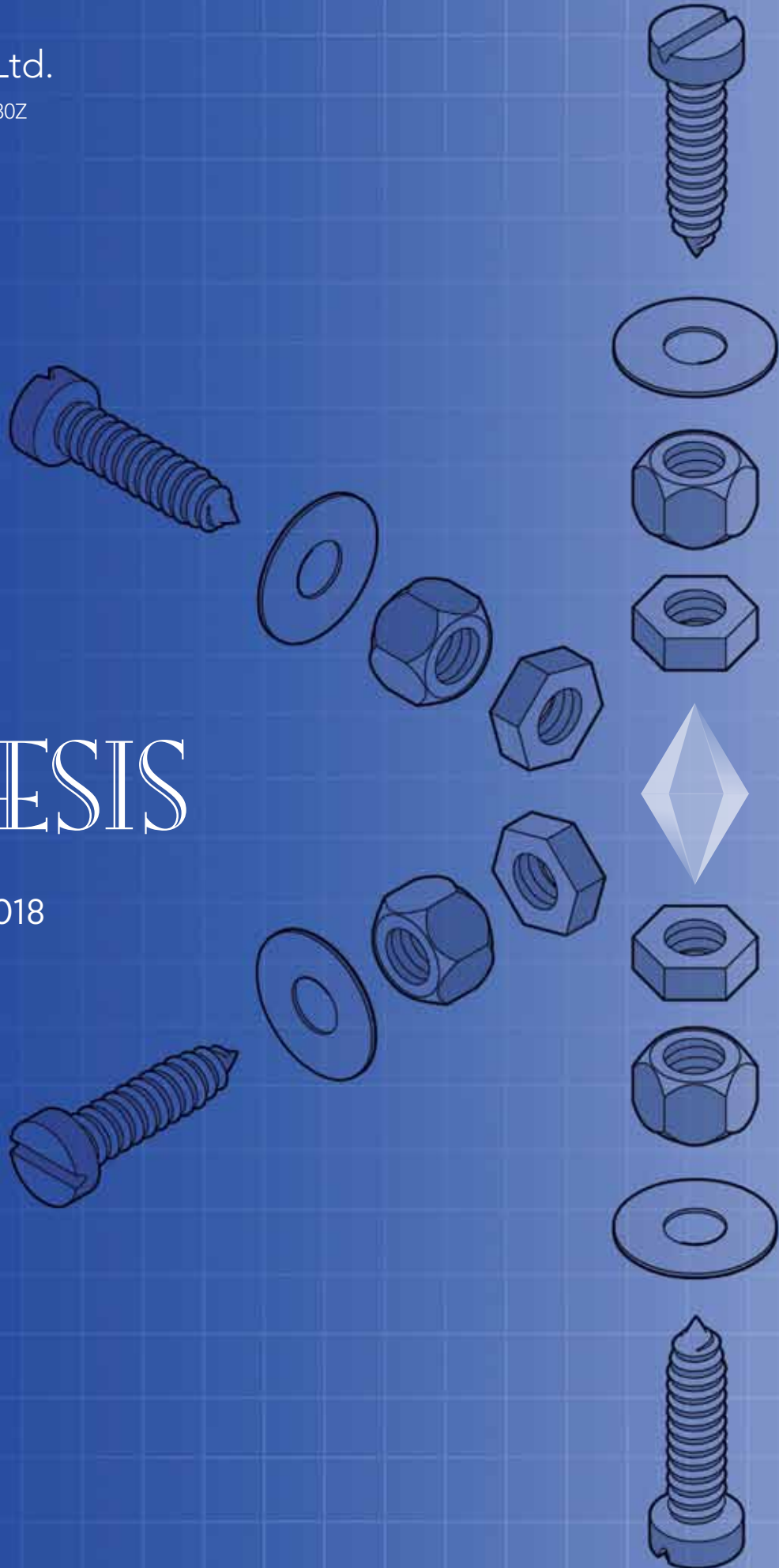


PS Group Holdings Ltd.

Company Registration No.: 201311530Z

SYNTHESIS

ANNUAL REPORT 2018



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VISION

We strengthen links in emerging markets

MISSION

To be a preferred online fasteners supplier for emerging markets

This annual report (the "Annual Report") has been prepared by PS Group Holdings Ltd. (the "Company" and, together with its subsidiaries, the "Group") and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this Annual Report. This Annual Report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report. The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.

OUR BUSINESS



Listed on the Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 11 July 2013, PS Group Holdings Ltd. (the “Company” or “PS Group” and, together with its subsidiaries, the “Group”) is a reputable and trusted supplier of quality fasteners, with over 200 clients from more than 45 countries.

With an operating history dating back to 1994, the Group has over the years grown to offer an extensive product range in excess of 15,000 different types of fasteners, which come in different sizes and for diverse industrial applications. These include fasteners for infrastructure developments, structural fabrication and construction in civil works, transportation and manufacturing of heavy machinery, automotive and parts. All of the Group’s fasteners are procured in bulk from the fastener manufacturers, which it then supplies to distributors and end-users.

Backed by a robust online information technology (“IT”) infrastructure and a ready inventory, the Group is well-poised to cater to the changing needs of customers from around the world. With a strong online infrastructure in place, customers can retrieve information on the Group’s range of products, and complete their orders at their convenience. In addition, customers can easily mix and match any product in the Group’s product range for their desired quantities, at any time, and expect a timely delivery.

The Group holds longstanding relationships with internationally recognised manufacturers, such as Fang Sheng Screw Co. Ltd., Tong Hwei Enterprise Co. Ltd, Alcoa Fastening Systems-Australia Pty Ltd and Shanghai Prime Machinery Co. Ltd., which have enabled the Group to gain a strong foothold in the industry. The Group’s strong network of suppliers plays a pivotal role in assuring the continuity of supplies, which in turn allows the Group to expand its geographical reach and retain customers’ confidence in the long run.

With its scalable business model, wide product range and diversified customer base, the Group believes that it is well-positioned to ride through different industry cycles and build its business for long-term growth.

PS Group was awarded the “Top 100 Singapore Excellence Award 2011/2012” and the “Singapore Brands Award 2012/2013” in 2012. The Group’s quality management system was ISO 9002:92 certified in 1998, updated to ISO 9001:2008 in 2011, and was further updated to ISO 9001:2015 in 2018.

CHAIRMAN'S MESSAGE



Teo Choon Hock
Executive Chairman

Dear Shareholders,

On behalf of the Board of Directors, I present to you PS Group's annual report for the financial year ended 31 December ("FY") 2018.

Moving Forward Steadily

FY2018 remained a challenging year for the Group as we continue to grapple with the global uncertainties, as well as macroeconomic and geopolitical issues in the regional markets which have affected business sentiments in our key markets.

For FY2018, the Group reported a 12.8% increase in revenue from S\$9.8 million in FY2017 to S\$11.1 million in FY2018. This was mainly due to the increase in selling price of fasteners vis-à-vis the cost of fasteners, as well as the increase in export sales to the Indonesian market.

In addition, the Group's other income increased by approximately S\$211,000 or 93.6% from S\$226,000 in FY2017 to S\$437,000 in FY2018. This increase was largely due to the full year rental income received in FY2018 for the leasing of the Group's investment properties at 3 Kaki Bukit Road 2, #01-06/07, Singapore 417837 (the "Kaki Bukit Premises") since August 2017.

In terms of the Group's profitability, gross profit increased by 10.3% from S\$2.7 million in FY2017 to S\$3.0 million in FY2018. The Group recorded a net profit of approximately S\$64,000 for FY2018, as compared to a net loss of S\$503,000 in FY2017.

CHAIRMAN'S MESSAGE

Focus on Core Competencies

Against the backdrop of political and economic uncertainties that continue to dominate the markets that the Group operates in, we expect its business environment to remain challenging in the new financial year.

Although the Group has turned around from a net loss position in FY2017 and achieved a slight profit in FY2018, we will continue to make prudent decisions and build on our core competencies in order to stay relevant in the fast-changing business environment.

On 15 February 2019, the Group completed the disposal of its 90% interest in PS Components Pte. Ltd. ("PSC") for a cash consideration of S\$282,000. PSC was incorporated in February 2015 to carry out the business of wholesale of fasteners with a focus on the end-user market. However, since its incorporation, PSC has not performed to the Group's expectations. We believe that the disposal is in the best interest of the Group and shareholders.

Moving forward, we will continue to look for opportunities to grow our business while focusing on our core competencies, which is to deliver quality fasteners efficiently to our customers, whenever and wherever they need them.

