IPCO INTERNATIONAL LIMITED

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SINGAPORE 159407

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IPCO INTERNATIONAL LIMITED

ANNUAL REPORT 2018

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CORPORATE INFORMATION

DIRECTORS

Mr James Moffatt Blythman
(Executive Director)

Ms Chai Siew Hoon
(Independent and Non-Executive Director)

Mr Joseph Chen
(Independent and Non-Executive Director)

Mr Ng Fook San
(Independent and Non-Executive Director)

COMPANY SECRETARY

Mr Allan Tan Poh Chye

REGISTERED OFFICE

7 Jalan Kilang, #07-01
Singapore 159407
Telephone number: (65) 6264 2711
Facsimile number: (65) 6302 9777
Electronic mail address: corp@ipco.com.sg
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SHARE REGISTRAR

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

AUDITOR

Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

Partner-in-charge : Ms Tay Guat Peng
(Appointed since financial year ended 30 April 2018)

LETTER TO SHAREHOLDERS

Dear Shareholders,

Ipco International Limited ("the Company") together with its subsidiaries ("the Group") underwent some significant events and management changes in FY2018 which will invigorate and usher in a new chapter for the Group and its Shareholders. These included:

- Mr Ross Yu Limjoco resigned as Independent Director on 2 August 2017;
- Mr Chwee Han Sin was not re-elected by Shareholders at the Company's AGM on 31 August 2017;
- Issuance of 880 million ordinary shares by private placement in September 2017 raising S$1,584,000 net proceeds for the Company;
- A substantial Shareholder requisitioned an Extraordinary General Meeting ("EGM") for appointment and removal of the Company's Directors on 17 October 2017;
- EGM held on 19 January 2018 resulting in Mr Joseph Chen and Mr Ng Fook San appointed to the Board as Independent Directors;
- Mr Carlson Clark Smith was removed as Executive Director of the Company by the Shareholders at the EGM on 19 January 2018. Mr Smith was subsequently dismissed as Chief Financial Officer ("CFO") on 28 February 2018;
- Messrs Baker Tilly TFW was appointed auditor of the Company at an EGM held on 28 February 2018;
- Mr James Moffatt Blythman was appointed as CFO on 1 March 2018 and was subsequently appointed as Executive Director on 28 May 2018; and
- Mr Goh Hin Calm resigned as Interim Chief Executive Officer ("CEO") on 14 March 2018 and resumed his previous position as Senior Finance and Admin Manager. Mr Goh was subsequently dismissed on 27 April 2018.

The Group's performance is linked closely to the Group's 3 core businesses. The newly constituted Board has made a preliminary review of the Group's core businesses and wishes to provide an update as follows:

Capri Investments LLC ("Capri")

The Board received confirmation that on 28 March 2018, Capri's management together with its advisors, were able to convince the Pierce County Hearing Examiner to grant a twenty-one year extension to Capri's Falling Water Development, subject to conditions. The extension was previously opposed by the Pierce County Staff which, if confirmed by the Hearing Examiner would have resulted in the Falling Water project reverting to its underlying R5 rural zoning with minimal value. This was a significant milestone as it has now enabled Capri to continue with its next phase of development of 261 lots. Subsequent to the extension approval, the Board engaged CJM Property Advisors who appraised the Falling Water Development on an "as-is" basis at US$9.45 million.

Capri's management is working together with Jones Lang LaSalle and John L. Scott, who are leading real estate firms to explore the best use and layout of the 261 lots to meet requirements of national home builders, the likely purchaser of these lots.

It is unfortunate, that proceeds raised in the private placement which had been intended for the next development phase were diverted to working capital in early January 2018 by previous management without Board approval. Since 19 January 2018, the new Board has ensured that the balance of the placement proceeds was utilised for their intended use. The Board is looking at options to finance future development expenses. Capri has already commenced recovery action for US$2 million owing by a purchaser from an earlier sale in 2015.

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

The Group's wholly-owned subsidiary, Excellent Empire Limited ("EEL"), via its 100% owned subsidiary China Environmental Energy Protection Investment Limited ("CEEP"), holds 65% equity interest in HZLH. HZLH in turn holds a 100% equity interest in four companies supplying natural gas under 30-year exclusive contracts with the cities of Anlu, Dawu, Xiaochang, and Guangshui in Hubei Province, People's Republic of China ("PRC").

LETTER TO SHAREHOLDERS
(CONTINUED)

HZLH despite challenging market conditions as a result of nationwide gas shortages in the PRC, HZLH increased its revenue. Gas shortages in the PRC are expected to continue for the short term until additional infrastructure is in place. However, the long-term prospect of HZLH looks promising as the PRC Government continues to promote clean energy as part of the country's energy mix.

Anlu, Dawu and Xiaochang concessions have now entered the maturity phase and the future cash flows are expected to be stable. Guangshui's Compressed National Gas Receiving and Distribution Center is expected to be connected shortly to the upstream supplier's main gas pipeline resulting in costs savings and efficiencies.

The Board is in discussion with Xiaogan He Shun Investment Management Centre LLP ("He Shun") to resolve the outstanding receivable of RMB26.8 million from He Shun relating to the shares disposed by CEEP in March 2015.

ESA Electronics Pte Ltd ("ESA")

The Group holds an 81.25% equity interest in 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.

ESA performed well in FY18 under difficult trading conditions by focusing on developing its key customer base. Future development will focus on broader applications as well as overseas production to remain cost competitive.

Moving Forward

The Group will continue to focus on improving performance of its existing manufacturing and gas-distribution businesses whilst ensuring it is in a position to meet the compliance timeline for the development of Capri's next development phase. The Board, together with its advisors is also looking at ways to improve the Group's negative working capital position and bring renewed interest in the Group and its securities.

The Board hopes you can support it in its objectives and future initiatives and be part of the new chapter of the Group with a focus on good corporate governance and creating shareholder value.

James Moffatt Blythman
Executive Director and Chief Financial Officer
On Behalf of the Board
3 October 2018

FINANCIAL REVIEW

For the financial year ended 30 April 2018 ("FY18"), the Group achieved a Turnover of S$58.6 million, which was S$12.2 million or 26.3% higher than the Turnover of S$46.4 million recorded for the corresponding financial year ended 30 April 2017 ("FY17"). The Group's Turnover was mainly attributable to the following subsidiaries:

- ESA recorded a 37.7% increase in Turnover of S$6.4 million to approximately S$23.4 million in FY18, as compared to a Turnover of S$17.0 million recorded in FY17. The increase was mainly due to higher demand of burn-in boards by semi-conductor manufacturers in the current year.
- Capri which was transferred to EEL in the previous financial year, did not make any contribution in FY18 and FY17 as there was no finalised sales agreement with home builders in the current and previous year.
- EEL, via its wholly-owned subsidiary, CEEP, 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$35.2 million in FY18, as compared with S$29.4 million in FY17. The 19.7% increase in Turnover of S$5.8 million was mainly due to increase in natural gas sales to industrial users and new household consumers.

The Group recorded a Loss before Income Tax of S$26.8 million in FY18, as compared with Profit before Income Tax of S$1.7 million recorded in FY17, resulting in an increase of S$28.5 million Loss before Income Tax which is mainly attributable to S$3.5 million Foreign Exchange Loss and S$23.0 million Impairment Loss of Intangible Assets.

The Group recorded a Loss after Income Tax of S$27.6 million in FY18, as compared with a Profit after Income Tax S$0.5 million recorded in FY17.

Correspondingly, in FY18 the Group had Loss Attributable to Shareholders of S$28.5 million and Loss per Share of 0.485 Singapore cents (FY17: Net Loss Attributable to Shareholders S$0.2 million and Loss per Share of 0.004 Singapore cents).

Other Revenue decreased by S$0.9 million to S$1.3 million in FY18, as compared with S$2.2 million FY17. This was mainly due :

(a) an increase of S$0.5 million in write back of other payables and accrued expenses mainly arising from expiry of mandatory period for claims;
(b) a foreign exchange gain of S$1.1 million in FY17, see note (h) below;
(c) a S$0.3 million government grant and a S$0.2 million reversal of allowance made for doubtful other receivables in FY17 and none in FY18;
(d) an increase of S$0.2 million in interest and sundry income.

The Group's Total Cost and Expenses increased by approximately S$39.8 million to S$86.7 million in FY18, compared with S$46.9 million in FY17. This was mainly due to:

(a) S$6.5 million increase in the changes in inventories, work-in-process, raw materials and consumables, which is in line with the increased turnover by the semi-conductor business of ESA;
(b) S$0.1 million increase in depreciation of fixed assets mainly from China subsidiaries;
(c) S$23.0 million Impairment Loss of Intangible Assets in FY18, from Goodwill of the Group's subsidiaries;
(d) S$5.9 million increase in Allowance for Doubtful Receivables mainly from He Shun offset by a decrease of S$0.2 million Allowance for Impairment Loss of Available-for-sale financial assets;
(e) S$0.2 million increase in Employee Benefit Expenses mainly from ESA;
(f) S$0.5 million increase in Finance Costs, mainly from interests on bank borrowings of China subsidiaries which were expensed off in FY18 due to completion of the construction of Compressed Natural Gas ("CNG") stations and pipelines as compared to the capitalisation of such interests in FY17 where the construction was still in progress;
(g) S$0.3 million increase in other operating expenses, mainly from China subsidiaries which is in line with the increased turnover in FY18;

FINANCIAL REVIEW
(CONTINUED)

(h) S$3.5 million Foreign Exchange Loss in FY18 (FY17 Foreign Exchange Gain of S$1.1 million) largely due to unrealised exchange loss arising from the revaluation of foreign currency denominated balances primarily in:

(i) United States Dollars ("US$"), at exchange rates of 1 US$ to S$ which weakened from S$1.396 to S$1.324 (FY17: strengthened from S$1.344 to S$1.396);

(ii) Chinese Renminbi ("RMB"), at exchange rates of 1 RMB to S$ which strengthened from S$0.202 to S$0.209 (FY17: weakened from S$0.207 to S$0.202).

A decrease in Income Tax expense of S$0.4 million to S$0.8 million in FY18 compared to S$1.2 million in FY17, mainly due to decreased tax provisions by the Group's subsidiary companies.

As at 30 April 2018, the Total Assets of the Group were S$136.3 million (FY17:S$150.5 million). The decrease of S$14.2 million is mainly due to S$23.0 million Impairment Loss of Intangible Assets of the Group's subsidiaries.

The Net Current Liabilities of the Group as at 30 April 2018 were S$5.5 million (FY17:S$3.5 million), of which S$8.5 million (FY17: S$9.0 million) was held as cash and cash equivalents.

The Group's total borrowings and finance lease liabilities of S$20.4 million (FY17:S$20.7 million) consist of mainly bank loans and overdrafts obtained by subsidiaries in China and ESA. The Group's gearing ratio as at 30 April 2018, based on net debt divided by total capital is 37% (FY17: 28%). 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 2018, the total equity of the group was S$76.2 million, as compared to S$94.1 million in FY17. The decrease was mainly due to a current year loss of S$27.6 million, increased share capital of S$1.6 million from the issuance of new placement shares, S$2.1 million translation gain in other reserve and non-controlling interests and a S$6.0 million dilution of interest in a subsidiary without loss of control.

The net asset value per share is S$0.01 in FY18 (FY17:S$0.018) and the total issued share capital of the company is 6,180,799,986 (FY17:5,300,799,986) ordinary shares.

DIRECTORS' STATEMENT

The Directors hereby present their statement to the members together with the audited consolidated financial statements of Ipco International Limited (the "Company") and its subsidiary corporations (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 April 2018.

In the opinion of the Directors:

(a) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as set out on pages 15 to 90 are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 April 2018 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore; and

(b) at the date of this statement, after considering the measures taken by the Group and the Company with respect to the Group's and the Company's ability to continue as going concerns as described in Note 3 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Ms Chai Siew Hoon	- Independent and Non-Executive Director
Mr Joseph Chen	- Independent and Non-Executive Director (Appointed on 19 January 2018)
Mr Ng Fook San	- Independent and Non-Executive Director (Appointed on 19 January 2018)
Mr James Moffatt Blythman	- Executive Director (Appointed on 28 May 2018)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

SHARE OPTIONS AND EMPLOYEE SHARE SCHEME

Share options

There were no share option 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 whether granted before or during the financial year.

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

Employee share scheme ("ESS")

The Board reviewed the agreements, resolutions and legal advice relating to the previously referred Employee Share Scheme ("ESS"). The Board would like to note the following timeline relating to the ESS:

DIRECTORS' STATEMENT
(CONTINUED)

SHARE OPTIONS AND EMPLOYEE SHARE SCHEME (CONTINUED)

Employee share scheme ("ESS") (Continued)

The Agreements and Amendments between China Environmental Energy Protection Investment Limited ("CEEP") and Xiaogan He Shun Investment Management Centre LLP ("He Shun")

1. On 10 March 2015, CEEP, a fully owned subsidiary of the Group entered into a share disposal agreement with He Shun for 16 million registered capital in Hubei Zonglianhuan Energy Investment Management Inc. ("HZLH") for the consideration of RMB28 million, representing a disposal of 20% equity interest to He Shun. An initial payment of 5% of consideration was to be made within 30 days of execution of the agreement. The shares were transferred on 31 March 2015 before the first payment of RMB1.4 million was made on 1 June 2015 followed by RMB600,000 on 20 January 2016.

2. On 21 May 2015, an amendment was made to the agreement to increase the consideration to RMB28.8 million with the rest of the terms and conditions remaining unchanged.

3. On 21 May 2015, a supplementary agreement was made to the agreement to allot 5 million from the 16 million registered capital of HZLH to its 8* key executives. The balance of 11 million shares under the custody of Mr On Wang Sang who is the General Partner of He Shun will be reserved for future allocation to other HZLH employees.

The CEEP Circular Resolution dated 22 May 2015

On 22 May 2015, CEEP resolved that a disposal of 6.25% equity interest (RMB5 million) was made to He Shun for the consideration of RMB 9 million, which is a RMB 4 million premium over the equity interest. The 6.25% equity interest received by He Shun is to be distributed to HZLH's current senior management. A deposit of 5% of consideration is to be paid within 30 days of 22 May 2015 with the balance to be settled within 3 years. The consideration for the disposal of equity interest being RMB1.80 per share, which is equivalent to the net asset value per share of HZLH at that time. In this respect, it was resolved that the equity will be held by CEEP (78.75%), Guangzhou City Qiu Sheng Energy Investment Co., Ltd (5%), He Shun (6.25%) and Mr On Wang Sang (10%)**.

Comments by the current Board of Directors ("the Board")

CEEP resolution is self-contradicting as its 20% equity of HZLH shares were already disposed to He Shun on 10 March 2015. He Shun is a limited partnership and is not under the control of CEEP. As such, the CEEP resolution has no bearing on the share ownership of He Shun.

Declaration of Trust by General Partner of He Shun

On 20 June 2016, Mr On Wang Sang as General Partner of He Shun, declared in a letter to BDO LLP that for the period 10 March 2015 to 20 June 2016, 11 million shares representing a 13.75% interest of HZLH was held on trust on behalf of CEEP.

This is contrary to the share disposal agreement between He Shun and CEEP in 2015 which stated that the General Partner would hold the unallocated shares in trust for He Shun.

Legal opinion dated 3 August 2016 by Shanghai Shen Da (Wuhan)

On 3 August 2016, the Company received legal advice from Shanghai Shen Da (Wuhan) Law Firm with its key findings below:

(a) The equity transfer from CEEP to He Shun was completed on 31 March 2015. CEEP cannot rely on the letter of trust declaration to claim it owns the shares that have already been disposed to He Shun;
(b) Under the Share Disposal Agreement, CEEP and He Shun can resolve any monetary dispute on the shares disposed in the Agreement through mediation or court process under the Laws of the People's Republic of China.

DIRECTORS' STATEMENT
(CONTINUED)

SHARE OPTIONS AND EMPLOYEE SHARE SCHEME (CONTINUED)

Employee share scheme ("ESS") (Continued)

However, the records that the Board currently has access to may be incomplete and as such reserves the right to amend and/or re-state if additional documentation is discovered which provides further clarification on the ESS.

