteen (14) clear days before the meeting. Reports or circulars of the general meetings are despatched to all shareholders by post and the notice of AGM will be made available on SGXNET. Separate resolutions are proposed for substantially separate issues at the meeting. At its AGM, shareholders have the opportunity to raise questions to the Board and senior Management, and clarify with them any issues they may have relating to the resolutions to be passed. The Chairman of the Audit, Remuneration and Nominating Committees, Board members and senior Management are required to attend shareholders' meetings and are on hand to address any questions raised.

The external auditors are also present to assist the Directors in addressing any relevant queries on the accounts from the shareholders.

At the AGMs and other general meetings, separate resolutions will be set out on distinct issues for approval by the shareholders.

Shareholders will be informed of the procedures, including voting procedures that govern general meetings of shareholders. Where a resolution has been put to vote, the Company will make an announcement of the details and results showing the number of votes cast for and against each resolution and the respective percentages. The Company has not amended its Constitution to provide for absentia voting methods which call for elaborate and costly implementation of a fool-proof system, the need for which does not presently arise.

The AGM minutes will be made available upon request by shareholders.

The Board is not recommending any dividend distribution to its shareholders for the financial year under review on the basis that the Group is looking to rebuild and strengthen its financial position.

Dealing in Securities

In line with Listing Rule 1207 (19) of the Listing Manual, the Company has in place an internal code on dealings with securities, which has been issued to all Directors and employees setting up the implications on insider trading.

The internal code prohibits the dealing in securities of the Company by Directors and employees while in possession of price-sensitive information, and during the period beginning two (2) weeks before the announcement of the quarterly results and one (1) month before the announcement of the full year results, and ending on the date of the announcement of the respective results. Directors are required to report securities dealings to the Company Secretary who will assist to make the necessary announcements.

In addition, Directors and employees are reminded to observe insider trading laws at all times. The Company's officers are discouraged from dealing in the Company's shares on short-term considerations.

Interested Person Transactions

The Company has established internal control policies to ensure that transactions with interested persons are reported to the AC, reviewed and approved, and are on normal commercial terms and conducted at arm's length basis.

During the financial year FY2017 and up to the date of this report, there was no interested person transaction.

Material Contracts

All material contracts entered into between the Company and its subsidiaries involving the interests of any director or controlling shareholder has been disclosed and announced.

CORPORATE GOVERNANCE
(CONTINUED)

Corporate Social Responsibility

The Group does not have a general policy for Corporate Social Responsibility ("CSR") but it does participate in charitable activities on an ad hoc basis. For example, during the past financial year FY2016, one of our subsidiaries participated in a charity walk organized by RSM Chio Lim LLP. Another subsidiary in China participated in "Safety Month" activities organized by local governments in FY2017. These joint efforts with local governments create awareness of a "Safety Month" environment, attitude and practices, whereby we have assisted in organizing a Safety Campaign, including the distribution of manuals providing information about natural gas safety practices to customers and local residents. The China subsidiary companies also participated in charitable events organized by Xiaochang and Guangshui local governments and a subsidiary company in Dawu has organized the delivery of blankets, winter clothing, winter boots and daily necessities to welfare homes for the elderly in Dawu province.

Going forward, the Group will continue to identify more CSR projects when it arises.

UPDATE ON USE OF PROCEEDS

PRIVATE PLACEMENT OF 200,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY ("PLACEMENT") AT THE ISSUE PRICE OF $$0.0027 PER PLACEMENT SHARE.

The placement was completed on 20 July 2017.

The proceeds from the placement aggregated approximately S$540,000.00 and was utilized for working capital purpose as follows:

	Amount Balance S$'000
FUNDS RAISED	540
USED OF PROCEEDS:	
Placement Expenses	**(52)**
Payroll expenses	**(125)**
Outsourcing Services	**(217)**
General working capital expenditure	**(146)**
BALANCE	**NIL**

The above use of proceeds is in accordance with the intended use as stated in the Announcement dated 29 June 2016.

Statement of Compliance

The Board is pleased to confirm that for the financial year ended 30 April 2017, the Company has generally adhered to the principles and guidelines as set out in the Code.