To keep ahead of the competition, the Group plans to leverage on its expertise, reputation and technology to seek out new customers, such as providing value-added services, and constantly reviewing its stock portfolios by optimising its inventories to cater to the demands of the customers.

The Group carries a diverse range of products with more than 15,000 different types and sizes of fasteners, and is constantly updating our product offerings to customers from a wide spectrum of industries. The Group will continue to fine-tune its product offering to cater to the requirements of its customers as they embark on their new projects and contracts in the various markets.

Appreciation

On behalf of the Board of Directors, I would like to express my heartfelt gratitude to all our staff, management team and shareholders for the confidence, support and contributions to PS Group as we steered through the challenges in FY2018.

Despite the challenging environment, I firmly believe that we will be able to reap the rewards of our hard work and create long term value for all our stakeholders.

Teo Choon Hock
Executive Chairman

OPERATIONS AND FINANCIAL REVIEW

Review of Financial Performance

On 15 February 2019, the Group completed the disposal of its 90% interest in PSC for a cash consideration of S\$282,000. The Board of Directors believe that this is in the best interest of the Group and its shareholders. Accordingly, as at 31 December 2018, the assets and liabilities related to PSC have been presented in the balance sheet as “Assets of disposal group classified as held for sale” and “Liabilities directly associated with disposal group classified as held for sale”, and its results are presented separately on profit or loss as “Profit/(loss) from discontinued operation, net of tax”.

The Group’s revenue increased by approximately S\$1.3 million or 12.8% from S\$9.8 million in FY2017 to S\$11.1 million in FY2018. This was mainly attributable to the increase in selling price of fasteners in line with the increase in cost of fasteners, as well as higher export sales to the Indonesian market in FY2018.

Cost of sales increased by approximately S\$981,000 or 13.8% from S\$7.1 million in FY2017 to S\$8.1 million in FY2018. The increase was mainly due to the increase in the cost price of fasteners and it is in line with the higher turnover.

Gross profit increased by approximately S\$280,000 or 10.3% from S\$2.7 million in FY2017 to S\$3.0 million in FY2018 in line with the increase in turnover. There was a slight decline in gross profit margin from 27.8% in FY2017 to 27.1% in FY2018, mainly due to the increase in cost of fasteners.

Other income increased by approximately S\$211,000 or 93.6% from S\$226,000 in FY2017 to S\$437,000 in FY2018, mainly due to the effect of the full year rental income received in FY2018 from the leasing of the Group’s investment properties at Kaki Bukit Premises since August 2017.

Selling and distribution expenses decreased by approximately S\$19,000 or 2.4% from S\$767,000 in FY2017 to S\$749,000 in FY2018, mainly attributable to the absence of staff overtime salary expenses incurred in FY2017 for the consolidation of the Group’s warehouse operations under the new premise at 9 Tampines Industrial Drive, Singapore 528543 (“9 Tampines”).

Administration expenses decreased by approximately S\$73,000 or 2.8% from S\$2.6 million in FY2017 to S\$2.5 million FY2018. The decreased was mainly attributable to the absence of refund payable to the tax authority for goods and services taxes of S\$62,000 in FY2017, absence of relocation expenses of S\$42,000 incurred in FY2017, as well as a decrease in course fees of approximately S\$17,000.

Finance expenses increased by approximately S\$25,000 or 53.9% from S\$47,000 in FY2017 to S\$72,000 in FY2018, mainly due to higher utilisation of trust receipts facilities for the purchase of inventories.

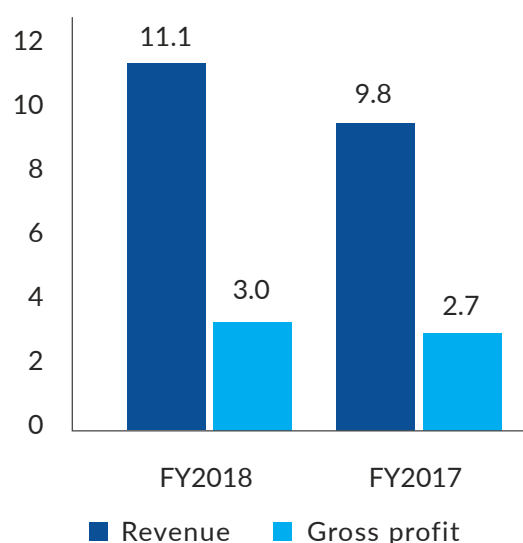
The Group incurred tax expenses of S\$39,000 in FY2018 as compared to a tax credit of S\$5,000 in FY2017.

As a result of the above, the Group recorded a profit of approximately S\$64,000 in FY2018 as compared to a loss of S\$503,000 in FY2017.

Financial Position

The Group’s non-current assets decreased by approximately S\$177,000 from S\$2.8 million as at 31 December 2017 to S\$2.6 million as at 31 December 2018. The decrease was largely due to the amortisation of the investment properties and reclassification of property, plant and equipment relating to PSC as asset held for sale.

(S\$ million)



OPERATIONS AND FINANCIAL REVIEW

Current assets increased by approximately S\$1.2 million from S\$11.4 million as at 31 December 2017 to S\$12.6 million as at 31 December 2018. The increase was mainly attributable to reclassification of assets relating to PSC of S\$980,000, the net increase after reclassification of assets in inventories of S\$691,000 and cash and cash equivalents of S\$176,000.

The increase in inventories were mainly due to the increase in cost price of fasteners as well as the increase in purchases in view of longer lead time required by suppliers to fulfil orders.

The Group's current liabilities increased by approximately S\$931,000 from S\$3.2 million as at 31 December 2017 to S\$4.1 million as at 31 December 2018. This was largely due to the reclassification of liabilities relating to PSC held for sale, the net increase in trade and other payables and the increase in income tax. The increase in trade and other payables was mainly due to higher utilisation of trust receipt facilities to finance the purchase of inventory.

Non-current liabilities decreased by approximately S\$12,000 from S\$59,000 as at 31 December 2017 to S\$47,000 as at 31 December 2018, mainly due to the reclassification of the non-current liabilities of PSC to the liabilities associated with the disposal group classified as held for sales, which is offset by a new finance lease taken up by the Group for the purchase of a new commercial vehicle.

Equity attributable to owners of the Company remain fairly stable at S\$11.0 million as at 31 December 2018 and 31 December 2017.

Cash Flow

In FY2018, net cash flows used in operating activities was approximately S\$370,000 which consisted mainly of operating cash flows before changes in working capital of S\$468,000, which is offset by networking capital outflow of S\$836,000.

The net working capital outflow arose mainly due to an increase in inventories of S\$1.1 million attributable to the increase in the cost price of fasteners and increase in purchases in view of the longer lead time required by suppliers to fulfil the orders. This is offset by the decrease in trade and other receivables, and prepaid operating expenses of S\$232,000.

Net cash used in investing activities of S\$78,000 was mainly due to purchases of plant and equipment amounting to S\$86,000, primarily for the enhancement of the Company's e-commerce platform and purchase of a new commercial vehicle.

Net cash from financing activities amounted to approximately S\$675,000, mainly due to higher utilisation of the trust receipts facilities of S\$909,000 used to finance the purchases of inventories, which were offset by the repayment of bank loans of S\$150,000

As a result of the above, the Group's cash and cash equivalents increased from approximately S\$932,000 as at December 2017 to approximately S\$1.2 million as at December 2018.

BOARD OF DIRECTORS

Teo Choon Hock

Executive Chairman and Co-founder

Mr Teo Choon Hock is the Executive Chairman of PS Group and was appointed as Executive Director on 30 April 2013. He brings with him over 30 years of experience in the fasteners industry and is one of the founding shareholders of the Group. Mr Teo plays a pivotal role in building the Group's growth through the years, and is responsible for the Group's overall management, including formulating the Group's strategic goals, expansion plans and business strategies. In addition, he oversees aspects of the Group's day-to-day operations.

Mr Teo is a committee member of the Singapore Metal and Machinery Association management council and Chairman of the Chong Pang Citizen Consultative Committee and was awarded the Public Service Medal in 2003, the Public Service Star in 2008 and the Public Service Star (Bar) in 2018. In addition, Mr Teo was appointed a Justice of Peace since 8 May 2013.

Mr Teo holds a Diploma in Business Administration from PSB International Management Academy and an Advanced Diploma in Management from SGP International Management Academy.

List of present and past directorships, other than those held in the Group, as at the date of this Annual Report and the preceding three years in other listed companies are as follows:

Present: Nil

Past: Nil

Kwek Keng Seng

Managing Director and Co-founder

Mr Kwek Keng Seng is the Managing Director of PS Group and was appointed as Executive Director on 31 May 2013. He has over 30 years of experience in the fasteners industry, and is one of the founding shareholders of the Group.