* *10 Key executives rather than 8 were admitted as partners of He Shun.*
** *A 10% equity interest in HZLH was disposed to Mr On Wang Sang for a consideration of RMB14.4 million.*

AUDIT COMMITTEE

The Audit Committee at the date of this statement comprises three Directors, all of whom are independent. The members of the Audit Committee as follows are:

Mr Joseph Chen (Chairman)	(Appointed on 19 January 2018)
Mr Ng Fook San	(Appointed on 19 January 2018)
Ms Chai Siew Hoon	

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act. The functions performed are detailed in the Corporate Governance Report, as set out in the Annual Report of the Company.

INDEPENDENT AUDITOR

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

On behalf of the Board of Directors,

James Moffatt Blythman	**Joseph Chen**
Director	Director

3 October 2018

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 (collectively, the "Group") as set out on pages 15 to 90, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 April 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Group and the statement of financial position and statement of changes in equity 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

1. Opening balances

   Another firm of independent auditors was engaged to audit the financial statements for the financial year ended 30 April 2017 whose report dated 7 August 2017 contained a disclaimer of opinion on those financial statements. The basis for disclaimer of opinion on the financial statements is disclosed in Note 36 of the financial statements.

   In view of the matters described in the basis for disclaimer of opinion paragraphs on the financial statements for the financial year ended 30 April 2017, we are unable to determine whether the opening balances at 1 May 2017 are fairly stated.

   In addition, we were unable to perform audit procedures to obtain sufficient appropriate audit evidence about whether the Group's and Company's opening balances as at 1 May 2017 contain misstatements that materially affect the current year's financial statements; and whether appropriate accounting policies reflected in the opening balances have been consistently applied in the current year's financial statements.

   Since opening balances as at 1 May 2017 entered into the determination of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended 30 April 2018, as well as affect how the balances presented in the Group's and Company's statements of financial position as at 30 April 2018 are derived, we are unable to determine whether adjustments might have been found necessary in respect of the Group's and the Company's financial statements for the financial year then ended.

   We are also unable to determine whether the full amount or a portion of the impairment loss on goodwill of $22,987,000 as charged to profit or loss for the current financial year should have been recognised in previous financial years.

   Our report on the current financial year's financial statements of the Group and the Company is also modified because of the possible effects of these matters on the comparability of the current period's figures and the corresponding figures.

2. Transaction relating to Employee Share Scheme

   As disclosed in the Directors' Statement and Note 13(d) to the financial statements, the current Board of Directors (the "current Board"), based on legal advice, had adjusted for the transaction between China Environmental Energy Protection Investment Limited ("CEEP") and Xiaogan He Shun Investment Management Centre LLP ("He Shun") as a disposal of shares in Hubei Zonglianhuan Energy Investment Management Inc. ("HZLH") instead of a share-based payment transaction as reflected in previous years' financial statements. Accordingly, the Group's interest in HZLH is now 65% instead of 85% as previously disclosed in the previous years' financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IPCO INTERNATIONAL LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Basis for Disclaimer of Opinion (Continued)

2. Transaction relating to Employee Share Scheme (Continued)

   The Group has recognised receivables from the sale of shares in HZLH amounted to $5,606,000 and fully impaired the balance in the current financial year. As at 30 April 2018, as disclosed in Note 18(a)(ii) to the financial statements, the balance due from key management personnel of $2,824,000 arising from the above-mentioned shares transaction remained outstanding. The Group has recognised the full impact of the dilution of interest in HZLH from 85% to 65% in the current financial year, and adjustments amounting to $5,089,000 and $936,000 have been recognised to the Non-controlling interests in the statement of financial position and Equity - NCI in the consolidated statement of changes in equity respectively in the current financial year.

   In accordance with the accounting policy of the Group, the equity share-based payment of $232,000 (2017: $226,000) would be charged to the profit or loss if the above-mentioned share transaction was recorded as a share-based payment transaction. This charge of $232,000 was not recognised in the current financial year.

   Based on information available to us and considering the comments by the current Board as disclosed in the Directors' statement and Note 13(d) to the financial statements, we are unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the accounting treatment for the above-mentioned share transactions and on the adjustments made into the current financial year's financial statements arising from the accounting for the share transaction. We are also unable to satisfy ourselves as to whether the share-based payment charge to the profit or loss of $232,000 should be recognised in current financial year and whether the Equity - NCI balance of $7,285,000 at 30 April 2018 is fairly stated. In addition, the adjustments for the dilution of the Group's interest in HZLH, the recognition of receivables from the sale and its impairment charge were accounted in current financial year instead of previous financial years. We are also unable to obtain sufficient appropriate audit evidence on the existence and recoverability of the balance receivable of $2,824,000 as at 30 April 2018.

3. Development properties

   During the financial year ended 30 April 2018, the Group reclassified its land held for sale from inventory to development property (Note 17). We were unable to perform audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the carrying value of the land held for sale as at 1 May 2017 contain misstatements. As the current management was unable to provide supporting documents for the accumulated brought forward costs of development properties, we are unable to satisfy ourselves that the development cost stated at cost is fairly stated at 30 April 2018.

4. Investment in subsidiaries and Receivables due from subsidiaries

   (a) The carrying value of the Company's investment in ESA Electronics Pte. Ltd. ("ESA") as at 30 April 2018 amounted to $5,310,000, of which impairment loss amounted to $16,725,000 had been recognised in prior years.

   Based on management's impairment assessment of the recoverable amount as disclosed in Note 13 to the financial statements, we are unable to obtain sufficient appropriate audit evidence to satisfy ourselves with respect to the recoverable amount determined by management and that no reversal of impairment loss to be recognised in the current financial year.

   (b) As disclosed in Note 13 and Note 18 to the financial statements, during the current financial year, the Company recognised impairment loss of $1,470,000 in respect of its quasi-loan to its subsidiary, EEL and allowance for doubtful receivables from EEL of $62,682,000. We are unable to determine whether the impairment charge and allowance for doubtful receivables taken to current financial year's profit or loss relate to previous financial years and whether adjustments might have been found necessary in respect of Company's financial statements for the financial year ended 30 April 2017.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IPCO INTERNATIONAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Basis for Disclaimer of Opinion (Continued)

5. Contingent liabilities

   As disclosed in notes 30 and 35 to the financial statements,

   (a) On 28 June 2018, the Company received writs of summons from lawyers acting for Mr Goh Hin Calm for wrongful termination and claims totalling $778,456.

   (b) On 17 July 2018, the Company and its subsidiary, Capri Investments L.L.C. received writ of summons from a Washington Company, Westridge Development LLC and G. Patrick Healy. The claim relates to claim of ownership of approximately 15 acres of real property in Pierce County, Washington.

       The Company has discussed with its lawyers and believes the claims have no merit. Accordingly, these claim amounts have not been recognised in the financial statements as at 30 April 2018.

   (c) Subsequent to the end of the reporting period, a former key management personnel informed us that there is outstanding additional compensation of $1,025,000 owing to him under the terms of his employment contract. The Company, as of date of this report, has not been served a writ of summons for this claim. The Company has sought preliminary legal advice from its lawyers. No provision has been recorded in the financial statements as at 30 April 2018.

   Based on currently available information, we are unable to determine whether any provision for additional liabilities is necessary for the all above claims in respect of the financial year ended 30 April 2018.

6. Appropriateness of going concern assumption

   As disclosed in Note 3 to the financial statements, the Group and Company incurred a net loss of $27,558,000 and $65,792,000 respectively for the financial year ended 30 April 2018, and as at 30 April 2018, the Group's and Company's current liabilities exceeded its current assets by $5,455,000 and $5,473,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and therefore they may not be able to realise their assets and discharge their liabilities in the normal course of business.

   Nevertheless, in the preparation of the financial statements, the Board believes that the use of going concern assumption is appropriate after taking into consideration of the factors as disclosed in Note 3 to the financial statements.

   The financial statements did not include any adjustments that may result in the event that the Group and the Company is unable to continue as going concerns. In the event that the Group and the Company is unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the ordinary course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities which may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to the financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IPCO INTERNATIONAL LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Basis for Disclaimer of Opinion (Continued)

6. Appropriateness of going concern assumption (Continued)

    The validity of the going concern basis on which the financial statements are prepared is dependent on certain assumptions and the successful outcome of the Group's and the Company's various efforts as disclosed in Note 3 to the financial statements. The assumptions are premised on future events, the outcome of which are inherently uncertain.

    In light of the material uncertainties described above, we are unable to obtain sufficient appropriate audit evidence to conclude as to the appropriateness of the use of the going concern assumption in the preparation of these financial statements. Consequently, we are unable to determine whether any adjustments in respect of the Group's and the Company's financial statements for the financial year ended 30 April 2018 are necessary.

Emphasis of matter

We draw your attention to Note 34 to the financial statements, which describes the investigations by the Commercial Affairs Department.

Other Matter

The financial statements for the financial year ended 30 April 2017 were audited by another firm of auditors whose report dated 7 August 2017 expressed a disclaimer of opinion on those financial statements as detailed in Note 36 to the financial statements.

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 Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (the "FRSs"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IPCO INTERNATIONAL LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company in accordance with Singapore Standards on Auditing ("SSAs") 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 Tay Guat Peng.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

3 October 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

	Note	2018	2017
		$'000	**$'000**
Revenue	4	**58,622**	46,414
Other items of income/(expenses)			
Financial assets, at fair value through profit or loss			
- fair value loss	19	**(8)**	(14)
- net loss on disposal		**(3)**	–
Other income	5	**1,301**	2,180
		1,290	2,166
Operating expenses			
Changes in inventories		**124**	285
Raw materials and consumables used		**(36,486)**	(30,135)
Amortisation of intangible assets	11	**(1,324)**	(1,357)
Depreciation of property, plant and equipment	12	**(3,054)**	(2,887)
Impairment loss of intangible assets	11	**(22,987)**	–
Allowance for impairment loss of available-for-sale financial assets	15	**(167)**	(408)
Allowance for doubtful trade and other receivables		**(5,930)**	(64)
Foreign exchange loss, net		**(3,501)**	–
Employee benefits expenses	6	**(8,990)**	(8,790)
Finance costs	7	**(1,102)**	(620)
Operating lease expenses		**(548)**	(529)
Other expenses	8	**(2,744)**	(2,405)
Total expenses		**(86,709)**	(46,910)
(Loss)/profit before income tax		**(26,797)**	1,670
Income tax expense	9	**(761)**	(1,177)
(Loss)/profit for the financial year		**(27,558)**	493
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating of foreign operations		**2,092**	379
Other comprehensive income for the financial year		**2,092**	379
Total (loss)/profit and other comprehensive (loss)/income for the financial year		**(25,466)**	872

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

	Note	2018	2017
		$'000	$'000
(Loss)/profit attributable to:			
Equity holders of the Company		**(28,473)**	(209)
Non-controlling interests		**915**	702
		(27,558)	493
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(27,532)**	389
Non-controlling interests		**2,066**	483
		(25,466)	872
Loss per share for loss attributable to equity holders			
Basic and diluted	10	**(0.485)**	(0.004)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2018

		Group		Company	
	Note	**2018**	2017	**2018**	2017
		$'000	$'000	**$'000**	$'000
Non-current assets					
Intangible assets	11	**23,698**	50,092	**–**	–
Property, plant and equipment	12	**74,573**	64,462	**9**	95
Subsidiaries	13	**–**	–	**69,291**	70,761
Joint ventures	14	**–**	–	**–**	–
Other receivables	18	**331**	2,946	**–**	–
Convertible loan	25	**–**	–	**–**	–
Deferred tax assets	26	**979**	910	**–**	–
		99,581	118,410	**69,300**	70,856
Current assets					
Available-for-sale financial assets	15	**540**	707	**540**	540
Inventories	16	**2,660**	12,962	**–**	–
Development property	17	**10,131**	–	**–**	–
Trade and other receivables	18	**14,870**	9,339	**1,159**	64,239
Financial assets, at fair value through profit or loss	19	**43**	51	**9**	14
Cash and cash equivalents	20	**8,490**	9,036	**98**	74
		36,734	32,095	**1,806**	64,867
Total assets		**136,315**	150,505	**71,106**	135,723
Non-current liabilities					
Other payables	21	**–**	367	**–**	–
Finance lease liabilities	23	**–**	2	**–**	2
Borrowings	24	**10,018**	11,733	**–**	–
Deferred tax liabilities	26	**7,823**	8,706	**–**	–
		17,841	20,808	**–**	2
Current liabilities					
Trade and other payables	21	**30,963**	25,404	**7,002**	7,346
Provisions	22	**94**	294	**75**	294
Finance lease liabilities	23	**2**	46	**2**	46
Current income tax payable		**793**	920	**–**	–
Borrowings	24	**10,337**	8,891	**200**	–
		42,189	35,555	**7,279**	7,686
Total liabilities		**60,030**	56,363	**7,279**	7,688
Net assets		**76,285**	94,142	**63,827**	128,035

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

STATEMENTS OF
FINANCIAL POSITION
AS AT 30 APRIL 2018
(CONTINUED)

	Note	Group		Company	
		2018	2017	**2018**	2017
		$'000	$'000	**$'000**	$'000
Equity					
Share capital	27	**265,811**	264,227	**265,811**	264,227
Other reserves	28	**(19,004)**	(21,612)	**1,961**	1,961
Accumulated losses		**(172,941)**	(144,468)	**(203,945)**	(138,153)
Equity attributable to equity holders of the Company		**73,866**	98,147	**63,827**	128,035
Non-controlling interests		**2,419**	(4,005)	**-**	-
Total equity		**76,285**	94,142	**63,827**	128,035

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

	Share capital $'000	Foreign exchange translation reserve $'000	Capital reduction reserve $'000	Equity-NCI $'000	Accumulated losses $'000	Equity attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
Balance at 1 May 2016	263,687	(15,252)	1,961	(8,919)	(144,259)	97,218	(4,230)	92,988
(Loss)/profit for the financial year	–	–	–	–	(209)	(209)	702	493
Other comprehensive income/(loss) for the financial year								
Exchange differences on translation of foreign operations	–	598	–	–	–	598	(219)	379
Total other comprehensive income/(loss) for the financial year	–	598	–	–	–	598	(219)	379
Total comprehensive income/(loss) for the financial year	–	598	–	–	(209)	389	483	872
Issuance of shares (Note 27)	540	–	–	–	–	540	–	540
Dividends paid to non-controlling interests of a subsidiary	–	–	–	–	–	–	(484)	(484)
Share-based payment (Note 28(a))	–	–	–	–	–	–	226	226
Balance at 30 April 2017	264,227	(14,654)	1,961	(8,919)	(144,468)	98,147	(4,005)	94,142
(Loss)/profit for the financial year	–	–	–	–	(28,473)	(28,473)	915	(27,558)
Other comprehensive income for the financial year								
Exchange differences on translation of foreign operations	–	974	–	(33)	–	941	1,151	2,092
Total other comprehensive income/(loss) for the financial year	–	974	–	(33)	–	941	1,151	2,092
Total comprehensive income/(loss) for the financial year	–	974	–	(33)	(28,473)	(27,532)	2,066	(25,466)
Dilution of interests in a subsidiary without loss on control (Note 13(d))	–	–	–	936	–	936	5,089	6,025
Issuance of shares (Note 27)	1,584	–	–	–	–	1,584	–	1,584
Transactions with non-controlling interests	–	–	–	731	–	731	(731)	–
Balance at 30 April 2018	**265,811**	**(13,680)**	**1,961**	**(7,285)**	**(172,941)**	**73,866**	**2,419**	**76,285**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