SHAREHOLDERS' INFORMATION

STATISTICS OF SHAREHOLDERS AS AT 28 JULY 2017

Issued share capital	: S$264,227,043.25		
Number of shares	: 5,300,799,986		
Class of Shares	: Ordinary Shares		
Voting rights	: On show of hands	:	One vote for each member
	On a poll	:	vote for each ordinary share
Number of Trasury Shares	: NIL		

Size of Shareholdings as at 28 July 2017

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held	Percentage
1 - 99	5	0.04%	179	0.00%
1 - 999	448	3.64%	439,534	0.01%
1,000 - 10,000	3,346	27.20%	19,555,694	0.37%
10,001 - 1,000,000	7,826	63.61%	1,391,100,289	26.24%
1,000,001 and above	678	5.51%	3,889,704,290	73.38%
	12,303	100%	5,300,799,986	100%

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Shareholders	**Units**	**%**	**Units**	**%**
DATO' MOHAMMED ZAID IBRAHIM	0	0.00%	350,000,000.00	6.60%

SHAREHOLDERS' INFORMATION

(CONTINUED)

Top Twenty Shareholders as at 28 July 2017

S/No.	Name	No. of Shares	Percentage
1	UOB KAY HIAN PRIVATE LIMITED	367,009,000	6.92%
2	MAYBANK KIM ENG SECURITIES PTE LTD	183,908,200	3.47%
3	RAFFLES NOMINEES (PTE) LTD	118,638,300	2.24%
4	PHILLIP SECURITIES PTE LTD	88,187,553	1.66%
5	CHNG GIM HUAT	82,000,000	1.55%
6	QUEK CHIN SOON	81,000,000	1.53%
7	ONG GIM LOO	65,000,000	1.23%
8	OCBC SECURITIES PRIVATE LTD	61,094,998	1.15%
9	RHB SECURITIES SINGAPORE PTE LTD	57,313,000	1.08%
10	DBS NOMINEES PTE LTD	52,339,700	0.99%
11	PHUA MENG THONG	45,040,100	0.85%
12	HUANG YOUXIANG	43,030,000	0.81%
13	LAM WEI KUEN	42,000,000	0.79%
14	HUANG QINGPING	40,000,000	0.75%
15	SOH BENG HUAT	37,017,300	0.70%
16	YANG SIEW HO	33,700,000	0.64%
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	32,837,000	0.62%
18	SOH ENG LEE	31,700,000	0.60%
19	KEITH TAN JUNJIE	31,420,700	0.59%
20	NEO ENG KIAM	30,000,000	0.57%
		1,523,235,851	28.74%

SHAREHOLDERS HELD BY THE PUBLIC AS AT 28 JULY 2017

Based on information available to the Company as at 28 July 2017, approximately 93.4% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual issue by the SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

IPCO INTERNATIONAL LIMITED
(the "Company")
(Company Registration Number 199202747M)
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the Company will be held at Possibility Room Level 5 National Library Building, 100 Victoria Street, Singapore 188064 on 31st August 2017 at 10.00 a.m. for the following purposes:–

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 April, 2017 together with the Directors' Statement and Report of the Auditors. ***[Resolution 1]***

2. To approve Directors' fees of S$88,000/- (2016: S$88,000/-) for the financial year ended 30 April, 2017. ***[Resolution 2]***

3. To re-elect the following Directors retiring pursuant to Regulation 91 of the Company's Constitution:

   (i) Mr Carlson Clark Smith ***[Resolution 3 (i)]***

   (ii) Mr Chwee Han Sin ***[Resolution 3 (ii)]***

   Notes to re-election of Directors:

   (a) Mr Carlson Clark Smith, upon being re-elected, will be considered an Executive Director and Chief Financial Officer of the Company.

   (b) Mr Chwee Han Sin, upon being re-elected, will be considered an Independent Non-Executive Director and will remain as a Chairman of the Audit Committee, Nominating Committee and Remuneration Committee of the Company.

4. To note that Messrs BDO LLP ("**BDO**") have expressed that they will not seek re-appointment as Auditors of the Company. **[See Explanatory Notes]**

As Special Business

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

5. **Authority to allot and issue shares and convertible securities** ***[Resolution 4]***

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

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

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

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues,

   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

NOTICE OF
ANNUAL GENERAL MEETING

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors 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 Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall be limited as follows:

(A) By way of renounceable rights issue on a pro rata basis to shareholders of the Company ("Renounceable Rights Issues") shall not exceed 100 per centum (100%) of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (3) below;

(B) Otherwise than by way of Renounceable Rights Issues ("Other Share Issues") (shall not exceed 50 per centum (50%) of the total number of issued shares excluding treasury shares (as calculated in accordance with sub- paragraph (3) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a pro-rata basis, then the aggregate number of shares to be issued under such circumstances (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per centum of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (3) below); and

(2) renounceable Rights Issues and Other Share Issues shall not, in aggregate exceed 100 per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in paragraph (3) below):

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

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

(ii) (where applicable) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the Listing Manual; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(5) (unless revoked or varied by the Company in General Meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." *[See Explanatory Notes to Special Business]*

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

By Order of the Board

Ong Sing Huat
Company Secretary

Singapore, 14 August 2017

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

(a) **Rationale**. Messrs BDO LLP ("**BDO**") has expressed that they would not be seeking for re-appointment as Auditors at this Annual General Meeting of the Company as the Directors of the Company are of the view that it would be timely to effect a change in Auditors in the interest of good corporate governance as well as to enable the Company to benefit from fresh perspectives.