Mr Kwek assists the Executive Chairman in the overall management of the Group's business operations and manages the Group's day-to-day operations, including formulating sales strategies for the Group and overseeing the storage and logistics management of the Group's products.

List of present and past directorships, other than those held in the Group as at the date of this Annual Report and the preceding three years in other listed companies are as follows:

Present: Nil

Past: Nil

Ang Miah Khiang

Lead Independent Director

Mr Ang Miah Khiang serves as Lead Independent Director and was appointed to the Board on 31 May 2013. He is also serving on the board of Baker Technology Limited, which is listed on the Mainboard of the SGX-ST, as well as SK Jewellery Group Limited (formerly known as Soo Kee Group Ltd.), which is listed on Catalist.

Mr Ang spent the greater part of his career in the small and medium sized enterprise financing business, having previously held the position of managing director of GE Commercial Financing (S) Ltd (formerly known as Heller Financial (S) Ltd). He was also concurrently the regional director of GE related businesses in the Asia Pacific region.

Mr Ang holds a Bachelor of Accountancy degree from the University of Singapore and is a Fellow of the Institute of Singapore Chartered Accountants.

BOARD OF DIRECTORS

List of present and past directorships, other than those held in the Group, as at the date of this Annual Report and the preceding three years in other listed companies are as follows:

Present: Baker Technology Limited, SK Jewellery Group Limited

Past: Uni-Asia Holdings Limited⁽¹⁾, Katrina Group Ltd

⁽¹⁾The company was delisted from the Mainboard of the SGX-ST with effect from 2 June 2017

Tan Chin Keong

Independent Director

Mr Tan Chin Keong serves as an Independent Director and was appointed to the Board on 31 May 2013.

Mr Tan is currently the managing partner of GAAP Consulting Group LLP, which he established in 2011 to provide consultancy services for financial institutions. Mr Tan started his career in 1979 as an auditor in KPMG and, subsequently, Singapore Airlines. He then joined Chase Manhattan Bank in 1981 as a regional auditor in charge of the audit of the bank's branches in Southeast Asia. In 1985, he joined Tat Lee Bank as Head of Internal Audit, and was subsequently appointed as Head of Singapore Branches in 1988 and had overall responsibility for sales, operations and credit policies. He became the Head of the International Department in charge of managing bank-wide international trade and treasury operations in 1993, and later left Tat Lee Bank in 1998 to join Standard Chartered Bank where he took on various senior management roles, including Regional Head of Infrastructure and Operations for Southeast Asia and Regional Head of Operations for Northeast Asia.

Mr Tan holds a Bachelor of Accountancy degree from the University of Singapore.

List of present and past directorships, other than those held in the Group, as at the date of this Annual Report and the preceding three years in other listed companies are as follows:

Present: Nil

Past: Nil

Tan Jee Ming

Independent Director

Mr Tan Jee Ming serves as an Independent Director and was appointed to the Board on 31 May 2013. He also sits on the board of Soilbuild Construction Group Ltd., which is listed on the Mainboard of the SGX-ST.

Mr Tan is currently a Consultant with Quahe Woo & Palmer LLC, where he focuses on and works with the various legal teams principally in the formulation and devise of strategies and clients management. He has been in practice since 1986 when he was called to the Singapore Bar and was the sole proprietor of Tan Jee Ming & Partners from 1996 to 2010. In 2010, he merged his practice with Straits Law Practice LLC before joining Quahe Woo & Palmer LLC as a Consultant in 2018.

Mr Tan is a member of the Singapore Academy of Law, the Law Society of Singapore Compensation Fund Committee, the Law Society of Singapore Inquiry Panel and the Singapore Institute of Directors.

List of present and past directorships, other than those held in the Group, as at the date of this Annual Report and the preceding three years in other listed companies are as follows:

Present: Soilbuild Construction Group Ltd.

Past: Nil

SENIOR MANAGEMENT

Teo Yong Tat

Business Development Manager

Mr Teo Yong Tat is PS Group's Business Development Manager. He is responsible for establishing and/or maintaining relationships with the Group's customers and suppliers, developing business opportunities in existing and potential markets as well as reviewing quotations for and confirming orders with customers.

Mr Teo joined the Group in 2011 as a sales and marketing executive and was promoted to his current position in 2012. He has played an important role in improving PS Group's IT infrastructure which has enabled the Group to enhance its turnaround time in processing customers' orders, and continues to assist in overseeing the Group's sales operations and expansion plans.

Mr Teo joined Soilbuild Group Holdings Ltd. as a capital management executive between February 2014 and April 2015, and rejoined PS Group in May 2015 where he continues to serve in his current position as Business Development Manager. Mr Teo holds a Bachelor of Commerce degree from Murdoch University.

Seah Han Poh Benedict

Financial Controller

Mr Seah Han Poh Benedict has served as the Group's Financial Controller since 2012. He is responsible for all finance related functions, in particular, financial planning, budgeting, treasury, cost accounting, decision support and tax planning.

Mr Seah has extensive experience in the field of finance and started his career as an audit assistant at KPMG. He held various accounts and/or finance positions at SGX-listed companies, including serving as finance managers at Mainboard-listed MTQ Corporation Limited from 2002 and Catalist-listed Albedo Limited from 2006. In 2007, Mr Seah joined an associate company of Mainboard-listed CNA Group Limited as financial controller. Between 2009 and 2012, Mr Seah held accounts and/or finance manager positions at Kok Tong Construction Pte Ltd and Parakou Shipmanagement Pte Ltd.

A Chartered Accountant of Singapore, Mr Seah holds a Diploma in Accountancy from Singapore Polytechnic and has obtained a professional qualification from the Association of Chartered Certified Accountants.

CORPORATE RESPONSIBILITY

As a responsible corporate citizen who prioritises the interests of its stakeholders, PS Group is committed to developing sustainable business practices and operations for the benefit of the environment and society. We aspire to be a sustainable distributor of industrial hardware fasteners.

We have achieved encouraging results in our sustainability performance in FY2018, and will continue to engage with our stakeholders to ensure that our policies and practices reflect their interests.

For more details on our environmental and social sustainability performance, please refer to our Sustainability Report from pages 25 to 34 within this Annual Report.

Our philosophy is grounded in three key areas:

WORK-LIFE BALANCE: We recognise the importance of achieving a balance between our employees' work and personal life. We are committed to building a working environment which benefits the overall well-being of our employees. By accommodating to our employees' personal commitments and advocating a more flexible working arrangement, we believe they will be able to perform to the best of their abilities.

PROFESSIONAL DEVELOPMENT: Our employees play a fundamental role in the development and expansion of our business. Hence, we believe in enhancing our employees' core competencies to help them stay relevant in the industry, by enabling them to achieve their full potential and make further contribution to the Group. Over the years, we have sponsored a number of courses to help our employees develop new skill sets and strengthen their leadership skills. We believe that these investments in our people have reaped tangible benefits and we will continue to provide training opportunities to our employees.

WORKPLACE HEALTH AND SAFETY: With safety as a top priority, we seek to minimise occupational, health and safety risks associated with our daily operations. Hence, it is mandatory for all our employees to observe and comply with all applicable laws and regulations, as well as our internal operational policies and standards. By monitoring the operational activities within our premises, we hope to create a safe working environment for our employees.

Giving back to our community

Since the Group's beginnings, we have always recognised that giving back to our community is an ongoing commitment, and a significant part of our efforts to make a difference to society. For many years, we have funded charitable organisations which focused on caring for the underprivileged, as well as support other beneficiaries to contribute back to society.

We also believe in dedicating resources towards the development of future leaders. We do this by investing in the education of our employees' children by granting bursaries since 2007 to support them from pre-primary education through to tertiary education.

CORPORATE GOVERNANCE REPORT

PS Group Holdings Ltd. (the “**Company**” or “**PS Group**” and together with its subsidiaries, the “**Group**”) is committed to maintaining good corporate governance to enhance and protect the interests of the Company’s shareholders.

The board of directors of the Company (the “**Board**” or “**Directors**”) is pleased to report on the corporate governance processes for its financial year ended 31 December 2018 (“**FY2018**”) with specific reference to the principles of the Code of Corporate Governance (the “**Code**”) which was issued on 2 May 2012 and the requirements of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), where relevant. Where there are deviations from the Code, appropriate explanations have been provided.

On 6 August 2018, a revised Code was issued. The revised Code, together with associated changes to the listing rules of the SGX-ST, will be effective for financial years beginning from 1 January 2019, except for specified requirements that take effect in 2022. Accordingly, the revised Code will take effect for the Company in respect of its annual report relating to the financial year beginning on 1 January 2019 and ending on 31 December 2019.

BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1: 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 primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business and corporate affairs of the Group. The principal duties of the Board include:

- Setting the Group’s strategic objectives and ensuring that the necessary financial, human and other resources are in place for the Group to meet its objectives;
- Considering sustainability issues such as environmental, social and governance factors, as part of its strategic formulation;
- Reviewing and approving, inter alia, the release of the interim and full year results announcements, the annual report and financial statements, material acquisitions and disposals of assets and interested person transactions of the Group;
- Establishing, reviewing and approving the annual budget, as well as evaluating the Group’s financial performance against the budget;
- Evaluating the adequacy of internal controls, risk management policies, financial reporting and compliance with all relevant statutory and regulatory requirements;
- Reviewing management’s achievement of goals and overseeing succession planning for management;
- Approving nominations to the Board and appointment of key management personnel;
- Setting the Group’s values and standards (including ethical standards) and ensuring the obligations to shareholders and other stakeholders are understood and met; and
- Assuming responsibility for the corporate governance of the Group.

All Directors discharge their duties and responsibilities objectively at all times as fiduciaries and participate in making decisions in the interests of the Company and the Group.

The Board has delegated certain functions to various Board committees, namely, the Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”). Each of these Board committees has its own written terms of reference, and their actions are reported to and monitored by the Board. The Board accepts that while these Board committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

CORPORATE GOVERNANCE REPORT (continued)

The Board meets every half-yearly to approve, amongst others, announcements of the Group's half-year and full year financial results. The Board may hold additional meetings or have informal discussions on matters that require urgent attention, which would then be formally confirmed and approved by resolutions in writing. Ad-hoc meetings are also convened as and when they are deemed necessary. As provided in the Company's constitution ("**Constitution**"), the Board may convene telephonic and videoconferencing meetings. Matters specifically reserved for the Board's approval are those involving the Group's annual budget, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances, dividends to shareholders and interested person transactions. Clear directions have been imposed on the Group's management that such matters must be approved by the Board.

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

Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Teo Choon Hock	3	3	2	2 ⁽¹⁾	1	1	1	1 ⁽¹⁾
Kwek Keng Seng	3	3	2	2 ⁽¹⁾	1	1 ⁽¹⁾	1	1 ⁽¹⁾
Ang Miah Khiang	3	3	2	2	1	1	1	1
Tan Chin Keong	3	3	2	2	1	1	1	1
Tan Jee Ming	3	3	2	2	1	1	1	1

(1) Attendance at meetings on a "By Invitation" basis.

The Board will ensure that newly-appointed Directors are provided a formal letter which will set out their duties, responsibilities and disclosure obligations, and that sufficient guidance and orientation, including onsite visits, are given to the new Directors to familiarise themselves with the Group's businesses and corporate governance practices upon their appointment and to facilitate the effective discharge of their duties. If a newly appointed Director does not have any prior experience as a director of a listed company, the Company will arrange for such person to undertake training in the roles and responsibilities of a director of a listed company and to familiarise such person with the relevant rules and regulations governing a listed company.

In addition, all Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group by participating in relevant training courses, seminars and workshops as relevant and/or applicable.

Board Composition and Guidance

Principle 2: *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.*

As at the date of this Annual Report, the Board comprises five (5) Directors, of which three (3) are Independent Non-Executive Directors (the "Independent Directors") and their memberships on the Board committees are as follows:

Directors	Board Membership	Audit Committee	Remuneration Committee	Nominating Committee
1 Teo Choon Hock	Executive Chairman	–	–	Member
2 Kwek Keng Seng	Managing Director	–	–	–
3 Ang Miah Khiang	Lead Independent Director	Chairman	Member	Member
4 Tan Chin Keong	Independent Director	Member	Chairman	Member
5 Tan Jee Ming	Independent Director	Member	Member	Chairman

CORPORATE GOVERNANCE REPORT (continued)

The Board comprises Directors who are qualified and experienced in various fields including the business and management of the Group, as well as in the accounting, finance and legal practices. The NC is of the view that the current Board comprises persons who as a group have core competencies necessary to lead and manage the Group effectively. Further, the three (3) Independent Directors make up more than half of the Board and provide the Board with independent and objective judgment on the corporate affairs of the Group.

The NC has reviewed and is satisfied that the current composition and size of the Board is appropriate for effective decision making, having taken into consideration the nature and scope of the Group's operations, the balance and diversity of skills, experience, and gender, among other factors.

Each Independent Director has confirmed that he does not have any relationship (including those relationships and circumstances as provided in Guideline 2.3 of the Code) with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in carrying out the functions as an Independent Director with a view to the best interests of the Group. The NC has reviewed, determined and confirmed the independence of the Independent Directors. There is no Independent Director who has served on the Board beyond nine (9) years from the date of his first appointment. Guideline 2.4 of the Code is therefore not applicable to the Board.

The Independent Directors will meet on a need-to basis without the presence of management to discuss matters, such as the Group's financial performance, corporate governance and risk management initiatives, Board processes, any internal audit observations, succession planning as well as leadership development and the remuneration of Executive Directors.

Chairman and Chief Executive Officer ("CEO")

Principle 3: 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 Code advocates that there should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Group's business, and no one individual should represent a considerable concentration of power.

Mr Teo Choon Hock is the Executive Chairman of the Company. He assumes responsibility for the smooth functioning of the Board and ensures the timely flow of information between management and the Board. Mr Teo also sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues; promoting a culture of openness and debate at the Board-level; and promoting high standards of corporate governance. In addition, he assumes responsibility for running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the management team; and leads the development of the Group's strategies including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses.

The Board has not adopted the recommendation of the Code to have separate Directors appointed as the Chairman and the CEO as the Board is of the view that there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgement on affairs and operations of the Group by members of the Board, taking into account factors such as the number of Independent Directors on the Board as well as the contributions made by each member at meetings which relate to the affairs and operations of the Group. Further, given the Group's current corporate structure, size, nature and scope of operations, the Board is satisfied that one person is able to effectively discharge the duties of both positions.

The Board has also appointed Mr Ang Miah Khiang as the Lead Independent Director to co-ordinate and lead the Independent Directors in providing a non-executive perspective and balanced viewpoint on Board deliberations. He is the principal liaison in the event that any issue arises between the Independent Directors and the Executive Directors. In addition, he is available for the Company's shareholders with concerns, when contacted through the normal channels via the Executive Chairman, and/or when the Financial Controller (the "FC") has failed to provide satisfactory resolution, or when such contact is inappropriate. Mr Ang Miah Khiang will also take the lead in ensuring compliance with the Code.

All the Board committees are chaired by Independent Directors and more than half of the Board consists of Independent Directors.

CORPORATE GOVERNANCE REPORT (continued)

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC consists of three (3) Independent Directors and one (1) Executive Director, the majority of whom, including the NC Chairman, are independent:

Mr Tan Jee Ming	-	Chairman
Mr Ang Miah Khiang	-	Member
Mr Tan Chin Keong	-	Member
Mr Teo Choon Hock	-	Member

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all Board appointments and re-appointments. The key terms of reference of the NC include the following:

- Review the structure, size and composition of the Board and Board committees and making recommendations to the Board, where appropriate;
- Nomination and re-nomination of Directors having regard to their contribution and ability to commit sufficient time and attention to the affairs of the Group, taking into account their respective commitments outside of the Group;
- Determine annually whether or not a Director is independent as guided by the Code and any other salient factors;
- Evaluate whether or not a Director is able to and has been adequately carrying out his/her duties as a Director;
- Review the Board succession plans for Directors;
- Develop a process for evaluating the performance of the Board, its Board committees and Directors and implementing such process for assessing the effectiveness of the Board as a whole and the contribution of each individual Director;
- Review training and professional developments programs for the Board;
- Review and approve any new employment of persons related to the Directors, CEO and/or substantial shareholders of the Company and the proposed terms of their employment; and
- Perform such other duties or functions as may be delegated by the Board or required by regulatory authorities.

There is an informal succession plan put in place by the Executive Chairman. Going forward and at the relevant time, the NC will look into possibly formalising such a plan in close consultation with the Executive Chairman.

The Group has an open policy for professional training for all Board members, including the Executive Directors and Independent Directors. All Board members are encouraged to attend relevant trainings organised by the Singapore Institute of Directors (“SID”) or any other organisation which provides relevant training courses. The costs of such training will be borne by the Group.

The NC has in place formal, written procedures for making recommendations to the Board on the selection and appointment of Directors. Such procedures would be activated when a vacancy on the Board arises or when the Board is considering making a new Board appointment either to enhance the core competencies of the Board or for purposes of progressive renewal of the Board. Before making a nomination, the NC will evaluate the balance of skills, knowledge and experience of the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.