	Share capital $'000	Capital reduction reserve $'000	Accumulated losses $'000	Total Equity $'000
Company				
Balance at 1 May 2016	263,687	1,961	(141,849)	123,799
Issuance of ordinary shares (Note 27)	540	–	–	540
Profit and total comprehensive income for the financial year	–	–	3,696	3,696
Balance at 30 April 2017	264,227	1,961	(138,153)	128,035
Issuance of ordinary shares (Note 27)	1,584	–	–	1,584
Loss and total comprehensive loss for the financial year	–	–	(65,792)	(65,792)
Balance at 30 April 2018	**265,811**	**1,961**	**(203,945)**	**63,827**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
(Loss)/profit before income tax		**(26,797)**	1,670
Adjustments for:			
Allowance made for doubtful trade and other receivables		**5,930**	64
Reversal of allowance made for doubtful other receivables		**–**	(155)
Write back other creditors and accrued expenses		**(873)**	(386)
Other receivables written off		**63**	49
Intangible assets written off		**1**	–
Amortisation of intangible assets		**1,324**	1,357
Depreciation of property, plant and equipment		**3,054**	2,887
Impairment loss of intangible assets		**22,987**	–
Allowance for impairment loss of available-for-sale financial assets		**167**	408
Gain on disposal of property, plant and equipment		**(12)**	(10)
Interest expenses		**1,077**	595
Interest income		**(288)**	(134)
Provisions made during the financial year		**94**	294
Write back of provisions		**(205)**	–
Share based expense		**–**	226
Fair value loss on financial assets, at fair value through profit or loss		**8**	14
Unrealised foreign exchange		**3,330**	(1,321)
Operating cash flow before working capital changes		**9,860**	5,558
Changes in working capital:			
Inventories		**(193)**	(354)
Development property		**364**	–
Trade and other receivables		**(3,484)**	730
Trade and other payables		**5,080**	3,617
Provisions		**(89)**	(283)
Cash generated from operations		**11,538**	9,268
Interest received		**207**	53
Interest paid		**–**	(1,090)
Net income tax paid		**(1,383)**	(1,357)
Net cash generated from operating activities		**10,362**	6,874
Cash flows from investing activities			
Addition of intangible assets	11	**(14)**	(346)
Purchase of property, plant and equipment	12	**(11,057)**	(8,217)
Proceeds from disposals of property, plant and equipment		**158**	494
Net cash used in investing activities		**(10,913)**	(8,069)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

	Note	2018 $'000	2017 $'000
Cash flows from financing activities			
Proceeds from borrowings		**5,952**	4,048
Proceeds from issuance of shares	27	**1,584**	540
Dividend paid to non-controlling interests of a subsidiary		**–**	(484)
Repayments of borrowings		**(6,040)**	(4,300)
Repayments of finance leases		**(46)**	(46)
Interest paid		**(1,033)**	–
Net cash generated from/(used in) financing activities		**417**	(242)
Net decrease in cash and cash equivalents		**(134)**	(1,437)
Cash and cash equivalents at beginning of the financial year		**4,347**	5,646
Effects of exchange rate changes on cash and cash equivalents		**71**	138
Cash and cash equivalents at end of the financial year	20	**4,284**	4,347

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018

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

1. GENERAL CORPORATE INFORMATION

The Company (Co. Reg. No. 199202747M) is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 7 Jalan Kilang #07-01, Singapore 159407.

The Company is listed on the main board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

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

The principal activities of the significant subsidiaries are disclosed in Note 13 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company, are presented in Singapore dollar ("SGD") (rounded to the nearest thousand ($'000) except when otherwise stated), and have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

Use of estimates and judgements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

New and revised standards

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

From 1 May 2017, as a result of the amendments to FRS 7 Statement of Cash Flows (Disclosure Initiative), the Group has provided additional disclosure in relation to changes in liabilities from financing activities for the current financial year (Note 24).

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

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 30 April 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company except as disclosed below:

Convergence with International Financial Reporting Standards (IFRS)

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

The Group's financial statements for the financial year ending 30 April 2019 will be prepared in accordance with SFRS(I) issued by ASC. These financial statements will be the last set of financial statements prepared under the current FRS in Singapore.

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

The Group does not expect the application of the new standards, amendments to standards and interpretations, and the IFRS Convergence to have significant impact on the financial statements.

Application of SFRS(I) 1 and IFRS Convergence

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

New and revised standards (Continued)

SFRS(I) 15 Revenue from Contracts with Customers

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

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

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

The Group plans to adopt SFRS(I) 15 in its financial statements for the financial year ending 30 April 2019 using the full retrospective approach. As a result, the Group will apply the changes in accounting policies retrospectively to each reporting year presented.

Management is currently assessing the impact of applying the new standard on the Group’s financial statements based on the existing sources of revenue as at 30 April 2018 and does not expect the impact from the initial adoption of SFRS(I) 15 to be material. Further evaluation will be undertaken should the source of revenue change in the year when SFRS(I) 15 becomes effective.

SFRS(I) 9 Financial Instruments

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

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

(a) *Classification and measurement*

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

For quoted equity securities currently classified as available-for-sale financial assets which are measured at fair value through other comprehensive income, are expected to continue to be measured at fair value, but the Group will present changes in fair values of these assets in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

New and revised standards (Continued)

(b) *Impairment*

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade receivables and other receivables, due to earlier recognition of credit losses. For trade receivables, the Group will apply the simplified approach and will record an allowance for lifetime expected losses on trade receivables from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model. Upon application of the expected credit loss model, the Group does not expect significant impact on its financial performance or financial position, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The Group will adopt SFRS(I) 9 when it becomes effective in financial year ending 30 April 2019. The Group does not expect the impact from the initial adoption of SFRS(I) 9 to have a material impact on its financial statements.

SFRS(I) 16 Leases

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

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

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

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.10. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

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

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

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries

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

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

2.4 Revenue recognition

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

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.

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, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

2.7 Income taxes

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

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

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

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Foreign currency transactions and translation

Functional and presentation currency

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

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

Translation of Group entities' financial statements

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

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

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

Distributions received from joint ventures are adjusted against the carrying amount of the investment. When the Group's share of losses in joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

In the Company's financial statements, investments in joint ventures are carried at cost less accumulated impairments loss. On disposal of investment in joint ventures, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets

Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

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 subsequent periods.

On disposal of subsidiaries, 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.

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:

	Years
Distribution and licensing rights	28
Exploration and extraction rights	22

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Property, plant and equipment

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

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

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 asset.

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

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

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:

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets excluding goodwill

At the end of the reporting period, the Group reviews the carrying amounts of intangible assets (other than goodwill), property, plant and equipment and investments in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

2.13 Financial assets

Classification

The Group classifies its financial assets according to the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale.

Financial assets, at fair value through profit or loss

This category has two sub-categories: "financial assets held for trading", and those designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at initial recognition are those that are managed and their performance are evaluated on a fair value basis, in accordance with a documented Group's investment strategy. Derivatives are also categorised as "held for trading" unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

Classification (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are presented as "trade and other receivables" (excluding prepayments and advance payment for construction of plant and equipment), "cash and cash equivalents" and "convertible loan" on the statements of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss, are subsequently carried at fair value. Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method, less impairment.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, including effects of currency translation, are recognised in profit or loss in the financial year in which the changes in fair values arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

Subsequent measurement (Continued)

Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in fair value reserve/other comprehensive income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in fair value reserve/other comprehensive income, together with the related currency translation differences.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss.

Impairment

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

Loans and receivables

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

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

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

Available-for-sale financial assets

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised.

Impairment losses on debt instruments classified as available-for-sale financial assets are reversed through profit or loss when the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised. However, impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets (Continued)

Impairment (Continued)

Offset

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 Financial liabilities

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

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

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. The cost of finished goods comprises 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 material, labour and an appropriate portion of production overhead expenditure. Net realisable value represents the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

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

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 Development properties

Development properties are properties held or developed for sale in the ordinary course of business. Development properties that are unsold are measured at lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Net realisable value represents the estimated selling price less cost to complete and costs to be incurred in selling the properties.

2.17 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 presentation in the consolidated statement of cash flows, cash and cash equivalents also includes bank overdraft and excludes any pledged deposits. In the statement of financial position, bank overdrafts are presented within borrowing under current liabilities.

2.18 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.

2.19 Leases

Finance leases

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases (Continued)

Operating leases

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

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

2.20 Segment reporting

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

2.21 Related parties

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. The transactions are entered on terms agreed by the parties concerned.

2.22 Contingencies

A contingent liability is:

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

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

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Share capital

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

2.24 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

2.25 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case they are presented as non-current liabilities.

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the financial year. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Critical judgement made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Going concern assumption

During the financial year ended 30 April 2018, the Group reported a net loss of $27,558,000 (2017: net profit of $493,000) and the Company reported a net loss of $65,792,000 (2017: net profit of $3,696,000). The Group's and Company's current liabilities exceeded the current assets by $5,455,000 (2017: $3,460,000) and $5,473,000 (2017: net current assets of $57,181,000) respectively. 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.

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

3.1 Critical judgement made in applying accounting policies (Continued)

Going concern assumption (Continued)

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.

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

Capri is working with Jones Lang LaSalle in conjunction with John L Scott to sell or develop its land in Seattle and preliminary discussions are on-going with major national home builders. Upon completion of land improvement and subdivision, each of the housing lot has market value of US$80,000 to US$100,000 each and gross sales value is in the neighborhood of US$25 million. The site of Capri property is located at a very desirable upper/ middle income suburb which has seen shortage of housing lots in past few years.

The Pierce County Hearing Examiner had granted approval for the future development of the Falling Water Preliminary Plat/Plan Development District ("PDD") land subject to compliance of conditions imposed and target dates for completion of Phases 1 to 10.

A valuation report done by the CJM Property Advisors appraised the value of Capri's land (on "As-is" basis) at US$9.45 million (equivalent $12,512,000) on 22 June 2018. Capri had also been "pre-approved" for funding of its engineering expenses for the next 12 to 18 months by financial institutions in the region of US$700,000 to US$800,000.

In addition, a legal action is underway to pursue the US$2 million owed by HeHome Development Inc. for the balance of sale proceeds of the 96 land lots sold in 2015. The receivable from HeHome of US$2 million (equivalent $2,648,000) is included within "Trade and other receivables" (Note 18).

(b) ESA Electronics Pte Ltd ("ESA")

ESA has performed well despite difficult trading conditions. It now has Mr Ng Fook San on its Board of Directors with more than 30 years' experience in the field of electrical and engineering industry who is actively strategizing ESA's business development and operations. ESA is looking at expanding production outside Singapore to achieve higher production levels to meet future demands. ESA is financially strong to provide on-going management fees to the Company and it has the ability to declare dividends to all its shareholders.

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

HZLH is providing a utility service on a concession basis. It has good rapport with the local governments and its banks. Its banks are unlikely to "call-in" loans without a long notice period as this may cause disruption to civic services. Banks in the People's Republic of China ("PRC") do recognise such concession type arrangements as it is an increasing popular way for local governments to fund infrastructure projects.

HZLH has been profitable in past 7 years of operation. Of the four townships it held 30-year gas supply concessions, 3 has seen significant build-up of pipeline to its consumer, commercial and industrial users through re-investing of all its profits and funding from the banks. The cashflows are stable from its broad customer base and its profitability will grow in tangent with the population growth of its subscriber groups.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

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

3.1 Critical judgement made in applying accounting policies (Continued)

Going concern assumption (Continued)

(c) Hubei Zonglianhuan Energy Investment Management Inc. ("HZLH") (Continued)

The fourth concession Guangshui is in its ramp-up stage. This township has a large industrial users and is expected to exceed the other 3 concessions in terms of revenue and cashflow.

Being listed on PRC's New Third Board, HZLH has in place a vehicle to raise additional finance in this market if required. HZLH is in discussions with financial institutions in PRC which showed positive interest in the financial backing of HZLH should it require funding.

For these reasons, the financial statements have been prepared on the assumptions that the Group and Company will continue as going concerns. The financial statements did not include any adjustments that may result in the event that the Group and Company are unable to continue as going concerns. In the event that the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to realise its assets and discharge its 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 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 Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities.

3.2 Key sources of estimation uncertainty

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

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

In determining the recoverable amount, the fair value less cost to sell ("FVLCS") is determined based on fair value less costs to sell of HZLH and valuation of development properties of Capri and its net assets and net assets of other CGU which approximate their recoverable amounts.

Any changes to the expected fair value of the underlying assets and multiples will affect the carrying amount of assets.

As at 30 April 2018, the carrying amounts of intangible assets, property, plant and equipment and investment in subsidiaries are disclosed in Note 11, 12 and 13 to the financial statements.

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

3.2 Key sources of estimation uncertainty (Continued)

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 12.

Net realisable value of inventories and development property

In determining the net realisable value of the Group's inventories and development property, an estimation of the recoverable amount of inventories on hand and development property is performed based on the most reliable evidence available at the time the estimates are made. This represents the value of the inventories and development property 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 and development property 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 values of the Group's inventories and development property at the end of the financial year were disclosed in Notes 16 and 17 respectively.

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 18.

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 $793,000 (2017: $920,000) and $7,823,000 (2017: $8,706,000) respectively. The Group's deferred tax assets were $979,000 (2017: $910,000) at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

4. REVENUE

	Group	
	2018	2017
	$'000	$'000
Sale of goods	**23,421**	17,005
Natural gas installation, connection, delivery and usage	**35,201**	29,409
	58,622	46,414

5. OTHER INCOME

	Group	
	2018	2017
	$'000	$'000
Foreign exchange gain, net	**–**	1,098
Gain on disposal of property, plant and equipment	**12**	10
Interest income	**288**	134
Sundry income	**128**	62
Government grant	**–**	335
Reversal of allowance made for doubtful other receivables	**–**	155
Write-back of other payables and accrued expenses	**873**	386
	1,301	2,180

6. EMPLOYEE BENEFITS EXPENSES

	Group	
	2018	2017
	$'000	$'000
*Key management personnel**		
Short-term employee benefits	**861**	922
Post-employment benefits	**41**	70
	902	992
Other staff		
Short-term employee benefits	**7,391**	7,109
Defined contribution plans	**697**	463
Share-based payment (Note 28)	**–**	226
	8,990	8,790
*** Comprise amounts paid to:**		
Directors of the Company		
- Salaries, allowances and bonuses	**210**	308
Directors of subsidiaries		
- Salaries, allowances and bonuses	**315**	437
- Defined contributions plan expenses	**16**	16
Other key management personnel		
- Salaries, allowances and bonuses	**336**	206
- Defined contribution plan expenses	**25**	25
	902	992

Please refer to Note 21 for amounts under disputes by key mangement personnel.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018 (CONTINUED)

7. FINANCE COSTS

	Group	
	2018	2017
	$'000	$'000
Interest expenses		
- finance leases	**1**	3
- bank borrowings	**1,036**	470
- unwinding of discount on non-current other receivables and payables, net	**40**	122
- other bank charges	**25**	25
	1,102	620

8. OTHER EXPENSES

	Group	
	2018	2017
	$'000	$'000
Audit fees		
- auditor of the Company	**130**	128
- other auditors	**151**	97
Non-audit fees		
- auditor of the Company	**–**	25
- other auditors	**18**	34
Provision for Directors' fees		
- Directors of the Company	**68**	88
- Directors of a subsidiary	**36**	36
General repair and maintenance	**432**	328
Professional and consultancy fees	**491**	383
Travelling expenses	**308**	247
Utilities	**474**	522
Safety production expenses	**215**	55
Fair value loss on financial assets at fair value through profit or loss	**8**	14
Allowance for doubtful trade and other receivables	**5,849**	–
Allowance for impairment loss of convertible loan	**81**	81

9. INCOME TAX EXPENSE

	Group	
Income tax expense for the financial year consist of:	**2018**	2017
	$'000	$'000
Current income tax		
- current year	**(1,448)**	(1,300)
- overprovision in prior years	**192**	31
- withholding tax	**–**	(5)
	(1,256)	(1,274)
Deferred tax assets		
- current year	**52**	(358)
Deferred tax liabilities		
- current year	**443**	455
	(761)	(1,177)

Domestic income tax is calculated at 17% (2017: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

9. INCOME TAX EXPENSE (CONTINUED)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2017: 17%) to profit before income tax as a result of the following differences:

	Group	
	2018	2017
	$'000	$'000
(Loss)/profit before income tax	**(26,797)**	1,670
Tax calculated at statutory tax rate of 17%	**(4,555)**	284
Effect of different tax rates in other countries	**399**	367
Expenses not deductible for tax purposes	**5,436**	459
Income not subject to tax	**(259)**	(382)
Over provision of current income tax	**(192)**	(31)
Deferred tax assets recognised this year	**(74)**	–
Deferred tax assets not recognised	**416**	490
Utilisation of unrecognised deferred tax asset	**(410)**	(15)
Withholding tax	**–**	5
	761	1,177

Unrecognised deferred tax asset

	Group	
	2018	2017
	$'000	$'000
At beginning of financial year	**8,002**	17,232
Additions	**416**	490
Utilisation	**(410)**	(15)
Prior year over estimation	**(187)**	(9,189)
Exchange translation difference	**383**	(516)
At end of financial year	**8,204**	8,002

Unrecognised deferred tax asset is attributable to unutilised tax losses.