(b) Efforts are being made by the Company to appoint new Auditors as soon as practicable. Further announcement will be released in due course once the proposed new appointment has been confirmed.

(c) Pursuant to Section 201(15) of the Companies Act, Chapter 50, the resignation of BDO as Auditors will only take effect upon the appointment of another Auditor at a general meeting of the Company.

EXPLANATORY NOTES TO SPECIAL BUSINESS:

The effects of the resolution under the heading "Special Business" in the Notice of the Annual General Meeting are:

Resolution 5 if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue further shares and to make or grant convertible securities convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding (i) 100% for Renounceable Rights issues and (ii) 50% for Other Share Issues, of which up to 20% may be issued other than on a pro-rata basis to shareholders, provided that the total number of shares that may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

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

The authority for the 100% Renounceable Rights Issue ("Enhanced Rights Issue Limited") is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 and will expire on 31 December 2018, by which date no further shares shall be issued pursuant to this Resolution, unless renewed, this mandate sought at this AGM shall expire at the next AGM of the Company, or by which the next AGM of the Company is required by law to be held, whichever is earlier.

The Board is of the view that the Enhanced Rights Issue Limit is in the interest of the Company and its shareholders as it provides the Company with the ability to raise additional funds expeditiously for expansion activities or working capital in the event that such a need arises.

The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be to the benefit of the Company and the Group and in the best interest of shareholders as a whole.

NOTICE OF ANNUAL GENERAL MEETING

Notes on Annual General Meeting:

(a) A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") may appoint not more than two proxies to attend and vote in his/her stead. Where a Member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a Member of the Company.

(b) Pursuant to Section 181 of the Act, a member who is a relevant intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two (2) proxies to attend and vote 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 proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

"relevant intermediary" means:

(i) a banking corporation licenced under the Banking Act, Cap. 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;

(ii) a person holding a capital market services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.

(c) Where a member appoints two proxies, he shall specify the proportion of his 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 proxy as an alternate to the first named.

(d) A proxy need not to be a member of the Company.

(e) If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(f) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 24 Pandan Road Singapore 609275 not less than 48 hours before the time appointed for holding the Meeting.

(g) A Depositor shall not be regarded as a member of the Company entitled to attend and vote at the Meeting unless his name appears on the Depository Register maintained by The Central Depository (Pte) Limited 72 hours before the time appointed for the Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) or proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purpose"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and /or representatives(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 representatives for the Purpose, 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.

PROXY FORM

IPCO INTERNATIONAL LIMITED
(Company Registration Number 199202747M)
(Incorporated in the Republic of Singapore)

IMPORTANT
1. 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.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____NRIC/Passport No. ________________________

of ____(Address)
being a member/members of IPCO INTERNATIONAL LIMITED hereby appoint

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

and/or (delete as appropriate)

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

or failing *him/them, the Chairman of the meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the 25th Annual General Meeting of the Company to be held at Possibility Room Level 5, National Library Building, 100 Victoria Street, Singapore 188064 on 31st August 2017 at 10.00 a.m. and at any adjournment thereof.

Note: Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the notice of general meeting. In the absence of specific directions or in the event of any item arising not summarised below, the proxy/proxies may vote or abstain as he/they may think fit.

No.	Resolutions	For	Against
1	Adoption of Audited Financial Statements together with the Directors' Statement and Report of the Auditor for the financial year ended 30 April 2017		
2	Approval of Directors' Fees for the sum of S$88,000 for the financial year ended 30 April 2017		
3 (i)	Re-election of Mr Carlson Clark Smith as a Director		
3 (ii)	Re-election of Mr Chwee Han Sin as a Director		
4	Authority to allot and issue shares and convertible securities		

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

Dated this __________ day of ________________ 2017

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

____
Signature(s) of Member(s)/
Common Seal of Corporate Shareholder
* Delete accordingly

IMPORTANT
PLEASE READ NOTES OVERLEAF

IMPORTANT NOTES TO PROXY FORM:

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 (Cap. 289) of Singapore), you should insert that number of shares under CDP Register. If you have shares registered in your name in the Register of Members of the Company, you should insert that number under Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Pursuant to Section 181 of the Companies Act, Cap. 50, a member who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "relevant intermediary" means:

(a) a banking corporation licenced under the Banking Act, Cap. 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 licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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, of the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation

5. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

8. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 24 Pandan Road, Singapore 609275 not less than 48 hours before the time appointed for the meeting.

9. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

10. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy.

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Stamp

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24 PANDAN ROAD

SINGAPORE 609275

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