In identifying suitable candidates, the NC may:

- Advertise or use services of external advisers to facilitate a search; and
- Consider candidates from a wide range of backgrounds from internal or external sources.

CORPORATE GOVERNANCE REPORT (continued)

After shortlisting the candidates, the NC shall consider and interview candidates on merit against objective criteria, taking into consideration whether the candidate is able to devote sufficient time and attention to the affairs of the Group. The NC will, in its assessment of the capacity of the Director, take into account, the scale and nature of the Group's business and the Director's respective commitments outside of the Group such as, his/her principal occupation and other involvements.

As mentioned under Principle 2 above, the NC also reviews the independence of the Directors annually based on Guideline 2.3 of the Code's definition of what constitutes the independence of the Independent Directors. Notwithstanding that the Chairman of the Board is an Executive Director, the Company maintains a strong and independent element on the Board with Independent Directors making up more than half of the Board. None of the Directors are related and they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgement with a view to the best interests of the Group. The NC has affirmed that Mr Ang Miah Khiang, Mr Tan Jee Ming and Mr Tan Chin Keong are independent. Each of the Independent Directors has also confirmed his independence.

Pursuant to Article 98 of the Articles of Association of the Company, at least one-third of the Directors shall retire from office by rotation and subject to re-election at the annual general meeting ("AGM") of the Company. Accordingly, Mr Teo Choon Hock and Mr Tan Chin Keong will retire and seek re-election at the forthcoming AGM. The NC has recommended to the Board that the retiring Directors be nominated for re-election. In making the recommendations, the NC has considered the Directors' overall contribution, performance and ability to commit sufficient time and attention to the affairs of the Group taking into account their respective commitments outside the Group. Each member of the NC shall abstain from voting on any resolutions in respect of his re-election as a Director. Mr Teo Choon Hock will, upon re-election as a Director, remain as the Executive Chairman of the Company and a member of the NC. Mr Tan Chin Keong will, upon re-election as a Director, remain as the Chairman of the RC and a member of the AC and the NC.

As at the date of this Annual Report, none of the Directors hold more than three (3) directorships in other publicly-listed companies. The Board has not fixed the maximum number of publicly-listed company board representations which any Director may hold. It will do so when deemed necessary. All Directors are required to declare their board appointments. The NC has reviewed and is satisfied that notwithstanding their multiple board appointments and principal commitments, Mr Ang Miah Khiang and Mr Tan Jee Ming, who sit on multiple boards of publicly-listed companies, have been able to devote sufficient time and attention to the affairs of the Group to adequately discharge their duties as Directors. The Company does not have any alternate Directors as the Board does not encourage the appointment of alternate Directors unless there is an exceptional reason for such an appointment.

Board Performance

Principle 5: 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.

On the recommendation of the NC, the Board has adopted an internal process for evaluating the effectiveness of the Board and its Board committees as a whole. The Board assesses the following areas, such as the Board structure, operation, roles and responsibilities of the Board and Board committees and the performance objectives of the Board. The NC leads the Board, collectively, to complete an evaluation form annually which is designed to gather its views on various aspects of the Board's performance, so as to assess the overall effectiveness of the Board. Based on the evaluation results, the Chairman of the NC will, in turn, present his recommendations to the Board. The key objective of the evaluation exercise is to obtain constructive feedback from each Director to continually improve the Board's performance against certain short and long-term financial and non-financial performance indicators.

The NC has also conducted an annual assessment of the contribution of each individual Director to the effectiveness of the Board and an assessment of the Board committees. Following the review, the NC is of the view that the Board and its Board committees operate effectively and despite multiple board representations in certain instances, each Director has been contributing to the overall effectiveness and objectives of the Board.

The Board has not engaged any external facilitator in conducting the assessment of the Board's performance. Where relevant, the NC will consider if such an engagement is required.

CORPORATE GOVERNANCE REPORT (continued)

Access to Information

Principle 6: *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.*

The Group's management recognises the importance of smoothing the flow of complete, adequate and timely information to the Directors on an on-going basis, so as to enable them to make informed decisions in discharging their duties and responsibilities. Regular updates on the Group's financial performance, position and prospects, among others, are provided to the Independent Directors by the management at Board and Board committee meetings. To allow Directors sufficient time to prepare for the meetings, all Board and Board committee papers are distributed to the Directors in advance of the meetings. Any additional material or information requested by the Directors is promptly furnished.

Board papers, if required, will be prepared and furnished to the Board for approval and they may include background and explanatory information, such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees and professionals who are able to provide additional insight into matters to be discussed may be present at the relevant time during the Board and Board committee meetings. In order to keep Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an on-going basis.

To facilitate direct access to management, the Independent Directors are also provided with the names and contact details of the management team. The Independent Directors also have separate and independent access to the Company Secretary, the external auditors, internal auditors and other professional advisers, where relevant. The Company Secretary assists the Executive Chairman in smoothing good information flows within the Board and its Board committees, and between management and the Independent Directors. The Company Secretary is responsible for, among other things, ensuring that the Board's procedures are observed and the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act, Chapter 50 and the SGX-ST Listing Manual Section B: Rules of Catalist ("**Listing Manual**"), are complied with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value.

The Company Secretary attends and prepares minutes for the Board and Board committees meetings. As secretary for all Board committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the Board committees and management. The Company Secretary assists the Chairman of the Board, the Chairman of the various Board committees and management in the development of the agenda for the various Board and Board committee meetings.

The appointment and the removal of the Company Secretary are subject to the Board's approval. The Board has a process for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Group's expense.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: *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.*

Level and Mix of Remuneration

Principle 8: *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.*

Disclosure on Remuneration

Principle 9: *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.*

CORPORATE GOVERNANCE REPORT (continued)

The RC consists of three (3) members, all of whom are Independent Directors:

Mr Tan Chin Keong	-	Chairman
Mr Ang Miah Khiang	-	Member
Mr Tan Jee Ming	-	Member

The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual Directors, key management personnel and employees who are related to the Directors and/or substantial shareholders of the Company. The overriding principle is that no Director should be involved in deciding his or her own remuneration. The RC carries out its duties in accordance with its terms of reference which includes the following:

- Review and recommend to the Board for endorsement, a framework of remuneration for the Board, key management personnel and employees who are related to the Directors and/or substantial shareholders of the Company. The framework covers all aspects of remuneration, including but not limited to, Director's fees, salaries, allowances, bonuses, share options, share-based incentives and awards and other benefits-in-kind with a goal to motivate, recruit and retain employees through competitive compensation and progressive policies;
- Review and recommend to the Board the specific remuneration packages for each Executive Director;
- Perform an annual review of the remuneration of any employee related to the Directors and/or substantial shareholders of the Company (if any) to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
- Review and approve any bonuses, pay increases and/or promotions for any employee related to the Directors and/or substantial shareholders of the Company;
- Administer all share and share option plans in accordance with the rules of such share plans and the Listing Manual; and
- Perform such other duties or functions as may be delegated by the Board or required by regulatory authorities.

There are no termination or retirement benefits that are granted to the Directors. The Company does not intend to use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Directors owe a fiduciary duty to the Company, and the Company should be able to avail itself to remedies against the Executive Directors in the event that there is a breach of fiduciary duties. In addition, the Company has in place alternative corporate governance practices, such as a Whistle Blowing Policy and an outsourced internal audit function, which are described herein as checks and balances to prevent the occurrence of such instances.

As part of its review, the RC ensures that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also takes into consideration the Group's relative performance and the performance of individual Directors and key management personnel. The RC may, from time to time and where necessary, seek advice from external remuneration consultant in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel. The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2018.

On 18 June 2013, the Company entered into separate service agreements with Mr Teo Choon Hock and Mr Kwek Keng Seng in relation to their appointments as Executive Chairman and Managing Director, respectively. The service agreements were valid for an initial period of three (3) years with effect from the date of admission of the Company to Catalist, and have subsequently been renewed on an annual basis on such terms and conditions as the parties have agreed. Based on the current terms of their service contracts, the Executive Directors are entitled to a basic monthly salary and an annual fixed bonus of three (3) months' basic salary. The Executive Directors are also entitled to receive a performance bonus based on the Group's audited consolidated profit before tax before payment of any performance bonus ("PBT"), provided that the Executive Director is under the employment of the Group on the last day of the relevant financial year. The amount of performance bonus will be determined as follows:

Where PBT	Amount of Performance Bonus
- equals to or less than S\$2 million	Nil
- exceeds S\$2 million	3% of the difference between PBT and S\$1.5 million

CORPORATE GOVERNANCE REPORT (continued)

The Directors receive directors' fees for their services. The RC also ensures that the fees paid to Directors are appropriate to their level of contribution, taking into account factors such as effort and time spent, and their responsibilities. The RC ensures that the Independent Directors should not be over-compensated to the extent that their independence may be compromised. No Director is involved in deciding his or her own remuneration package.