As at 30 April 2018, the Group has unutilised tax losses of approximately $42,583,000 (2017: $44,175,000) which are available to offset against future taxable profit subject to the agreement of the relevant tax authorities and compliance with certain provision 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 $1,887,000 (2017: $233,000) which can only be utilised to offset 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 2022.

10. LOSS PER SHARE

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

	Group	
	2018	**2017**
	$'000	**$'000**
Losses		
Loss for the financial year attributable to equity holding of the Company	**(28,473)**	(209)
Number of shares		
Number of shares	**6,180,799,986**	5,300,799,986
Weighted average number of ordinary shares in issue	**5,869,786,287**	5,256,416,424
Loss per share (in cents)		
Basic and diluted	**(0.485)**	(0.004)

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

11. INTANGIBLE ASSETS

	Goodwill $'000	Intellectual rights $'000	Distribution and licensing rights $'000	Exploration and extraction rights $'000	Land use rights $'000	Total $'000
Group						
Cost						
At 1 May 2017	87,112	688	39,225	12,390	1,449	140,864
Additions	–	–	–	–	14	14
Write off	–	–	–	–	(6)	(6)
Exchange translation difference	(3,311)	–	(2,023)	(660)	48	(5,946)
At 30 April 2018	83,801	688	37,202	11,730	1,505	134,926
Accumulated amortisation and impairment						
At 1 May 2017	63,260	688	14,143	12,390	291	90,772
Amortisation	–	–	1,269	–	55	1,324
Write off	–	–	–	–	(5)	(5)
Impairment loss	22,987	–	–	–	–	22,987
Exchange translation difference	(2,446)	–	(756)	(660)	12	(3,850)
At 30 April 2018	83,801	688	14,656	11,730	353	111,228
Net carrying amount						
At 30 April 2018	**–**	**–**	**22,546**	**–**	**1,152**	**23,698**
Remaining useful lives	Indefinite	Indefinite	18-22 years	–	18 years	
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
Net carrying amount						
At 30 April 2017	23,852	–	25,082	–	1,158	50,092
Remaining useful lives	Indefinite	Indefinite	19-23 years	–	19 years	

11. INTANGIBLE ASSETS (CONTINUED)

Impairment test for 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. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Group	
	2018	2017
	$'000	$'000
Excellent Empire Limited and its subsidiaries	**22,987**	23,852

The group CGU included 4 operating units in the gas distribution segment in the PRC.

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"). During the financial year ended 30 April 2018, the Group recognised an impairment loss of $22,987,000 (2017: Nil) for goodwill in profit or loss.

In the current financial year, the recoverable amount of CGU has been computed based on market-based approach in which enterprise value divided by earnings before interest, tax, depreciation, and amortisation multiple was adopted ("EV/EBITA"). The EV/EBITA adopted several listed companies with business scopes and operations similar to the CGU as comparable company. Thereafter, the arrived equity value is adjusted for marketability discount and control premium of 15.9% and 26% respectively. The fair value hierarchy is level 3.

If the marketability discount and control premium had been higher/lower by 1% from management's estimates, the estimated recoverable amount and the impairment charge would be as follows:

	Estimated recoverable amount	**Increase/ (decrease) in impairment charge**
	$'000	$'000
Marketability discount		
1% higher than the management's estimates	74,646	573
1% lower than the management's estimates	76,424	(582)
Control premium		
1% higher than the management's estimates	76,226	(454)
1% lower than the management's estimates	75,041	316

In prior year, the recoverable amount of CGU was determined based on value-in-use calculations using the financial budgets approved by management for periods covering 18 to 22 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% which was 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 14% to 51% and 1% to 27% respectively.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building $'000	Office equipment $'000	Plant and equipment $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Group						
2018						
Cost						
At 1 May 2017	8,806	1,539	61,851	2,587	11,371	86,154
Additions	22	59	40	–	11,095	11,216
Disposals	(24)	(98)	(94)	(64)	–	(280)
Reclassification	3,388	–	10,255	–	(13,643)	–
Exchange translation difference	598	57	2,527	72	380	3,634
At 30 April 2018	**12,790**	**1,557**	**74,579**	**2,595**	**9,203**	**100,724**
Accumulated depreciation and impairment						
At 1 May 2017	1,802	1,468	17,060	1,362	–	21,692
Charge for the financial year	521	50	2,185	298	–	3,054
Disposals	–	(76)	–	(58)	–	(134)
Exchange translation difference	399	9	1,066	65	–	1,539
At 30 April 2018	**2,722**	**1,451**	**20,311**	**1,667**	**–**	**26,151**
Net carrying amount						
At 30 April 2018	**10,068**	**106**	**54,268**	**928**	**9,203**	**74,573**
2017						
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
Charge 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
Net carrying amount						
At 30 April 2017	7,004	71	44,791	1,225	11,371	64,462

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018 (CONTINUED)

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment $'000	Motor vehicles $'000	Total $'000
Company			
2018			
Cost			
At 1 May 2017	18	435	453
Additions	5	–	5
At 30 April 2018	**23**	**435**	**458**
Accumulated depreciation and impairment			
At 1 May 2017	10	348	358
Charge for the financial year	4	87	91
At 30 April 2018	**14**	**435**	**449**
Net carrying amount			
At 30 April 2018	**9**	**–**	**9**
2017			
Cost			
At 1 May 2016 and 30 April 2017	18	435	453
Accumulated depreciation and impairment			
At 1 May 2016	6	262	268
Charge for the financial year	4	86	90
At 30 April 2017	10	348	358
Net carrying amount			
At 30 April 2017	8	87	95

At the end of the financial year, the Group had property, plant and equipment with a carrying amount of approximately $43,747,000 (2017: $34,733,000) pledged to financial institutions as security for bank borrowings granted to certain subsidiaries (Note 24).

At the end of the financial year, the Group and the Company had motor vehicles with carrying amount of approximately $Nil (2017: $87,000) acquired under finance lease contracts.

Borrowing costs of $45,000 (2017: $617,000) 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. Interest is charged at 4.57% to 5.20% (2017: 4.57% to 6.95%) per annum.

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

	Group 2018 $'000	2017 $'000
Additions of property, plant and equipment	**11,216**	8,400
Payable for property, plant and equipment	**(159)**	(183)
Cash payments to acquire property, plant and equipment	**11,057**	8,217

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	2017
	$'000	$'000
Unquoted equity shares, at cost	**184,793**	184,793
Quasi-equity loan	**50,244**	50,244
At beginning of financial year	**235,037**	235,037
Less: Allowance for impairment	**(165,746)**	(164,276)
At end of financial year	**69,291**	70,761

The movements in the allowance for impairment are as follows:

	Company	
	2018	2017
	$'000	$'000
At beginning of financial year	**164,276**	164,276
Addition during the financial year	**1,470**	–
At end of financial year	**165,746**	164,276

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.

Impairment test for investment in subsidiaries

Management has assessed the recoverable amounts of EEL group and ESA Electronics Pte. Ltd. at the end of the financial year based on fair value less costs to sell method.

EEL group

The management performed an impairment test for investment in EEL as this subsidiary had been persistently making losses. During the current financial year, an impairment loss of $1,470,000 (2017: Nil) has been recognised in profit or loss with regards to its quasi-equity loan to EEL.

ESA Electronics Pte. Ltd.

The Company's carrying amount of its cost of investment in ESA Electronics Pte. Ltd. ("ESA") as at 30 April 2018 amounted to $5,310,000, impairment loss amounted to $16,725,000 has been recognised in prior years.

Management performed an impairment test for the investment in ESA Electronics Pte. Ltd. ("ESA"). The recoverable amount has been computed based on the price/earnings ratio as of September 2018 of 9.788 with reference to several listed companies with businesses similar in scopes and operations of ESA, adjusted for marketability discount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018 (CONTINUED)

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Details of significant subsidiaries held by the Company are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective equity interest held by Group 2018 %	2017 %
Ipco Constructors Private Limited[(1)]	Engineering, construction and warehousing	Singapore	**100**	100
Friendship Bridge Holding Company Private Limited[(1)]	Investment securities trading	Singapore	**100**	100
Nueviz Investment Private Limited[(1)]	Investment securities trading	Singapore	**100**	100
ESA Electronics Pte. Ltd.[(2)]	Trading and providing consultancy services in semi-conductor industry	Singapore	**81.25**	81.25
Ipco International Construction Limited[#]	Dormant	Hong Kong	**100**	100
Millgate Asia Limited[#]	Dormant	Hong Kong	**100**	100
Ipco Constructors Sdn. Bhd.[#]	Engineering, construction and infrastructure development	Malaysia	**100**	100
Ipco Sdn. Bhd.[#]	Investment holding	Malaysia	**100**	100
Ambico Sendirian Berhad[#]	Dormant	Brunei	**100**	100
Ipco-Prebumi (B) Sendirian Berhad[#]	Under liquidation	Brunei	**70**	70
Ipco Contractors (S.A.)[#]	Dormant	British Virgin Islands	**100**	100
Excellent Empire Limited[(4)]	Investment holding	British Virgin Island	**100**	100
Held by Ipco Contractors (S.A.):				
Ipco China Gas Pipelines Limited[#]	Dormant	British Virgin Islands	**70**	70
Held by Ipco Sdn. Bhd.:		Malaysia		
Gulf Asia Holdings Ltd[#]	Dormant		**100**	100
Held by ESA Electronics Pte Ltd:				
ESA Assembly Pte. Ltd.[(2)]	Manufacturers, assemblers, installers, maintainers, repairers of and dealers in electronic components	Singapore	**81.25**	81.25

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Details of significant subsidiaries held by the Company are as follows (Continued):

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective equity interest held by Group 2018 %	2017 %
Held by Excellent Empire Limited:				
Capri Investment L.L.C.[(4)]	Residential estate development	United States of America	**100**	100
China Environmental Energy Protection Investment Limited[(4)]	Investment holding	Samoa	**100**	100
Grand Prosper Group Limited[(4)]	Investment holding	Hong Kong	**75**	75
Held by China Environmental Energy Protection Investment Limited:				
Hubei Zonglianhuan Energy Investment Management Inc.[(3)](d)	Providing management services	People's Republic of China	**65**	85
Held by Hubei Zonglianhuan Energy Investment Management Inc.:				
Anlu Jiaxu Natural Gas Company Limited[(3)]	Natural gas distribution	People's Republic of China	**65**	85
Dawu Jiaxu Natural Gas Company Limited[(3)]	Natural gas distribution	People's Republic of China	**65**	85
Xiaochang Jiaxu Natural Gas Company Limited[(3)]	Natural gas distribution	People's Republic of China	**65**	85
Guangshui Zhong Huan Gas Development Co., Ltd[(3)]	Natural gas distribution	People's Republic of China	**65**	85
Weihai Nanhai Zhong Huan Natural Gas Co., Ltd[(3)#]	Dormant	People's Republic of China	**58.5**	76.5
Hai Yang Zhong Huan Natural Gas Co., Ltd[(3)#]	Dormant	People's Republic of China	**58.5**	76.5
Rushan Zhong Huan Natural Gas Co., Ltd[(3)#]	Dormant	People's Republic of China	**58.5**	76.5
Sino Gas Holdings Pte. Limited[(1)]	Investment holding	Singapore	**58.5**	76.5

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Details of significant subsidiaries held by the Company are as follows (Continued):

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective equity interest held by Group 2018 %	2017 %
Held by Anlu Jiaxu Natural Gas Company Limited:				
Anlu Jiaxu Natural Gas WeiHuo Transportation Company Limited[3]	Transportation of natural gas	People's Republic of China	**65**	85
Held by Grand Prosper Group Limited:				
Deshi Oil and Gas Exploration Co., Ltd#	Dormant	People's Republic of China	**67.5**	67.5

Notes:

[1] Audited by Baker Tilly TFW LLP
[2] Audited by RSM Chio Lim LLP
[3] Audited by BDO China Shu Lun Pan CPAs LLP, People's Republic of China
[4] Engaged to audit by Baker Tilly TFW LLP for consolidation purposes
Not considered as a significant subsidiary as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

In accordance with Rule 716 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and the Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

(b) Incorporation of subsidiary

On 13 May 2016, HZLH incorporated Rushan Zhong Huan Natural Gas Co., Ltd, a 90% equity interest subsidiary with an authorised registered capital of RMB30 million in the People's Republic of China 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.

(c) Internal restructuring

In previous 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(d) Dilution of interests in a subsidiary without loss on control

The equity ownership of HZLH by the Group is determined to be 65% following investigation done by the current Board of Directors in connection with the sale of HZLH shares by CEEP in March 2015 to He Shun, a limited partnership formed by key employees of HZLH. Based on the legal advice obtained, the Group's ownership of HZLH is stated at 65% and not 85% as previously reported.

The Board reviewed the agreements, resolutions and legal advice relating to the previously referred Employee Share Scheme ("ESS"). The Board would like to note the following timeline relating to the ESS:

The Agreements and Amendments between China Environmental Energy Protection Investment Limited ("CEEP") and Xiaogan He Shun Investment Management Centre LLP ("He Shun")

1. On 10 March 2015, CEEP, a fully owned subsidiary of the Group entered into a share disposal agreement with He Shun for 16 million registered capital in Hubei Zonglianhuan Energy Investment Management Inc. ("HZLH") for the consideration of RMB28 million, representing a disposal of 20% equity interest to He Shun. An initial payment of 5% of consideration was to be made within 30 days of execution of the agreement. The shares were transferred on 31 March 2015 before the first payment of RMB1.4 million was made on 1 June 2015 followed by RMB600,000 on 20 January 2016.
2. On 21 May 2015, an amendment was made to the agreement to increase the consideration to RMB28.8 million with the rest of the terms and conditions remaining unchanged.
3. On 21 May 2015, a supplementary agreement was made to the agreement to allot 5 million from the 16 million registered capital of HZLH to its 8* key executives. The balance of 11 million shares under the custody of Mr On Wang Sang who is the General Partner of He Shun will be reserved for future allocation to other HZLH employees.

The CEEP Circular Resolution dated 22 May 2015

On 22 May 2015, CEEP resolved that a disposal of 6.25% equity interest (RMB5 million) was made to He Shun for the consideration of RMB 9 million, which is a RMB 4 million premium over the equity interest. The 6.25% equity interest received by He Shun is to be distributed to HZLH's current senior management. A deposit of 5% of consideration is to be paid within 30 days of 22 May 2015 with the balance to be settled within 3 years. The consideration for the disposal of equity interest being RMB1.80 per share, which is equivalent to the net asset value per share of HZLH at that time. In this respect, it was resolved that the equity will be held by CEEP (78.75%), Guangzhou City Qiu Sheng Energy Investment Co., Ltd (5%), He Shun (6.25%) and Mr On Wang Sang (10%)**.

Comments by the current Board of Directors ("the Board")

CEEP resolution is self-contradicting as its 20% equity of HZLH shares were already disposed to He Shun on 10 March 2015. He Shun is a limited partnership and is not under the control of CEEP. As such, the CEEP resolution has no bearing on the share ownership of He Shun.

Declaration of Trust by General Partner of He Shun

On 20 June 2016, Mr On Wang Sang as General Partner of He Shun, declared in a letter to BDO LLP that for the period 10 March 2015 to 20 June 2016, 11 million shares representing a 13.75% interest of HZLH was held on trust on behalf of CEEP.

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(d) Dilution of interests in a subsidiary without loss on control (Continued)

This is contrary to the share disposal agreement between He Shun and CEEP in 2015 which stated that the General Partner would hold the unallocated shares in trust for He Shun.