Performance conditions such as the financial performance of the Group, as well as other business objectives which may from time to time be determined by the Board are used to determine the short-term incentive schemes employed in the remuneration of the Executive Directors and key management personnel.

In addition, all employees of the Group (including the Directors and controlling shareholders and their associates) are eligible to participate in the Company's performance share plan known as the "PS Group Holdings Performance Share Plan" ("PSP") and share option scheme known as the "PS Group Holdings Employee Share Option Scheme" ("ESOS"), which are employed as long-term incentives in the remuneration of the Executive Directors and key management personnel. Both the PSP and ESOS allow the Company greater flexibility in aligning the interest of employees, especially key management personnel, with that of the Company's shareholders. They also allow for the retention of key employees of the Group whose contributions are essential to the long-term growth and profitability of the Group. The PSP and ESOS are administered by the RC. The performance conditions used to determine the entitlements of the Executive Directors and key management personnel under these long-term incentive schemes include time-based service conditions and/or specific performance targets imposed by the Group, taking into account factors such as (i) the business strategies, plans and directions of the Company and the Group; (ii) the actual job scope and responsibilities of the employee; and (iii) the prevailing economic conditions.

For the purpose of Rule 851 of the Listing Manual, (i) there has been no grant of discounted options or awards under the PSP and ESOS; (ii) none of the Directors of the Company has been granted any option or performance share; (iii) none of the participants under the ESOS and the PSP has been granted 5% or more of the total number of options or Shares (as the case may be) available under the ESOS and the PSP; and (iv) as the Company does not have any parent company, the participants of the ESOS and the PSP do not include any directors or employees of any parent company and its subsidiaries.

All revisions to the remuneration packages of the Directors are subject to the review by and approval of the Board. Directors' fees are further subject to the approval of shareholders at the AGM. Where necessary, the RC will consult external professionals on remuneration matters relating to the Directors and key management personnel.

The remuneration of the Directors for FY2018 and the various components of their remuneration in percentage terms are fully disclosed below in compliance with the recommendation of the Code.

Remuneration Band and Name of Director	Total Remuneration	Salary ⁽¹⁾	Bonus ⁽¹⁾	Directors' fees ⁽²⁾	Total
	S\$	%	%	%	%
S\$250,001-S\$500,000					
Teo Choon Hock	471,680	77.7	18.1	4.2	100.0
Kwek Keng Seng	397,930	77.0	18.0	5.0	100.0
Below S\$250,000					
Ang Miah Khiang	30,000	–	–	100.0	100.0
Tan Chin Keong	25,000	–	–	100.0	100.0
Tan Jee Ming	25,000	–	–	100.0	100.0

(1) Inclusive of provident funds.

(2) Directors' fees had been approved at the Company's AGM held on 26 April 2018.

CORPORATE GOVERNANCE REPORT (continued)

Apart from the Executive Directors, the Group's key management team during FY2018 includes Mr Teo Yong Tat (Business Development Manager), Mr Seah Han Poh Benedict (Financial Controller) and Mr Lim Kwang Seng Edwin (Managing Director of PS Components Pte Ltd). A breakdown showing the level and mix of the remuneration of the Group's key management (who is not a Director or CEO) in respect of FY2018 is as follows:

	Salary ⁽¹⁾	Bonus ⁽¹⁾	Benefits-in-kind	Total
	%	%	%	%
Below S\$250,000				
Mr Teo Yong Tat	80.7	19.3	–	100.0
Mr Seah Han Poh Benedict	80.5	19.5	–	100.0
Mr Lim Kwang Seng Edwin ⁽³⁾	100.0	–	–	100.0

(3) Mr Lim Kwang Seng Edwin ceased to be an Executive Officer of the Group with effect from 15 February 2019. The above disclosure is based on the remuneration paid to him during FY2018.

	S\$
Aggregate of the total remuneration paid or payable to the key management personnel above (who are not Directors or the CEO)	434,562

Mr Teo Yong Tat, the Group's Business Development Manager, is the son of Mr Teo Choon Hock who is our Executive Chairman. The annual remuneration of Mr Teo Yong Tat for FY2018 was between S\$50,000 to S\$100,000. Save as disclosed, there is no employee who is an immediate family member of a Director or Substantial Shareholder of the Company whose remuneration exceeded S\$50,000 during FY2018. The remuneration of employees related to the Directors and substantial shareholders of the Company (if any), is reviewed annually by the RC.

The Directors, the Executive Chairman and Managing Director and key management personal are not entitled to any benefits upon termination, retirement or post-employment.

Further information on Directors and the key management personnel are on pages 6 to 8 of this Annual Report.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Risk Management and Internal Controls

Principle 11: 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 is accountable to the Company's shareholders and ensures that all material information is fully disclosed in a timely manner in compliance with statutory and regulatory requirements. The Board strives to provide the Company's shareholders with a balanced and understandable assessment of the Group's financial performance, position and prospects.

The Board takes steps to ensure compliance with legislative and regulatory requirements, including the requirements of the SGX-ST, where relevant. The Independent Directors may, in consultation with management, request for the establishment of written policies of any particular matter that is deemed to be essential to form part of management control.

Management provides appropriately detailed management accounts of the Group's financial performance on a quarterly basis to the Board, so as to enable the Board to make a balanced and informed assessment of the Group's financial performance, position and prospects. As and when circumstances arise, the Board can request for management to provide any necessary explanation and/or information on the management accounts of the Group.

CORPORATE GOVERNANCE REPORT (continued)

The Board is responsible for the governance of risk. It ensures that management maintains a sound system of risk management and internal controls to safeguard the interests of the Company's shareholders and the Group's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving the Group's strategic objectives.

The Group's management is responsible to the Board for the design, implementation and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies.

The Board notes that the system of internal controls is designed to manage, rather than to eliminate, the risk of failure in achieving business objectives, and that no system of risk management and internal controls can provide absolute assurance against the occurrence of errors, losses, fraud or other irregularities and the containment of business risks. Nonetheless, the Board acknowledges that it is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, compliance and IT controls. The Board also recognises its responsibilities in ensuring a sound system of internal controls to safeguard shareholders' interests and the Group's assets, and will look into the need to establish a separate Board risk committee at the relevant time.

To ensure that the Group's risk management and internal control systems are adequate and effective, the Group has in place a Risk Governance and Internal Control Framework which sets out the Board's approved code of ethics, risk appetite and risk tolerance guidance, authority and risk control matrix, key control activities and key reporting and activities that management must adhere to. The Company has continued to engage RSM Ethos Pte. Ltd. ("**RSM**") as internal auditors who have presented their Internal Audit ("**IA**") report to the AC and the Board to assist them in their review of the Group's risk management and internal control systems, focusing on financial, operational, compliance and IT controls.

The Group's management regularly reviews the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance and IT controls, and continues to apply appropriate measures to control and mitigate these risks. All significant matters are highlighted to the Board and the AC for further discussion. The Board and the AC also work with the internal auditors, external auditors and management on their recommendations to institute and execute relevant controls with a view to managing such risks.

The Board has obtained the assurance from the Executive Chairman and the FC that the financial records have been properly maintained, the financial statements for FY2018 give a true and fair view of the Group's operations and finances, and that the Group's risk management and internal control systems are effective pursuant to the recommendation of Guideline 11.3 of the Code.

In view of the above and based on the internal controls established and maintained by the Group, work performed by the internal auditors, external auditors, and reviews performed by management, various Board committees and the Board so far, the AC and the Board are of the opinion that the Group's risk management and internal control systems, addressing financial, operational, compliance and IT risks are adequate as at the date of this Annual Report.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC consists of three (3) members, all of whom are Independent Directors:

Mr Ang Miah Khiang	-	Chairman
Mr Tan Chin Keong	-	Member
Mr Tan Jee Ming	-	Member

None of the AC members are former partners or directors of the Company's existing auditing firm or audit corporation.

The members of the AC carried out their duties in accordance with its terms of reference which include the following:

- Review the relevance and consistency of the accounting standards and policies, the significant financial reporting issues, recommendations and judgements made by the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance before submission to the Board for review and approval;

CORPORATE GOVERNANCE REPORT (continued)

- Review with the internal auditors the internal audit plan and their evaluation of the adequacy of the internal controls and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and IT risks and controls prior to incorporation of such results in the annual report;
- Review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- Monitor and review that the implementation of the external auditors' and internal auditors' recommendations concurred with management in relation to the adequacy of the Group's internal controls and accounting system addressing financial, operational, compliance and IT risks;
- Make recommendations to the Board on proposals to the shareholders of the Company for the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;
- Review the co-operation given by management to the external auditors and internal auditors, where applicable;
- Review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time;
- Review and approve interested person transactions and review procedures thereof;
- Review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- Review and approve foreign exchange hedging policies, if implemented, by the Group and conduct periodic review of foreign exchange transactions and hedging policies and procedures;
- Review the Group's risk management framework, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, to be announced immediately via SGXNET;
- Investigate any matters within its terms of reference;
- Review the policy and arrangements by which the staff of the Group and external parties may, in confidence, raise concerns about possible improprieties on matters of the Group's business operations and financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- Undertake generally such other functions and duties as may be required by statute or the Listing Manual, as amended from time to time; or as may be delegated by the Board.

As part of its review, the AC shall also:

- Commission an annual internal audit to ensure that the Group's internal controls, including financial, operational, compliance and IT controls are robust and effective; and
- Commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any applicable laws, rules or regulations which have or are likely to have a material impact on the Group's operating results and/or financial position.

The AC meets at least on a bi-annual basis and plays a key role in assisting the Board to review significant financial reporting issues and judgements, so as to ensure the quality and integrity of the accounting reports, the audit procedures, internal controls, financial statements and any announcements relating to the Group's financial performance.

The AC reviews the adequacy and effectiveness of the internal control systems, including financial, operational, compliance and IT controls annually and reports its findings to the Board accordingly.

The Board considers Mr Ang Miah Kiang, a fellow with the Institute of Singapore Chartered Accountants, and who has extensive and practical financial management knowledge and experience, well-qualified to chair the AC. The other members of the AC bring with them invaluable experience in finance and business management. The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experience to discharge the duties and responsibilities of the AC.

CORPORATE GOVERNANCE REPORT (continued)

The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on the Group's financial statements. During FY2018, the changes in the accounting standards did not have any significant impact on the Group's financial statements. The AC reviews the audit plan and the scope of examination by the external auditors before recommending the same to the Board for approval. This is done prior to the commencement of the audit, as well as the assistance given by the Group's officers to the external auditors. The AC also discusses with the external auditors and internal auditors the results of their examinations and their evaluation of the Group's system of internal controls, and at least once a year, holds separate sessions with them without the presence of the Group's management to discuss any matters deemed appropriate to be discussed privately. In addition, the AC reviews announcements relating to the Group's half-year and full year financial results, the financial statements of the Company and the consolidated financial statements of the Group prior to its recommendations to the Board for review and approval.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to management and full discretion to invite any Director or key management personnel to attend its meetings. The AC is reasonably resourced to enable it to discharge its functions properly. During FY2018, the AC has received full co-operation from the Group's management and officers in the course of carrying out its duties. The AC is also satisfied with the adequacy of the scope and quality of the external audits conducted by Ernst & Young LLP. The Company confirms that it is in compliance with Rules 712 and 715(1) of the Listing Manual in relation to its external auditors.

The aggregate amount of audit and non-audit fees paid or payable to the external auditors for FY2018 are S\$70,000 and S\$8,000 respectively. The non-audit services fees paid or payable to the Company's auditors, Ernst & Young LLP, during FY2018 were solely for tax compliance services rendered to the Group.

The AC, having reviewed the independence and objectivity of the external auditors and the scope and value of all non-audit services provided to the Group by the external auditors, Ernst & Young LLP, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Having been satisfied as to the foregoing and that Rules 712 and 715 of the Listing Manual have been complied with, the AC has recommended to the Board the re-appointment of Ernst & Young LLP as external auditors of the Company at the forthcoming AGM.

Whistle Blowing Policy

The Company has adopted a Whistle Blowing Policy to provide a channel for employees of the Group and external parties to report, in good faith and in confidence, their concerns about possible improprieties relating to financial reporting or on other matters. The AC exercises the overseeing function over the administration of the Whistle Blowing Policy. The Whistle Blowing Policy provides for procedures to ensure that:

- Independent investigations are carried out in an appropriate and timely manner;
- Appropriate action is taken to correct the weakness in internal controls and policies that allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- Administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle blowing in good faith and without malice.

The Whistle Blowing Policy has been circulated to all employees. As at the date of this Annual Report, there were no reports received through the whistle blowing mechanism.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard the interests of the Company's shareholders and the Group's business and assets, while the Group's management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the internal auditors are to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular internal audits of high-risk areas.

CORPORATE GOVERNANCE REPORT (continued)

The AC has continued to engage RSM as the Group's internal auditors in FY2018. The AC, having considered, amongst others, the reputation and track record of RSM and the qualifications, experience and availability of resources and independence of the team at RSM, is satisfied that the appointment of RSM as internal auditors is appropriate. The internal auditors' primary line of reporting is to the Chairman of the AC. Administratively, the internal auditors report to the Executive Chairman. The engagement of RSM as the Group's internal auditors, its fee proposal and the internal audit plan in respect of FY2018 were reviewed and endorsed by the AC. The internal auditors confirm that they have carried out their function in accordance with the Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

The AC reviews the reports issued by the internal auditors to ensure that the Group's internal controls, including financial, operational, compliance and IT controls are robust and effective, and follows up with the Group's management in ensuring that the internal auditors' recommendations have been adequately and appropriately implemented. The AC also ensures that the Group's management provides good support to the internal auditors, such as providing the internal auditors with access to documents, records, properties and personnel when requested in order for them to carry out their function accordingly. The AC will review the adequacy and effectiveness of the internal audit function at least annually.

SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Shareholders' Rights

Principle 14: 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.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Conduct of Shareholders Meetings

Principle 16: 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 Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all of the Company's shareholders are treated equitably and the rights of all investors, including those of its minority shareholders are protected.

The Company is committed to providing its shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Company strongly encourages shareholder participation during the forthcoming AGM which will be held in Singapore. Shareholders are able to proactively engage the Board and the Group's management on the Group's business activities, financial performance and other business related matters. Aside from the AGM, shareholders can also contact the Company directly, via the FC, if they have any questions concerning the Group. The Company also meets with retail and institutional investors, when the opportunity arises.

The Group is committed to maintaining high standards of corporate disclosure and transparency, whilst safeguarding its commercial interests. The Group values dialogue sessions with the Company's shareholders. The Group believes in regular, effective and fair communication with the Company's shareholders and is committed to hearing shareholders' views and addressing their concerns, if any.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET and the Group's corporate website, through the release of corporate announcements and press releases, if appropriate.

To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released by the Company to members of the public via SGXNET.

CORPORATE GOVERNANCE REPORT (continued)

The SGXNET and the Group's corporate website are the key resources of information for the Company's shareholders. In addition to the financial results, the Group's corporate website contains other investor related information on the Group, including financial highlights and corporate information.

The Company does not currently have a fixed dividend policy. In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

- The level of the Group's cash and retained earnings;
- The Group's actual and projected financial performance;
- The Group's projected levels of capital expenditure and other investment plans;
- The Group's working capital requirements and general financing condition; and
- Restrictions on payment of dividends imposed by the Group's financing arrangement, if any.

In view of the Group's financial results for FY2018 and the challenging operating environment, the Board is proposing that no dividend be declared in respect of FY2018.

The Group supports and encourages shareholders' active participation at the Company's general meetings. The Board believes that general meetings serve as an opportune forum for the Company's shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders of the Company. The notices are also released via SGXNET and published in local newspapers, as well as posted on the Company's website. The Company's Constitution also allows a shareholder of the Company to appoint up to two proxies to attend general meetings and vote on their behalf.

In addition, pursuant to Section 181(1C) of the Companies (Amendments) Act 2014, a member who is a custodian institution or relevant intermediary is entitled to appoint more than two proxies to attend, speak 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 number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

As the authentication of personal information and other related security issues remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax. Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate. All Directors, including the Chairman of the Board and the respective Chairman of the AC, NC and RC, the Group's management, and the external auditors intend to be present at the Company's general meetings to address any queries from its shareholders.

The Company intends to record the minutes of general meetings that include relevant and substantive comments from its shareholders relating to the agenda of the meetings and responses from the Group's management. Such minutes will be available to the Company's shareholders upon their request.

The Board will adhere to the requirements under Rule 730(A)(2) of the Listing Manual where all resolutions are to be voted by poll at the forthcoming AGM.