Legal opinion dated 3 August 2016 by Shanghai Shen Da (Wuhan)

On 3 August 2016, the Company received legal advice from Shanghai Shen Da (Wuhan) Law Firm with its key findings below:

a. The equity transfer from CEEP to He Shun was completed on 31 March 2015. CEEP cannot rely on the letter of trust declaration to claim it owns the shares that have already been disposed to He Shun; and
b. Under the Share Disposal Agreement, CEEP and He Shun can resolve any monetary dispute on the shares disposed in the Agreement through mediation or court process under the Laws of the People's Republic of China.

However, the records that the Board currently has access to may not be complete and as such reserves the right to amend and/or re-state if additional documentation is discovered which provides further clarification on the ESS.

* *10 Key executives rather than 8 were admitted as partners of He Shun.*
** *A 10% equity interest in HZLH was disposed to Mr On Wang Sang for a consideration of RMB14.4 million.*

The effects of dilution of interests in HZLH without loss on control are summarised as follows:

	Group $'000
Consideration from sale of HZLH (RMB 28,800,000)	6,025
Less: Carrying amount of non-controlling interests	(5,089)
Excess recognised in equity attributable to equity holders of the Company	936

As at 30 April 2018, the balance receivable from He Shun amounting to $5,606,000 (RMB 26,800,000) after off-setting of the deposit of RMB2,000,000 received in 2017. As disclosed in Note 18(c), the balance has been impaired.

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FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(e) Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information in relation to the subsidiaries that have non-controlling interests ("NCI") that are material to the Group. The summarised financial information is presented before inter-company eliminations.

	Hubei Zonglianhuan Energy Investment Management Inc. and its subsidiaries		Grand Prosper Group Limited and its subsidiary		ESA Electronics Pte. Ltd. and its subsidiary	
	2018	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Summarised statements of profit or loss and other comprehensive income						
Revenue	**35,201**	29,409	**–**	–	**23,421**	17,005
Profit/(loss) before income tax	**4,950**	4,883	**(3,265)**	1,327	**2,391**	(451)
Income tax expense	**(1,266)**	(1,640)	**–**	–	**45**	(37)
Profit/(loss) after income tax	**3,684**	3,243	**(3,265)**	1,327	**2,436**	(488)
Profit/(loss) allocated to NCI	**1,276**	460	**(818)**	332	**457**	(92)
Other comprehensive (loss)/ income allocated to NCI	**1,153**	(270)	**(2)**	35	**–**	–
Total comprehensive income/ (loss) allocated to NCI	**2,429**	190	**(820)**	367	**457**	(92)
Summarised statements of financial position						
Assets						
Current assets	**6,318**	6,158	**88**	219	**13,922**	11,232
Non-current assets	**75,830**	65,726	**6**	21	**1,190**	1,233
Liabilities						
Current liabilities	**(31,962)**	(24,913)	**(8,160)**	(8,251)	**(6,763)**	(6,552)
Non-current liabilities	**(10,018)**	(11,733)	**(43,700)**	(43,413)	**–**	–
Net assets/(liabilities)	**40,168**	35,238	**(51,766)**	(51,424)	**8,349**	5,913
Accumulated non-controlling interests	**13,992**	5,254	**(13,138)**	(13,131)	**1,565**	1,109
Summarised statements of cash flows						
Cash flows generated from/ (used in) operating activities	**10,335**	1,877	**–***	(155)	**918**	510
Cash flows (used in)/ generated from investing activities	**(11,065)**	(392)	**–**	153	**(7)**	37
Cash flows used in financing activities	**(288)**	(241)	**–**	–	**–**	(2,580)
Net cash (outflows)/inflows	**(1,018)**	1,244	**–***	(2)	**911**	(2,033)

* Amount below $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018 (CONTINUED)

14. JOINT VENTURES

(a) Investments in joint ventures comprise:

	Group and Company	
	2018	2017
	$'000	$'000
Unquoted equity investments, at carrying value	**–**	–

(b) Details of joint ventures are as follows:

Name of company	Principal activities	Country of incorporation and operations	Effective equity interest held by Group 2018	2017
			%	**%**
Unincorporated				
MMCE-Ipco-MURPHY joint venture[1]	Dormant	Malaysia	**33**	33
Ipco-ASAL joint venture[1]	Dormant	Malaysia	**70**	70
Ipco-G&C joint venture[1]	Under voluntary liquidation	Thailand	**50**	50

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

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
At beginning of financial year	**707**	1,118	**540**	580
Impairment loss recognised in profit or loss	**(167)**	(408)	**–**	(40)
Exchange translation difference	**–**	(3)	**–**	–
At end of financial year	**540**	707	**540**	540

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FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

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

Available-for-sale financial assets comprise the following:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Mutual fund, at fair value	**–**	167	**–**	–
Quoted equity securities, at fair value	**540**	540	**540**	540
	540	707	**540**	540

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.

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

16. INVENTORIES

	Group	
	2018	2017
	$'000	$'000
Work-in-progress	**2,630**	2,441
Saleable merchandise	**30**	26
Land held for sale	**–**	10,495
	2,660	12,962

The cost of inventories recognised as an expense and included in "raw materials and consumables used" amounted to $12,825,000 (2017: $10,930,000).

During the current financial year, land held for sale was classified to development property (Note 17).

17. DEVELOPMENT PROPERTY

	Group	
	2018	2017
	$'000	$'000
At beginning of financial year	**–**	–
Transfer from inventories (Note 16)	**10,495**	–
Exchange translation difference	**(364)**	–
	10,131	–
Representing:		
Unsold development property		
Land at cost	**9,888**	–
Development costs	**243**	–
	10,131	–

The development property comprises a parcel of land which is located near the cities of Seattle and Tacoma in the state of Washington, USA and is currently in the planning stage of its next phase of its Falling Water Project.

As of 30 April 2018, the Group has reclassified the Falling Water project as development property. The Falling Water planned preliminary plat/planned development district ("PDD"), originally approved in 1997, granted Capri entitlements to develop 979 residential lots and non-residential uses subject to conditions set out in a 2003 Major Amendment and yearly extensions of the preliminary plat approval. The development property that Capri has for sale are Tax Parcels which are "sewn together" to form the PDD and are subject to the additional conditions imposed by the Hearing Examiner on 28 March 2018.

On 28 March 2018, the Hearing Examiner released his decision granting the twenty-first annual extension of the preliminary plat, with conditions. The major conditions imposed by the Hearing Examiner are:

1. Residential lots capped at 592 units, all of which are for detached single-family homes.
2. Compliance timeline for completion of Phases 1-10 of the Preliminary Plat/PDD approval for Falling Water consisting of 261 residential lots; future annual extensions will be granted through buildout as long as compliance with the timeline is achieved.
3. Tracts designated for future development shall be evaluated for non-residential uses permitted in the underlying zoning at the time of application. With the extension having been granted, Capri is now focused on completing the engineering work plans required as per the extension approval and compliance timeline, which include boundary and topographic design surveys, design and approval of the large on-site sewerage system and the attendant approval-in-principle from Washington State Department of Health ("DOH").

When final engineering construction plans are completed, Capri will be in a position to commence marketing the 261 residential lots to local home builders. The engineering works is between nine to twelve months, depending on the availability of the sub-consultants and the approval process of the DOH.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

18. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2018	2017	**2018**	2017
		$'000	$'000	**$'000**	$'000
Non-current					
Non-trade receivables					
- third party	(a)(i)	**3,972**	4,188	**3,972**	4,188
- key management personnel	(a)(ii)	**–**	2,694	**–**	–
- advance payments for construction of plant and equipment		**331**	252	**–**	–
Less: Allowance for doubtful receivables	(e)	**(3,972)**	(4,188)	**(3,972)**	(4,188)
Total non-current receivables		**331**	2,946	**–**	–
Current					
Trade receivables					
- third parties	(b)	**5,295**	3,653	**–**	–
Less: Allowance for doubtful receivables	(e)	**(378)**	(259)	**–**	–
		4,917	3,394	**–**	–
Non-trade receivables					
- third parties	(c)	**26,279**	20,818	**10,527**	10,859
- key management personnel	(a)(ii)	**2,824**	–	**–**	–
Less: Allowance for doubtful receivables	(e)	**(21,894)**	(16,553)	**(10,527)**	(10,698)
		7,209	4,265	**–**	161
Due from subsidiaries	(d)	**–**	–	**82,475**	81,568
Less: Allowance for doubtful receivables	(e)	**–**	–	**(81,394)**	(17,527)
		–	–	**1,081**	64,041
Goods and services tax recoverable, net		**452**	12	**19**	–
Prepayments		**1,850**	1,464	**17**	20
Rental, utilities and other deposits		**391**	175	**40**	10
Staff advances		**51**	29	**2**	7
		2,744	1,680	**78**	37
Total current receivables		**14,870**	9,339	**1,159**	64,239
Total trade and other receivables		**15,201**	12,285	**1,159**	64,239

(a)(i) The non-current non-trade receivable relates to 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.

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a)(ii) The amount due from Mr On Wang Sang arising from consideration receivable from the disposal of HZLH shares by CEEP remains payable and not impaired due to the Directors' assessment of Mr On's ability to make payment in the short term. The Directors are in negotiation with Mr On to resolve the outstanding payment.

(b) Trade receivables due from third parties are non-interest bearing and generally have credit terms of 30 to 90 days (2017: 30 to 90 days).

(c) The current non-trade receivables due from third parties included an amount of $9,535,000 (2017: $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.

As of 30 April 2018, the current non-trade receivables due from third parties included an amount of $5,606,000 (2017: $Nil) arising from the disposal of 20% equity interest in HZLH to a third party with a payment term of 3 years (Note 28(a)) and will expire in 2019. The amount was fully impaired during the financial year ended 30 April 2018 based on the recoverability assessment performed by the management.

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

(d) The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand and to be settled in cash except for an amount of approximately $Nil (2017: $9,646,000), which bears interest at Nil (2017: 18%) per annum.

(e) Allowances made in respect of estimated irrecoverable amounts are determined based on the recoverability assessment performed by the management.

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

	Group	
	2018	2017
	$'000	$'000
At beginning of financial year	**259**	267
Allowance made/(reversed) during the financial year	**133**	(17)
Exchange translation difference	**(14)**	9
At end of financial year	**378**	259

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 2018
(CONTINUED)

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
At beginning of financial year	**20,741**	21,095	**32,413**	33,836
Allowance made/(reversed) during the financial year	**5,716**	(155)	**62,709**	181
Doubtful receivables written off against allowance made	**–**	(550)	**–**	(550)
Exchange translation difference	**(591)**	351	**771**	(1,054)
At end of financial year	**25,866**	20,741	**95,893**	32,413
Third parties	**25,866**	20,741	**14,499**	14,886
Subsidiaries	**–**	–	**81,394**	17,527
	25,866	20,741	**95,893**	32,413

Included in the Company's allowance made during the financial year is amount of $62,682,000 being allowance for doubtful receivables from EEL.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Singapore dollar	**1,484**	1,317	**472**	23,873
United States dollar	**7,410**	5,704	**687**	40,364
Renminbi	**6,270**	5,176	**–**	–
Others	**37**	88	**–**	2
	15,201	12,285	**1,159**	64,239

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

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
At beginning of financial year	**51**	65	**14**	32
Fair value loss	**(8)**	(14)	**(5)**	(18)
At end of financial year	**43**	51	**9**	14

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

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

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Held for trading				
Listed securities:				
- equity securities (Singapore)	**41**	49	**9**	14
- equity securities (Malaysia)	**2**	2	**–**	–
At end of financial year	**43**	51	**9**	14

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

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Fixed deposit	**3**	3	**3**	3
Cash and bank balances	**8,487**	9,033	**95**	71
As per statements of financial position	**8,490**	9,036	**98**	74
Bank overdrafts (Note 24)	**(1,606)**	(2,089)	**–**	–
Cash pledged for bank facilities (Note 24)	**(2,600)**	(2,600)	**–**	–
As per consolidated statements of cash flows	**4,284**	4,347	**98**	74

Cash and bank balances of the Group amounting to $2,600,000 (2017: $2,600,000) were pledged to banks to secure credit facilities granted to the subsidiaries (Note 24).

Fixed deposit with a financial institution mature at 4 months (2017: 4 months) from the end of the financial year with an interest rate of 0.15% (2017: 0.15%) per annum.

Significant restriction

Cash and bank balances of approximately $3,215,000 (2017: $4,233,000), equivalent to RMB15,366,000 (2017: RMB20,910,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

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(CONTINUED)

20. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Singapore dollar	**3,032**	3,003	**91**	73
United States dollar	**2,140**	1,466	**7**	1
Renminbi	**3,214**	4,233	**–**	–
Others	**104**	334	**–**	–
	8,490	9,036	**98**	74

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Non-current				
Other payables (Note 28(a))	**–**	367	**–**	–
Current				
Trade payables				
- third parties	**2,874**	1,741	**–**	–
Non-trade payables				
- third parties (a)	**5,710**	1,648	**368**	725
- subsidiaries	**–**	–	**6,482**	6,242
- key management personnel (b)	**317**	432	**16**	166
- payable for property, plant and equipment	**9,782**	9,623	**–**	–
Advance payments received from customers	**8,868**	7,876	**–**	–
Accrued operating expenses	**3,412**	4,084	**136**	213
	28,089	23,663	**7,002**	7,346
Total current payables	**30,963**	25,404	**7,002**	7,346
Total trade and other payables	**30,963**	25,771	**7,002**	7,346

Trade payables are non-interest bearing and are generally settled on 60 to 90 days (2017: 60 to 90 days) terms.

Except for an amount of $379,000 (2017: $250,000) due to a subsidiary of the Company with interest charge at 7.5% to 8.5% (2017: 7.5% to 8.5%) per annum, the current non-trade payables are unsecured, interest-free and repayable on demand and to be settled in cash.

The Company has written back the following amounts during the financial year:

(a) $250,000, being balance of security deposit payable to a third party in relation to the Company's investment activity; and

(b) $45,000 and $20,000, being staff disputed benefit payable to a former director and the former key management personnel of the Group.

Included in amount payable to key management personnel is balance due to a former director amounted to $15,000. Subsequent to year end, a former key management personnel informed the auditor the compensation owing to him under the terms of his employment contract. A discrepancy amounted to $1,025,000 has been brought to the attention of the Board. The Company as of date of this report has not been served a writ of summons, however has sought preliminary legal advice from its lawyers. No provision has been recorded in the financial statements as at 30 April 2018.

21. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Singapore dollar	**2,523**	543	**6,196**	6,578
United States dollar	**660**	2,496	**–**	–
Riggit Malaysia	**3,181**	3,031	**806**	768
Renminbi	**24,373**	19,501	**–**	–
Others	**226**	200	**–**	–
	30,963	25,771	**7,002**	7,346

22. PROVISIONS

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Provision for employee benefits	**7**	206	**7**	206
Provision for Directors' fees	**87**	88	**68**	88
	94	294	**75**	294

Movements in provisions during the financial year:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
At beginning of financial year	**294**	283	**294**	283
Provisions made during the financial year	**94**	294	**75**	294
Write-back during the financial year	**(205)**	–	**(205)**	–
Amount utilised during the financial year	**(89)**	(283)	**(89)**	(283)
At end of financial year	**94**	294	**75**	294

During the financial year, the Company has written back the provision for employee benefits so as to be in compliance with the Company's staff employee personnel policies.

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(CONTINUED)

23. FINANCE LEASE LIABILITIES

	Minimum lease payments $'000	Future finance charges $'000	Present value of minimum lease payments $'000
Group and Company			
2018			
Within one year	2	–	2
After one year but within five years	–	–	–
	2	**–**	**2**
2017			
Within one year	47	(1)	46
After one year but within five years	2	–	2
	49	(1)	48

The finance leases are repayable in 1 year.

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% (2017: 3.48% to 4.30%) per annum.

Interest rates are fixed at the contract date, and thus expose the Group and 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.

24. BORROWINGS

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Secured				
Bank borrowings	**18,014**	17,715	**–**	–
Bank overdrafts	**1,606**	2,089	**–**	–
	19,620	19,804	**–**	–
Unsecured				
Loans from business associates	**535**	820	**–**	–
Loan from third party	**200**	–	**200**	–
Total borrowings	**20,355**	20,624	**200**	–
Less: Amount due for settlement within 12 months	**(10,337)**	(8,891)	**(200)**	–
Amount due for settlement after 12 months	**10,018**	11,733	**–**	–

24. BORROWINGS (CONTINUED)

(a) The bank borrowings of the Group included amount of $18,014,000 (2017: $17,715,000) which are secured by property, plant and equipment (Note 12). Interest is charged at 4.57% to 6.95% (2017: 4.57% to 6.95%) per annum.

(b) Bank overdrafts are secured by cash pledged as disclosed in Note 20. Interest is charged at 5% (2017: 5%) per annum.

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

(d) The loan from third party are unsecured with fixed interest charged at 12% (2017: Nil) per annum.

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

(f) Borrowings are denominated in the following currencies:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Singapore dollar	**1,806**	2,089	**200**	–
United States dollar	**535**	820	**–**	–
Renminbi	**18,014**	17,715	**–**	–
	20,355	20,624	**200**	–

(g) Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Bank loans	Finance lease liabilities	Loan from third party	Total
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 May 2017	**17,715**	48	**–**	17,763
Changes from financing cash flows:				
- Proceeds	**5,752**	–	**200**	5,952
- Repayments	**(6,040)**	(46)	**–**	(6,086)
- Interest paid	**(1,014)**	(1)	**(18)**	(1,033)
Non-cash changes:				
- Interest expense	**1,014**	1	**18**	1,033
Effect of changes in foreign exchange rates	**587**	–	**–**	587
Balance at 30 April 2018	**18,014**	**2**	**200**	**18,216**

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25. 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. In the previous financial year, the Group agreed to extend the loan repayment together with interest due to 31 December 2020 will all other terms of the agreement remained unchanged. The net principal and interest receivable on the convertible loan of $81,000 (2017: $81,000) were fully impaired during the financial year ended 30 April 2018 based on the recoverability assessment performed by the management. The Company's lawyers have written to the Borrower demanding payment in default of the loan agreement. The Board in consultation with its lawyers are assessing further legal options.

Movement in allowance for impairment loss during the financial year:

	Group	
	2018	2017
	$'000	$'000
At beginning of financial year	**1,248**	1,167
Allowance made during the financial year	**81**	81
At end of financial year	**1,329**	1,248

26. DEFERRED TAX

Deferred tax assets

	Group	
	2018	2017
	$'000	$'000
At beginning of financial year	**910**	1,282
Transfer from/(to) profit or loss	**52**	(358)
Exchange translation difference	**17**	(14)
At end of financial year	**979**	910

Deferred tax assets are attributable to the following:

	Group	
	2018	2017
	$'000	$'000
Property, plant and equipment	**980**	505
Unutilised tax losses	**149**	424
Others	**(150)**	(19)
	979	910

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26. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	Group	
	2018	2017
	$'000	$'000
At beginning of financial year	**8,706**	8,823
Transfer to profit or loss	**(443)**	(455)
Exchange translation difference	**(440)**	338
At end of financial year	**7,823**	8,706

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 $3,374,000 (2017: $2,410,000). 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.

27. SHARE CAPITAL

	Group and Company			
	2018		2017	
	Number of shares $'000	**Issued share capital $'000**	Number of shares $'000	Issued share capital $'000
Issued and fully paid with no par value				
At beginning of financial year	**5,300,800**	**264,227**	5,100,800	263,687
Issuance of ordinary shares of the Company	**880,000**	**1,584**	200,000	540
At end of financial year	**6,180,800**	**265,811**	5,300,800	264,227

The Company has one class of ordinary shares which carries no right to fixed income. The equity holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company have no par value and carry one vote per share without restriction.

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28. OTHER RESERVES

		Group		Company	
		2018	2017	**2018**	2017
		$'000	$'000	**$'000**	$'000
Attributable to equity holders of the Company					
Foreign exchange translation reserve	(b)	**(13,680)**	(14,654)	**–**	–
Capital reduction reserve	(c)	**1,961**	1,961	**1,961**	1,961
Equity - NCI	(d)	**(7,285)**	(8,919)	**–**	–
		(19,004)	(21,612)	1,961	1,961
Non-controlling interest					
Share-based payment reserve	(a)	**–**	731	**–**	–

(a) Share-based payment reserve

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

As disclosed in Director's statement and Note 13(d), the Board of Directors based on legal advice believes the transaction between CEEP and He Shun should not have been deemed as a share-based payment but rather a disposal of shares in a subsidiary. However, the below is an extract from the FY17 Annual Report Page 76.

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 21). 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.

28. OTHER RESERVES

(a) Share-based payment reserve (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 $Nil (2017: $226,000) was recognised in profit or loss (Note 6) 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 Group has recognised the impact of the dilution in shareholding from 85% to 65% in the current financial year, and an adjustment amounting to $5,089,000 and $936,000 has been recognised to the Non-controlling interest in the statement of financial position and Equity - NCI respectively in the consolidated statement of changes in equity in the current financial year.

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

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29. SIGNIFICANT RELATED PARTY TRANSACTIONS

Some of the Group's and the Company's transactions and arrangements are between entities of the Group and with related parties, the effects of which, on basis determined between the parties, are reflected in these consolidated financial statements. The balances with these parties are unsecured, interest-free and repayable on demand unless stated otherwise.

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

	Group	
	2018	2017
	$'000	$'000
With key management personnel		
Loan repayment	**–**	120

30. COMMITMENTS

Operating lease commitments - as lessee

At the end of the financial year, the commitments in respect of non-cancellable operating leases for the rental of office premises from non-related parties were as follows:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Not later than one financial year	**461**	508	**84**	143
Later than one financial year but not later than five financial years	**383**	904	**42**	209
	844	1,412	**126**	352

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	
	2018	2017
	$'000	$'000
Acquisition of property, plant and equipment	**1,663**	482

Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities as follows:

(a) Amount payable to the former key management personnel of the Company (Note 21(b) and Note 22). The Company received writ of summons on 28 June 2018. Please refer to Note 35 for maximum amounts of contingent liabilities;
(b) Amount confirmed by a former key management personnel of the Comapny (Note 21); and
(c) Balance of security deposit payable to a third party amounting to $250,000, in relation to the Company's investment activity. Claim for the return of the balance of security deposit is time-barred.

31. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors.

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.

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.

Geographic segments

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.

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(CONTINUED)

31. SEGMENT INFORMATION (CONTINUED)

Geographic segments (Continued)

- 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.

Information about major customer

Revenue is derived from Nil (2017: 1) external customer who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

		Group	
		2018	2017
		$'000	$'000
	Attributable segment		
Customer 1	Electronics and trading	**–**	4,691

31. **SEGMENT INFORMATION (CONTINUED)**

Analysis by business segment (continued)

	Infrastructure development and turnkey construction		Property development		Gas distribution		Electronics and trading		Investment securities trading		Corporate and others		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue														
Sale to customers	**–**	-	**–**	-	**35,201**	29,409	**23,421**	17,005	**–**	–	**–**	–	**58,622**	46,414
Other revenue	**142**	712	**584**	-	**199**	893	**102**	240	**82**	46	**283**	422	**1,392**	2,313
	142	712	**584**	-	**35,400**	30,302	**23,523**	17,245	**82**	46	**283**	422	**60,014**	48,727
Inter-segment revenue	**(102)**	(147)	**–**	-	**–**	–	**–**	–	**–**	–	**–**	–	**(102)**	(147)
Total external revenue	**40**	565	**584**	-	**35,400**	30,302	**23,523**	17,245	**82**	46	**283**	422	**59,912**	48,580
Segment profit/(loss)	**(906)**	379	**442**	(141)	**(26,063)**	3,701	**2,528**	(322)	**83**	(178)	**(2,092)**	(1,308)	**(26,008)**	2,131
Interest income	**–**	-	**–**	-	**164**	11	**42**	41	**81**	81	**1**	1	**288**	134
Interest expenses	**–**	-	**–**	-	**(966)**	(515)	**(88)**	(77)	**–**	–	**(23)**	(3)	**(1,077)**	(595)
Profit/(loss) before income tax	**(906)**	379	**442**	(141)	**(26,865)**	3,197	**2,482**	(358)	**164**	(97)	**(2,114)**	(1,310)	**(26,197)**	1,670
Income tax (expense)/ credit	**–**	-	**–**	-	**(823)**	(1,108)	**45**	(37)	**–**	(32)	**17**	-	**(761)**	(1,177)
Profit/(loss) for the financial year	**(906)**	379	**442**	(141)	**(27,688)**	2,089	**2,527**	(395)	**164**	(129)	**(2,097)**	(1,310)	**(27,558)**	493
Non-controlling interests	**–**	-	**–**	-	**(458)**	(795)	**(457)**	92	**–**	-	**–**	1	**(915)**	(702)
Profit/(loss) attributable to owners of parent	**(906)**	379	**442**	(141)	**(28,146)**	1,294	**2,070**	(303)	**164**	(129)	**(2,097)**	(1,309)	**(28,473)**	(209)

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(CONTINUED)

31. SEGMENT INFORMATION (CONTINUED)

Analysis by business segment (continued)

	Infrastructure development and turnkey construction		Property development		Gas distribution		Electronics and trading		Investment securities trading		Corporate and others		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Segment assets and liabilities														
Segment assets	**20**	90	**13,045**	13,332	**107,749**	122,139	**14,733**	12,215	**30**	54	**738**	2,675	**136,315**	150,505
Segment liabilities	**525**	254	**939**	1,024	**42,247**	46,156	**6,763**	6,552	**193**	221	**1,540**	2,156	**52,207**	56,363
Capital expenditure	**–**	–	**–**	–	**11,139**	8,706	**91**	40	**–**	–	**–**	–	**11,230**	8,746
Allowance made for doubtful receivables	**–**	–	**–**	–	**5,707**	14	**142**	(31)	**81**	81	**–**	–	**5,930**	64
Amortisation of intangible assets	**–**	–	**–**	–	**1,324**	1,357	**–**	–	**–**	–	**–**	–	**1,324**	1,357
Depreciation of property, plant and equipment	**–**	–	**–**	–	**2,755**	2,596	**208**	200	**–**	–	**91**	91	**3,054**	2,887
Impairment loss of intangible assets	**–**	–	**–**	–	**45,971**	–	**–**	–	**–**	–	**–**	–	**22,987**	–
Allowance for impairment loss of available-for-sale financial assets	**–**	–	**–**	–	**167**	368	**–**	–	**–**	–	**–**	40	**167**	408
Share-based payment	**–**	–	**–**	–	**–**	226	**–**	–	**–**	–	**–**	–	**–**	226

31. SEGMENT INFORMATION (CONTINUED)

Analysis by geographic segments

Geographic segments	Singapore		People's Republic of China		United States of America		Taiwan		The Philippines		Europe		Others		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Sales to external customers	**5,944**	5,828	**36,337**	30,262	**719**	965	**8,834**	3,108	**3,348**	94	**1,550**	3,808	**1,890**	2,349	**58,622**	46,414
Others	**468**	760	**199**	893	**584**	–	**–**	–	**–**	–	**–**	–	**39**	513	**1,290**	2,166
Total external revenue	**6,412**	6,588	**36,536**	31,155	**1,303**	965	**8,834**	3,108	**3,348**	94	**1,550**	3,808	**1,929**	2,862	**59,912**	48,580
Segment assets	**15,034**	13,212	**106,914**	123,889	**13,044**	13,332	**–**	–	**–**	–	**–**	–	**1,323**	72	**136,315**	150,505
Segment liabilities	**8,533**	8,981	**42,247**	46,157	**939**	1,024	**–**	–	**–**	–	**–**	–	**488**	201	**52,207**	56,363
Capital expenditure	**91**	41	**11,139**	8,705	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**11,230**	8,746
Non-current assets	**725**	927	**97,546**	113,627	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**98,271**	114,554

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

During the financial years of 2018 and 2017, there were no inter-segment sales between the geographic segments.

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32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial instruments at end of reporting period are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Financial assets				
Available-for-sale financial assets	**540**	707	**540**	540
Financial assets, at fair value through profit or loss	**43**	51	**9**	14
Loans and receivables (including cash and cash equivalents)	**21,058**	19,593	**1,221**	64,293
	21,641	20,351	**1,770**	64,847
Financial liabilities				
Trade and other payables	**22,095**	17,895	**7,002**	7,346
Finance lease liabilities	**2**	48	**2**	48
Borrowings	**20,355**	20,624	**200**	–
	42,452	38,567	**7,204**	7,394

(b) Financial risk management

The Group's overall risk management framework is set by the Board of Directors of the Company which sets out the Group's overall business strategies and its risk management philosophy. The Group's overall risk management approach seeks to minimise the adverse effects from the volatility of financial markets on the Group's financial performance.

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

Market risks (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk exposures are measured using sensitivity analysis indicated below.

(i) Market risk

Foreign exchange risk

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

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Monetary assets				
Singapore dollar	**2,284**	7,608	**–**	–
United States dollar	**28,649**	66,689	**9,985**	49,947
Renminbi	**5,042**	10,302	**–**	–
Hong Kong dollar	**74**	2,560	**60**	64
Euro	**66**	277	**–**	–
Others	**100**	209	**–**	–
Monetary liabilities				
Singapore dollar	**33,780**	33,814	**–**	–
United States dollar	**10,668**	10,115	**7,428**	7,833
Ringgit Malaysia	**6,152**	5,934	**807**	842
Renminbi	**1**	376	**–**	–
Euro	**109**	129	**–**	–
Others	**182**	144	**–**	–

32. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Market risk (Continued)

Foreign exchange risk (Continued)

Sensitivity analysis for foreign exchange risk

The Group is 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% (2017: 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:

	Increase/(Decrease) Profit or (loss)	
	2018	2017
	$'000	$'000
Group		
Singapore dollar		
Strengthen against United States dollar	**3,150**	(2,621)
Weaken against United States dollar	**(3,150)**	2,621
United States dollar		
Strengthen against Singapore dollar	**(1,798)**	5,657
Weaken against Singapore dollar	**1,798**	(5,657)
Renminbi		
Strengthen against Singapore dollar	**(504)**	993
Weaken against Singapore dollar	**504**	(993)
Company		
United States dollar		
Strengthen against Singapore dollar	**(256)**	4,211
Weaken against Singapore dollar	**256**	(4,211)

Price risk

The Group is exposed to equity risks arising from equity investments classified as financial assets at fair value through profit or loss and 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 15 and 19 to the financial statements.

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

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

32. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Market risk (Continued)

Price risk (Continued)

Sensitivity analysis for price risk

The sensitivity analysis assumes an instantaneous 30% (2017: 30%) change in the quoted equity prices from the end of the financial year, with all variables held constant.

	Increase/(Decrease)			
	2018		2017	
	Profit or loss	**Equity**	Profit or loss	Equity
	$'000	**$'000**	$'000	$'000
Group				
Listed in Singapore				
- Increased by 30% (2017: 30%)	**12**	**162**	15	212
- Decreased by 30% (2017: 30%)	**(12)**	**(162)**	(15)	(212)
Listed in Malaysia				
- Increased by 30% (2017: 30%)	**1**	**–**	1	–
- Decreased by 30% (2017: 30%)	**(1)**	**–**	(1)	–
Company				
Listed in Singapore				
- Increased by 30% (2017: 30%)	**3**	**162**	4	162
- Decreased by 30% (2017: 30%)	**(3)**	**(162)**	(4)	(162)

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 are 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 (2017: 100bp) change in the interest rates at the end of the financial year, with all variables held constant.

Sensitivity analysis for interest rate risk

	Increase/(Decrease)			
	2018		2017	
	100 bp increase	**100 bp decrease**	100 bp increase	100 bp decrease
	$'000	**$'000**	$'000	$'000
Group				
Bank borrowings	**(180)**	**180**	(177)	177
Secured bank overdraft	**(16)**	**16**	(21)	21
Loan from third party	**(2)**	**2**	–	–
	(198)	**198**	(198)	198

32. FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. The exposure to credit risk is monitored and assessed on an on-going basis. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

At the end of financial year, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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 debtors (2017: 3 debtors) that represented 47% (2017: 49%) of the total trade receivables - third parties of the Group at the end of the financial year. The Company's non-trade receivables due from subsidiaries accounted for 93% (2017: 99%) of the total non-trade receivables.

Financial assets that are neither past due or impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with banks with high credit-ratings assigned by international credit rating agencies.

Financial assets that are either past due or impaired

An analysis of the age of trade receivables past due as at the end of the financial year but not impaired is as follows:

	Group	
	2018	2017
	$'000	$'000
Past due 1-90 days	**1,267**	938
Past due 91-180 days	**128**	219
Past due 181-365 days	**38**	136
More than 365 days	**32**	149
	1,465	1,442

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	Group	
	2018	2017
	$'000	$'000
Gross amount:		
Past due more than 181 days	**448**	544
Less: Allowance for impairment	**(378)**	(259)
	70	285

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

32. FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Credit risk (Continued)

Financial assets that are either past due or impaired (continued)

The movements in the allowance for impairment of doubtful trade receivables are as follows:

	Group	
	2018	2017
	$'000	$'000
At beginning of financial year	**259**	267
Translation differences	**(14)**	9
Charge/(credited) during the financial year	**133**	(17)
At end of financial year	**378**	259

Trade receivables that are individually determined to be impaired at the end of financial year relate to debtors that are in significant financial difficulties or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to manage liquidity is to ensure the availability of funding through an adequate amount of committed credit facilities from financial institutions.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group's and the Company's going concern assumption is dependent on the assessment as disclosed in Note 3.

The Group's and the Company's financial liabilities based on the remaining year at the end of the financial year to the contractual maturity date based on contractual undiscounted cash flows which include both interest and principal cash flows are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Less than one year:				
Trade and other payables, excluding advance payments received from customers	**22,095**	17,528	**7,032**	7,352
Finance lease liabilities	**2**	47	**2**	47
Borrowings	**10,800**	9,350	**200**	–
	32,897	26,925	**7,234**	7,399
Between 2 to 5 years:				
Trade and other payables, excluding advance payments received from customers	–	367	**–**	–
Finance lease liabilities	–	2	**–**	2
Borrowings	**11,411**	14,656	**–**	–
	11,411	15,025	**–**	2
	44,308	41,950	**7,234**	7,401

32. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Capital management

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

The Group's management reviews the capital structure on an annual basis. As part of the review, the management considers the cost of capital and the risk 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 2017.

The Group monitors capital on the basis of the gearing ratio. This 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 equity holders of the Company plus net debt.

	Group		Company	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Net debt	**42,830**	37,407	**7,106**	7,320
Equity attributable to equity holders of the Company	**73,866**	98,147	**63,827**	128,035
Total capital	**116,696**	135,554	**70,933**	135,355
Gearing ratio	**37%**	28%	**10%**	5%

The Group and the Company are not subject to externally imposed capital requirements for the financial years ended 30 April 2018 and 2017.

33. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

33. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value hierarchy (Continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2018				
Financial assets				
Available-for-sale financial assets	**540**	**–**	**–**	**540**
Financial assets, at fair value through profit or loss	**43**	**–**	**–**	**43**
2017				
Financial assets				
Available-for-sale financial assets	540	167	–	707
Financial assets, at fair value through profit or loss	51	–	–	51
Company				
2018				
Financial assets				
Available-for-sale financial assets	**540**	**–**	**–**	**540**
Financial assets, at fair value through profit or loss	**9**	**–**	**–**	**9**
2017				
Financial assets				
Available-for-sale financial assets	540	–	–	540
Financial assets, at fair value through profit or loss	14	–	–	14

During the financial years ended 30 April 2018 and 2017, there were no transfers between instruments in Level 1 and Level 2.

34. OTHER MATTERS

Matters with Commercial Affairs Department

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, a former key management personnel of the Company, have been charged in the State Courts for offences under the Securities and Futures Act and the Penal Code. On 20 June 2018, the CAD confirmed to the auditor the above and that its 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.

35. WRITS OF SUMMONS

(i) On 28 June 2018, the Company received 2 writs of summons from lawyers acting for Mr Goh Hin Calm the former interim CEO of the Company ("the Plaintiff") in relation to the statement of claims below.

The Plaintiff v Nueviz Investment Private Limited ("Nueviz")

According to the Statement of Claim, a purported advance made by ex-CEO Ms Quah Su Ling ("QSL") to the Company's subsidiary Nueviz, was assigned to the Plaintiff for the amount of $266,159 (the "Outstanding Amount") to settle the private debt between QSL and the Plaintiff. The Company's lawyer had on 30 May 2018 written to the Plaintiff's lawyer requesting a copy of the debt agreement, which was not provided.

Whilst Nueviz confirms that the outstanding amount is carried as an advance from QSL in the accounts, it is unclear as to the purpose of the advance. Without details, Nueviz cannot confirm legality of the advance and whether it is assignable.

In addition, the legality of the private debt between QSL and the Plaintiff has to be transparent to Nueviz and the Company to provide sufficient grounds for the assignment.

The Plaintiff was a former key management personnel of Nueviz. Under the Plaintiff's stewardship, Nueviz reported combined losses of $18,259,351 between financial year ended 2014 to financial year ended 2016. The loss was predominately from its holdings in the shares of Blumont Group Ltd, Liongold Corp Limited and Asiasons Capital (now Attilan Group Limited).

As announced by the Company on 3 April 2014, Nueviz is one of the Company's subsidiaries that had been informed by the CAD of investigations into an offence under the Securities and Futures Act, Cap 289. The Company and its relevant subsidiary companies have notices dated 2 April 2014 from CAD, requiring their assistance to the CAD.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

35. WRITS OF SUMMONS (CONTINUED)

(i) On 28 June 2018, the Company received 2 writs of summons from lawyers acting for Mr Goh Hin Calm the former interim CEO of the Company ("the Plaintiff") in relation to the statement of claims below. (Continued)

The Plaintiff v Ipco International Limited

The Plaintiff resigned on 14 March 2018 and resumed in his previous duties as Senior Finance and Admin Manager. On 27 April 2018 the Company dismissed the Plaintiff following a comprehensive review of the performance of the Company and the accounts of the subsidiaries. According to the Statement of Claim the Plaintiff believes he was wrongfully terminated. The Statement of Claim also states that the Plaintiff believes he is entitled to other payments which included bonuses, emoluments in lieu, gratuity, untaken accrued annual leave and medical expenses totalling $778,456.

The Company has discussed with its lawyer and believes the Plaintiff's claim is without merit. As such, the liability has not been recorded in the financial statements.

(ii) On 17 July 2018, United States Pacific Time, a Complaint and Summons were filed naming the Company and its 100% owned subsidiary Capri Investments L.L.C. ("Capri") as Co- Defendents (the "Claim"). The Plaintiffs are a Washington Company, Westridge Development LLC and G. Patrick Healy (collectively "the Plaintiffs").

The Plaintiffs claim ownership of approximately 15 acres of real property in Pierce County, Washington owned by Capri (the "Property") based on a 2003 Statutory Warranty Deed that violated both state and local subdivision law because the Property was never properly segregated from the larger parcel of which it was a part at the time of the purported transfer to Plaintiff Westridge Development LLC. Consequently, the Pierce County Assessor never recognised the transfer of the Property to the Plaintiff, Westridge Development LLC.

The Company has discussed with its lawyer and believes the Plaintiff's Claim is without merit. The Company will provide material updates as and when appropriate.

36. BASIS FOR DISCLAIMER OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

The independent auditor's report dated 7 August 2017 contained a disclaimer of opinion on the financial statements for the financial year ended 30 April 2017. The extract of the basis for disclaimer of opinion is as follows:

Dislcaimer of Opinion

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.

36. BASIS FOR DISCLAIMER OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017 (CONTINUED)

Basis for Disclaimer of Opinion (Continued)

Transaction relating to Employee Share Scheme (continued)

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.

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; and
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2018
(CONTINUED)

37. COMPARATIVE FIGURES

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 audited by another independent auditor whose report dated 7 August 2017 expressed a disclaimer of opinion on those financial statements.

38. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 April 2018 were authorised for issue in accordance with a resolution by the Board of Directors on 3 October 2018.

CORPORATE GOVERNANCE

The Board of IPCO International Limited (the "Company") acknowledges that there have been material lapses of Corporate Governance in the past. This lack of good governance has led to negative perception of the Company by the investing public. The current Board has made it a priority to improve Corporate Governance and its compliance process across the Company and its subsidiaries.

The new Board has already taken significant steps in "weeding out malpractices and errant staff" since it was appointed on 19 January 2018.

Moving forward the new Board will realign its governance policies and procedures as per the Code of Corporate Governance 2012, as amended and revised in 2018, together with the Practice Guidance to the Code (the "Code").

This report describes the Company's corporate governance processes and practices with specific reference to the Code for the financial year ended 30 April 2018 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 and takes into consideration the disclosure guide developed by the Singapore Securities Exchange Trading Limited ("**SGX-ST**") in January 2015. Appropriate explanations have been provided where there is any deviation from the Code.

PROFILE OF DIRECTORS

Mr. James Moffatt Blythman

Mr. James Moffatt Blythman is an Executive Director and Chief Financial Officer of the Company. He has experience in strategic planning, business development and general management in the property and manufacturing industries. He has worked previously for multinationals including BlueScope Ltd and Xella International GmbH in mainland China and throughout the Asia-Pacific region. He graduated with a double Degree in Arts and Commerce from Deakin University, Australia, majoring in Chinese and International Business and is also a qualified CPA (Australia) and a Certified Fraud Examiner.

Date of first appointment : 28 May 2018

Mr Ng Fook San

Mr Ng Fook San is a Non-Executive Independent Director of the Company. He is the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee. He has more than 30 years of experience in the Electrical and Electronic industry, holding key positions in various companies. His eminent employment include being VP Sales and Marketing of OSRAM Semiconductor, Asia Pacific, President of Infineon Technologies, Asia Pacific, Senior VP, General Manager of Infineon Technologies, Germany, CEO of Achieva Limited, Singapore and is currently a Chairman of Coraza Systems Malaysia Sdn. Bhd. He graduated with a Bachelor of Engineering degree from the University of Malaya in year 1976.

Date of first appointment : 19 January 2018

Mr Joseph Chen

Mr Joseph Chen is a Non-Executive Independent Director of the Company. He is also the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. He has more than 30 years of experience in commercial / corporate sectors in Financial Risk Management and Banking industry in Canada, United States and the Asia Pacific region, holding senior positions in various banks including being Country Credit Officer of Citibank Canada from years 1991 to 1995, Senior EVP/Chief Risk Officer of Ta Chong Bank in Taiwan, Director - Audit & Risk Review (Citibank AP) from year 1998 to 2000, Managing Director and Group Head of Consumer Credit, DBS Bank and Subsidiaries from year 2000 to 2008 and Chairperson of Consumer Credit Bureau of Singapore from year 2003 to 2005. He is currently a freelance consultant and investor in the financial

CORPORATE GOVERNANCE
(CONTINUED)

markets. He graduated with a Bachelor of Science degree from Nanyang University in 1972 and a Master of Business from the Asian Institute of Management in 1977.

Date of first appointment : 19 January 2018

Ms Chai Siew Hoon

Ms Chai Siew Hoon is a Non-Executive 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 a MultinNational Corporation in the 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

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 in the best interest of the Company.

The Board comprises four Directors, three of whom are Independent and Non-Executive and whose collective experience and contributions are compatible with the Company's core businesses and practices.

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. The Company also recommends courses for its Directors to attend to ensure they keep up to date with the changes in the Companies Act, Listing Rules, the Code and applicable financial reporting standards.

The Board has established a Nominating Committee, a Remuneration Committee and an Audit Committee, each of which has been delegated specific authority and function. The Board is in the process of establishing terms of reference for each Committee to address their respective scopes in line with SGX Corporate Governance Principle 1.4. Each Committee is chaired by an Independent Director and all the members are Non-Executive and Independent Directors. The effectiveness of each Committee is also constantly reviewed by the Board.

Since 31 August 2017, the Company did not have a proper constituted Board as per SGX Corporate Governance Principles and Guideline 12.1 . This was rectified at the Extraordinary General Meeting of the Company held on 19 January 2018 in which 2 additional Independent Directors were elected. Subsequently, the new Board scheduled meetings on a regular basis to coincide with the announcement of the Group's quarterly, and full year financial results, and to keep abreast of significant business activities and overall business environment.

Apart from board meetings, important or urgent matters concerning the Group are also presented for the Board's decision by way of written resolutions, e-mail and telephone conferencing 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 96 of this Annual Report.

CORPORATE GOVERNANCE
(CONTINUED)

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 welcomes Directors' request for further explanations, briefings or informal discussions on any aspect of the Company's operations or business from the Management. The Directors must disclose to the Company, if they serve on multiple Boards so that the Company can assess that such Directors have sufficient time and attention to give to the affairs of the Company.

All Board members are also encouraged to attend regular training, 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 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 Director

The current Executive Director, Mr James Mofatt Blythman is appointed by the Board of Directors based on the recommendation of the Nominating Committee after considering his working experiences, capabilities and other factors deemed relevant for the position of an Executive Director.

The Board regularly assesses the performance of and review major decisions made by the Executive Director to the best interest of the company.

Independent Directors

The three Independent Non-Executive Directors of the Company namely Mr Ng Fook San, Mr Joseph Chen and Ms Chai Siew Hoon ensure that there is effective corporate governance in managing the affairs of the Board and the Company.

The Board has sought confirmation 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.

In addition, the Independent Directors would meet periodically to discuss pertinent issues and provide feedback to the Executive Director 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.

CORPORATE GOVERNANCE
(CONTINUED)

Key Management

James Moffatt Blythman
Executive Director and Chief Financial Officer Ipco International Limited and subsidiaries ("Ipco Group")

James Moffatt Blythman was appointed as Chief Financial Officer on 1 March 2018 and then as Executive Director on 28 May 2018. He is responsible for the Ipco Group's business strategy and development. As a qualified CPA (Australia) and a Certified Fraud Examiner with 8 years of experience in strategic planning and business development and general management, he is well suited to oversee and strategise Ipco Group's diversified businesses ranging from natural gas sector in China to the electronics sector in Singapore and property development in the United States.

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 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 ESA.

Wilson On Wang Sang
Director of Hubei ZongLianHuan Investment Management Inc. ("HZLH")

A Chinese (Hong Kong) national, Wilson On holds a Master's Degree in demographics. Mr On serves as Director for the China business unit of HZLH. Mr On has 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.

CORPORATE GOVERNANCE
(CONTINUED)

(A) BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

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 directives 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 key stakeholder groups 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 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;

CORPORATE GOVERNANCE
(CONTINUED)

- 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 and/or approval of the SGX-ST (as defined herein) 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 has also been 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 2018 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 2018 and up to the date of this report	9	8	2	1
James Moffatt Blythman	2	6*	1*	0
Ng Fook San	5	5	1	0
Joseph Chen	6	6	1	0
Chai Siew Hoon	9	8	2	1
Carlson Clark Smith – ceased on 19/01/18	3	2*	1*	1*
Chwee Han Sin – ceased on 31/08/17	1	2	1	1
Ross Yu Limjoco – ceased on 02/08/17	1	2	1	1

**by invitation*

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Since 19 January 2018 IPCO is now led by an effective Board which has a pivotal role directing the strategic course and providing effective control of the Group.

The Board comprised four (4) Directors who are Board Members as follows:

Mr Ng Fook San	Independent Director
Mr Joseph Chen	Independent Director
Ms Chai Siew Hoon	Independent Director
Mr James Moffatt Blythman	Executive Director and Chief Financial Officer (Appointed as Executive Director on 28 May 2018)

The Board considers an "independent" director to be one who has no relationship with the Company, its related companies, its shareholders with shareholdings of 10% or more of the total votes attached to all the voting shares in the Company, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of the Company. With three Independent Directors, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues.

The Independent Directors have confirmed their independence and the Board has determined, taking into account the views of the NC, that all Independent Directors are independent.

None of the Independent Directors has served on the Board beyond nine years from the date of his first appointment. None of the Directors served on the boards of more than five listed companies.

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, banking, finance, financial risk and fraud evaluation, 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.

The role of the three Independent Directors is particularly important in ensuring that all the strategies and objectives proposed by the Management are fully discussed and examined, and that they take into account the long-term interests of the shareholders and the Group's employees.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The position of the Chairman has been vacant since August 2006.

The Company currently does not have a Chairman and or Chief Executive Officer.

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. In addition, each of the key operating subsidiaries has its own core management team.

CORPORATE GOVERNANCE
(CONTINUED)

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.

Principle 4: Board Membership Nominating Committee ("NC")

***There should be a formal and transparent process for the appointment and re-appointment of directors to the Board*.**

The NC comprises all the three Independent Directors. The Chairman of the NC is Mr Ng Fook San.

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 or her 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 deciding how the Board's performance may be evaluated and proposing objective performance criteria for the Board's approval.

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 their 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 NC 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, 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 Company was not in compliance with this guideline for the period 31 August 2017 to 19 January 2018 in that there was only 2 members of the NC during that period.

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 all in compliance with the Code's definition on 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 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, although none of the Directors serves on more than 5 boards at any one time.

Under the Constitution, Directors appointed by the Board during the financial year, shall only hold office until the next Annual General Meeting, and thereafter be eligible for re-election.

Mr. James Moffatt Blythman, the Executive Director of the Company, holds an indirect interest of 14.24% in the issued share capital of the Company. Save as aforesaid, none of the Directors holds shares in the subsidiaries of the Company.

The dates of initial appointment and last re-election of each Director, together with his or her directorships in other listed companies and other principal commitments, are set out below:-

Director	Date of initial appointment	Date of last re-election	Current directorships in listed companies (other than the Company)	Past directorships in listed companies (preceding three years)	Other principal commitments
Mr James Moffatt Blythman	28/05/18	-	None	None	None
Mr Ng Fook San	19/01/18	-	None	None	None
Mr Joseph Chen	19/01/18	-	None	None	None
Ms Chai Siew Hoon	25/04/14	31/08/16	None	None	None

Principle 5: Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

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 or her 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 performance criteria are subject to changes from year to year based on relevant circumstances.

Principle 6: Access to Information

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

CORPORATE GOVERNANCE
(CONTINUED)

In additional to board papers and related materials, the Directors have access to the Company Secretary and the external auditors. Any Director may on a case-to-case basis, propose to the Board for additional independent and professional advice.

The Company Secretary assists in the conduct of the Board meetings and facilitates 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

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Remuneration Committee ("RC")

Pursuant to the Code, the RC comprises all the three Independent Directors. The Chairman of the RC is Mr. Ng Fook San. 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.

All recommendations of the RC will be submitted for endorsement by the 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 appropriately 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 are 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.

Principle 8: Level and Mix of Remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The remuneration package for Executive Director and key management personnel are linked to corporate and individual performance. The RC will also take into consideration the remuneration and employment conditions within the industry and comparable companies.

The remuneration for the Company's Executive Director and key management personnel comprises a basic salary component and a variable component which is a discretionary bonus, based on the performance of the Group as a whole and their individual performances. There are no pre-determined performance conditions for the discretionary bonus. The discretionary bonus for the Executive Directors and key management personnel will be recommended by the RC and subject to approval by the Board, which is based on qualitative criteria (including leadership, people development, commitment, teamwork, current market and industry practices) and quantitative criteria (including production, profit after tax and relative financial performance of the Group to its industry peers).

The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate the Executive Director and the key management personnel with the required experience and expertise.

Remuneration of independent directors

The Independent Directors receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent and their responsibilities. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the Annual General Meeting. Except as disclosed in this Annual Report, the Independent Directors do not receive any remuneration from the Company.

Principle 9: Disclosure on Remuneration

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

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 2018 is as follows:

CORPORATE GOVERNANCE
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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%
Executive Director & Chief Financial Officer Below S$50,000					
James Moffatt Blythman	90%	–	10%	–	100%
Non-Executive Directors Below S$50,000					
Ng Fook San	–	–	–	100%	100%
Joseph Chen	–	–	–	100%	100%
Chai Siew Hoon	–	–	–	100%	100%
Chwee Han Sin	–	–	–	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$68,000 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 FY2018 was approximately S$902,000 and is disclosed in the respective bands. The Board believes 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 shareholders for their understanding of the Company's compensation policies.

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$150,000 to S$300,000			
Goh Hin Calm	100%	-	-
William Koh	60%	5%	35%
Below S$150,000			
Danny Ong Swee Hin	79%	2%	19%
Wilson On Wang Sang	100%	-	-
James Moffatt Blythman	90%	10%	-

** 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 2018 is approximately S$902,000.

Remuneration of other employees related to a Director

For the financial year under review, there were no employees who was related to a Director, Interim Chief Executive Officer or Chief Financial Officer, noting that the Company had no Chief Executive Officer, but Mr. Goh Hin Calm occupied the position of Interim Chief Executive Officer until 14 March 2018.

(C) ACOUNTING AND AUDIT

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board reviews and approves the financial results as well as any announcements before its release. The Board provides shareholders with quarterly, half yearly and annual financial reports and any other material information via the SGXNET in accordance with statutory requirements and the Listing Rules. In presenting the financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and comprehensive assessment of the Company's and the Group'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. If these updates are material or required by the Listing Rules to be disclosed, shareholders will be informed by way of an announcement.

Price sensitive information will be publicly released before the Company meets with any group of shareholders, investors or research analysts. Financial results and Annual Reports are announced and issued within the statutory prescribed periods.

The Board also communicates and discusses, as and when required, changes in legislative and regulatory requirements, including requirements under the Listing Rules, for instance, establishing written policies where appropriate.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board has overall responsibility for the management of Ipco 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 Management which comprises the Executive Director and senior executives of the Group.

The external auditors will highlight any material control weaknesses within the Group discovered in the course of the statutory audit. In case of any issues arising from the external auditors' comments and findings, the Board will ensure that there are adequate internal controls within the Group and follow-up on actions implemented.

The Company has now put in place an 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.

The current Board 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.

The AC and the Board note that based on previous track-record of the Company 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; however are committed to strengthening controls moving forward.

CORPORATE GOVERNANCE
(CONTINUED)

Principle 12: Audit Committee ("AC")

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

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

The AC carries 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. The AC did meet with the Company's previous Auditors Messrs BDO to discuss and seek clarification of prior year accounting treatments and disclaimer. The AC Chairman has met SGX Regulators to discuss irregularities and non-compliance as part of its review of the Company's Corporate Governance policies and procedures.

The aggregate amount of fees paid to the external auditor of the Company, broken down into audit and non-audit services during FY2018 are disclosed in the Note 8 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	130
Non-Audit Service	-
Total Fees	130

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, Baker Tilly TFW, is an accounting firm registered with the Accounting and Corporate Regulatory Authority. Having regard to Baker Tilly'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 Baker Tilly 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.

Baker Tilly has indicated to the AC and the Board of its intention to seek for reappointment as auditor of the Company at the forthcoming AGM.

Principle 13: Internal Audit

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

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.

While the Company does not have a permanent internal audit function, the AC decides on the timing of the commissioning of an internal audit function from time to time, and reviews the audit plans of the internal audit function team, ensures that adequate resources are directed to carry out those plans and reviews the results of the internal auditor's examination of the Company's system of internal controls.

Having a robust procedure in the operating subsidiaries of the Group will form a key component of the Group's internal audit function.

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.

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 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.

CORPORATE GOVERNANCE
(CONTINUED)

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.

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.

Principle 14: Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The current Board does not practice selective disclosure. Price-sensitive information is publicly released and results and annual reports are announced or issued within the mandatory period save for extensions sought from time to time. 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.

In addition, the Company ensures that shareholders have the opportunity to participate in and vote at general meetings. Shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters during the general meetings. The voting procedures are also explained to all the shareholders during these general meetings.

Registered shareholders who are unable to attend the general meetings are entitled to appoint up to two proxies, unless the shareholder is a relevant intermediary (as defined in section 181 of the Companies Act). A relevant intermediary may appoint more than two proxies to participate in shareholders' meetings, but each proxy must be appointed to exercise rights attached to a different share or shares held by such shareholder.

Principle 15: Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair 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 Rules, 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.

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 Meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board welcomes the views 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. As set out above under Principle 14, 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 dispatched 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.

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 of the Company are 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 FY2018 and up to the date of this report, there was no interested person transaction.

CORPORATE GOVERNANCE
(CONTINUED)

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 Social Responsibility

During the current financial year, one of the Group's subsidiaries donated S$10,000 to the Singapore Children's Society. Moving forward, the Group will continue to identify more Corporate Social Responsibility projects when it arises.

UPDATE ON USE OF PROCEEDS

PRIVATE PLACEMENT OF 880,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY ("PLACEMENT") AT THE ISSUE PRICE OF $$0.0018 PER PLACEMENT SHARE.

The private share placement of 880,000,000 ordinary shares to Meridian Equities Pte. Ltd. was completed at the Issue Price of S$0.0018 per Placement Share. A total of S$1,584,000.00 was raised from the placement of new ordinary shares in the Company. The share placement proceeds were received on 7 September 2017. The intended use of share placement proceeds was 50% for the purchase of equipment and development of land in Seattle through Capri Investments LLC, a real estate development subsidiary of the group and 50% for working capital of the Company. The actual usage is as follows:

	Amount	**Amount**	**Amount**
	S$'000	**S$'000**	**S$'000**
Funds raised from private share placement			**1,584**
Actual use of proceeds period:	**6/9/2017 - 19/1/2018***	**20/1/2018 - 30/6/2018**	**6/9/2017 - 30/6/2018**
Placement expenses	(32)	(33)	(65)
Payroll expenses Executives	(313)	(86)	(399)
Payroll expenses Non-Executives	(147)	(76)	(223)
Legal professional fees	(70)	(22)	(92)
Audit and Tax professional fees	(98)	(41)	(139)
Annual Report and EGM printing & postage charges	(25)	(21)	(46)
Office Rental	(84)	(15)	(99)
Director fees	(89)	-	(89)
General & Admin expenses	(138)	(46)	(184)
Working Capital Sub-total	**(996)**	**(340)**	**(1,336)**
Capri Property Development:			
Division 4 Development Cost	(18)	(19)	(37)
Legal and Professional fees	(24)	(158)	(182)
Property Tax	(29)	-	(29)
Capri Investments LLC Sub-total	**(71)**	**(177)**	**(248)**
Balance proceeds as at 30 June 2018			**NIL**

*date of Extraordinary General Meeting resulting in new Board composition

As disclosed in the Company's announcement on 11 April 2018, the above use of proceeds is not in accordance with the intended use as stated in the SGX Approval-in-Principle received on 28 August 2017. In early January 2018, the former executives of the Company diverted proceeds which were allocated to Capri Investments LLC earmarked for the Falling Water project to working capital of the Company.

In accordance with the intended use of the placement proceeds, the 30 March 2018 balance of placement proceeds of S$61,000 was fully utilized by Capri Investments LLC.

Statement of Compliance

The Board is pleased to confirm that for the financial year ended 30 April 2018, the Company has generally adhered to the principles and guidelines set out in the Code.

SHAREHOLDERS' INFORMATION

Statistics of Shareholders as at 26 September 2018

Issued share capital	: S$265,811,043.25
Number of shares	: 6,180,799,986
Class of Shares	: Ordinary Shares
Voting rights	: One vote for each ordinary share
Number of Treasury Shares	: NIL

Size of Shareholdings as at 26 September 2018

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held	Percentage
1 - 99	5	0.04%	179	0.00%
100 - 1,000	453	3.76%	443,834	0.01%
1,001 - 10,000	3,327	27.61%	19,421,994	0.31%
10,001 - 1,000,000	7,622	63.24%	1,337,114,589	21.63%
1,000,001 and above	645	5.35%	4,823,819,390	78.05%
	12,052	100%	6,180,799,986	100%

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Shareholders	**Units**	**%**	**Units**	**%**
MERIDIAN EQUITIES PTE LTD	0	0.00%	880,000,000	14.24%
DATO' MOHAMMED ZAID IBRAHIM	0	0.00%	340,000,000	5.50%

*As at 3 October 2018, Mr James Moffatt Blythman is the Executive Director and Chief Financial Officer of the Company. Mr Blythman holds a 100% interest in Meridian Equities Pte Ltd and therefore is deemed to have an interest in the shares of the Company.

SHAREHOLDERS' INFORMATION

Top Twenty Shareholders as at 26 September 2018

S/No.	Name	No. of Shares	Percentage
1	CGS-CIMB SECURITIES (S) PTE LTD	898,582,374	14.54%
2	UOB KAY HIAN PTE LTD	356,405,000	5.77%
3	PHILLIP SECURITIES PTE LTD	166,723,653	2.70%
4	MAYBANK KIM ENG SECURITIES PTE LTD	165,028,500	2.67%
5	RAFFLES NOMINEES (PTE) LTD	108,921,700	1.76%
6	QUEK CHIN SOON	95,000,000	1.54%
7	CITIBANK NOMINEES SINGAPORE PTE LTD	86,686,000	1.40%
8	CHNG GIM HUAT	79,220,000	1.28%
9	NG QUEK PENG	76,383,900	1.24%
10	RHB SECURITIES SINGAPORE PTE LTD	74,013,000	1.20%
11	ONG GIM LOO	65,000,000	1.05%
12	OCBC SECURITIES PRIVATE LTD	61,866,998	1.00%
13	DBS NOMINEES PTE LTD	56,288,700	0.91%
14	HUANG QINGPING	40,000,000	0.65%
15	PHUA MENG THONG	39,498,500	0.64%
16	SOH ENG LEE	38,273,000	0.62%
17	SOH BENG HUAT	37,017,300	0.60%
18	CHIA SOON KEONG	37,000,000	0.60%
19	DBS VICKERS SECURITIES (S) PTE LTD	36,659,000	0.59%
20	LAM WEI KUEN	33,000,000	0.53%
		2,551,567,625	41.28%

SHAREHOLDERS HELD BY THE PUBLIC AS AT 26 SEPTEMBER 2018

Based on information available to the Company as at 26 September 2018, approximately 80.26% 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.

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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 26th Annual General Meeting of the Company will be held at 152 Beach Road, Gateway East #28-00, Toyko Room Singapore 189721 on 30 October 2018 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, 2018 together with the Directors' Statement and Report of the Auditors. ***[Resolution 1]***

2. To approve Directors' fees of S$68,000/- (2017: S$88,000/-) for the financial year ended 30 April, 2018. ***[Resolution 2]***

3. To re-elect the following Directors retiring pursuant to Regulation 97 of the Company's Constitution: ***[Resolution 3]***

    (i) Mr James Moffatt Blythman

4. To note the retirement of Ms Chai Siew Hoon retiring under Article 91 of the Company's Constitution.

    (Note: Ms Chai Siew Hoon will not be seeking re-election and will retire as Director of the Company on 30 October 2018 at the close of the Annual General Meeting)

    Notes to re-election of Directors:

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

5. To re-appoint Messrs Baker Tilly TFW LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. ***[Resolution 4]***

As Special Business

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

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

    "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

NOTICE OF ANNUAL GENERAL MEETING

(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

(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 (20%) 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]*

NOTICE OF ANNUAL GENERAL MEETING

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

By Order of the Board

Allan Tan Poh Chye
Company Secretary

Singapore, 15 October 2018

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 Limit") 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.

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.

NOTICE OF ANNUAL GENERAL MEETING

"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 7 Jalan Kilang #07-01, Singapore 159407 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 representative(s) 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 26th Annual General Meeting of the Company to be held at 152 Beach Road, Gateway East #28-00, Tokyo Room Singapore 189721 on 30 October 2018 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 2018		
2	Approval of Directors' Fees for the sum of S$68,000 for the financial year ended 30 April 2018		
3	Re-election of Mr James Moffatt Blythman as a Director		
4	To re-appoint Messrs Baker Tilly TFW LLP as Auditor of the Company and to authourise the Directors to fix their remuneration.		
5	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 ________________ 2018

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

____
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 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 licensed 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 appointor 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 7, Jalan Kilang #07-01, Singapore 159407 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.

Affix
Postage
Stamp

IPCO INTERNATIONAL LIMITED

7, JALAN KILANG #07-01
SINGAPORE 159407

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