Dealing in Securities

In line with Rule 1204(19) of the Listing Manual, the Group has adopted and implemented policies in line with the SGX-ST's best practices in relation to the dealing of securities of the Company. The policies prohibit dealings in the Company's securities by the Directors and employees of the Group, while in possession of unpublished price sensitive information. Directors and employees of the Group are not allowed to deal in the Company's securities on short-term considerations and during the one month before the announcement of the Group's half-year and full year financial results. The Directors and the employees of the Group are also expected to observe insider trading laws at all times, even when dealing in securities within the permitted trading period. The Directors and employees of the Group are also required to adhere to the provisions of the Securities and Futures Act (Chapter 289), Companies Act (Chapter 50), the Listing Manual and any other relevant laws and regulations with regard to their securities transactions.

CORPORATE GOVERNANCE REPORT (continued)

Material Contracts

The Company confirms that save for the service agreements between the Company and the Executive Directors, Mr Teo Choon Hock and Mr Kwek Keng Seng, there are no other material contracts of the Company and its subsidiaries involving the interest of the Executive Chairman and CEO, any Director or controlling shareholder of the Company either still subsisting as at 31 December 2018 or if not then subsisting, entered into since 31 December 2018.

Non-Sponsor Fees

The Company appointed CIMB Bank Berhad, Singapore Branch (“**CIMB**”) to act as its Continuing Sponsor, in place of United Overseas Bank Limited (“**UOB**”) with effect from 1 October 2018.

With reference to Rule 1204(21) of the Listing Manual, there were no non-sponsor fees paid to CIMB and UOB during FY2018.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and such transactions are conducted at arm’s length basis and will not be prejudicial to the interests of the Company and its minority shareholders.

The Company does not have a shareholders’ mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

The Company confirms that there were no interested person transactions that were entered into during FY2018.

SUSTAINABILITY REPORT

About This Report

PS Group Holdings Ltd (hereafter referred to as “the Company” and collectively with its subsidiaries, “the Group”) is pleased to present our annual Sustainability Report (the “Report”) which covers our sustainability performance from 1 January 2018 to 31 December 2018 (the “reporting period”).

The Report provides information about the Group’s key sustainability topics, management policies and sustainability performance across all operations. The Group has chosen the Global Reporting Initiative (“GRI”) Standards which represent the global best practices for reporting on economic, environmental and social topics.

The Report is prepared in accordance with the GRI Standards’ “Core” option and incorporates the primary components of report content as set out by the SGX’s “Comply or Explain” requirements on sustainability reporting under Listing Rule 711B and Practice Note 7F of the Listing Manual Section B: Rules of the Catalist of the SGX-ST (“Listing Rules”).

The Group’s material topics are identified based on its impacts on our internal and external stakeholders, as outlined in the Stakeholders Engagement section. Detailed section reference with GRI Standards is found at the GRI Standards Content Index section of this report. The Group’s Sustainability Task Force (“STF”) has assessed that external assurance is not required.

Governance and Statement of the Board

The Group prioritises sustainability at the board level. The Management has established a STF to implement and manage the Group’s sustainability measures. The STF reports directly to the Executive Chairman, assists the Board in determining key economic, environmental and social topics of the Group and sets both quantitative and qualitative targets for the forthcoming year.

The Board has incorporated sustainability issues into the strategic formulation of the Group, approved the material environmental, social and economic factors identified by the STF, and ensured that the factors identified are well-managed and monitored by the STF.

Please refer to the Corporate Governance report for more information.

Our Sustainability Story

Sustainability in Hardware Supply

As the world is changing course and there is an increasing interest in sustainable products and supply chains, the Group endeavours to adapt to this market trend by improving the sustainability of our operations through minimising environmental impacts and improving the welfare of our employees and community.

Sustainability Targets and Performance

Below is a summary table of the Group’s key sustainability targets and performance during the reporting period.

Environmental Performance in FY2018	
FY2018 Target	Performance Update
Monitor and reduce energy consumption	Annual energy consumption reduced by 12.4%
Packaging cost <1% of total cost of sales	Achieved packaging cost forming 0.3% of total cost of sales
Environmental Targets for FY2019	
FY2019 Target	Action Plan
Monitor and prevent energy consumption from increasing by more than 5%	Maintain environmentally friendly practices and ensure implementation
Packaging cost <1% of total cost of sales	Maintain and improve recycling programme

SUSTAINABILITY REPORT (continued)

Social Performance in FY2018	
FY2018 Target	Performance Update
Zero workplace incident and accident	Achieved zero workplace incident and accident
Social Targets for FY2019	
FY2019 Target	Action Plan
Zero workplace incident and accident	Maintain safety culture and educate employees on the importance of safety awareness and measures

Stakeholder Engagement

The Group actively engages in meaningful and productive dialogues with our stakeholders and we participate in various industry and government forums to keep abreast of any material stakeholder issues.

We identify key stakeholders as groups which have material impact or could potentially be impacted by our operations. The following table summarises our key stakeholders, engagement platforms and their key concerns.

Stakeholders	Engagement platforms	Key concerns	Read more in the following sections
Customers	<ul style="list-style-type: none"> Product feedback 	<ul style="list-style-type: none"> Product quality Cost-savings Environmental compliance 	<ul style="list-style-type: none"> Environmental Responsibility Customer Value
Employees	<ul style="list-style-type: none"> Annual performance appraisal 	<ul style="list-style-type: none"> Remuneration and benefits Employee diversity Training and development 	<ul style="list-style-type: none"> Our People, Our Assets
Governments and Regulators	<ul style="list-style-type: none"> Annual reports Sustainability reporting Ongoing dialogues 	<ul style="list-style-type: none"> Regulatory and industry requirements of Ministry of Manpower ("MOM") Environmental compliance with National Environmental Agency ("NEA") 	<ul style="list-style-type: none"> Environmental Responsibility Our People, Our Assets
Community	<ul style="list-style-type: none"> Community service engagement 	<ul style="list-style-type: none"> Social development Community engagement 	<ul style="list-style-type: none"> Corporate Social Responsibility
Shareholders and investors	<ul style="list-style-type: none"> Annual reports Investor relations management 	<ul style="list-style-type: none"> Anti-corruption Financial performance 	<ul style="list-style-type: none"> Anti-Corruption Economic Performance

Material Topics and Boundaries

The Group's material topics are determined based on the principle of materiality to our internal and external stakeholders, as outlined in the Stakeholders Engagement section.

Material Topics	Boundaries (i.e. which segment, country or subsidiary, where applicable)
ECONOMIC	
GRI 201: Economic Performance	Group-wide
GRI 203: Indirect Economic Impacts	
GRI 205: Anti-corruption	

SUSTAINABILITY REPORT (continued)

Material Topics	Boundaries (i.e. which segment, country or subsidiary, where applicable)
ENVIRONMENTAL	
GRI 301: Materials	Group-wide
GRI 302: Energy	
GRI 305: Emissions	
GRI 306: Effluents and Waste	
GRI 307: Environmental Compliance	
GRI 308: Supplier Environmental Assessment	
SOCIAL	
GRI 401: Employment	Group-wide
GRI 403: Occupational Health and Safety	
GRI 404: Training and Education	
GRI 405: Diversity and Equal Opportunity	
GRI 413: Local Communities	
GRI 414: Supplier Social Assessment	
GRI 416: Customer Health and Safety	
GRI 419: Socioeconomic Compliance	

Ethics and Integrity

Anti-corruption

GRI 205-1, 205-2, 205-3

The Group takes a strong stance against corruption and malpractice. To facilitate a corruption-free business, the Group has developed avenues for employees of the Group and third parties to raise concerns about wrongdoing, malpractice or misconduct within the Group.

The Group formed a dedicated Whistle-Blowing Committee (“**PSWC**”) that investigates and communicates all whistle-blowing incidents to the Audit Committee and senior management of the Group. All new employees are made aware of the whistle-blowing policy and procedures developed by the Group.

The Group plays an active role in strengthening internal controls and remains vigilant in the handling of concerns regarding potential breaches. Independent investigations are carried out in an appropriate and timely manner and risk mitigating controls shall be implemented upon Board approval.

There was no major incident of corruption brought against the Group during the reporting period. We continue to be vigilant in ensuring our employees conduct themselves with the highest integrity.

Economic Performance

GRI 201-1

The Group prioritises the interests of our shareholders and key stakeholders, and we are committed to maximising shareholders value without compromising the sustainability of our operations.

Please refer to Financial Contents for the financial performance of the Group in FY2018.

SUSTAINABILITY REPORT (continued)

Environmental Responsibility

As an eco-conscious company, we are aware that our operations may have potential environmental impacts and we endeavour to improve the sustainability of our operations and resource usage. The Group strictly complies with environmental laws and regulations.

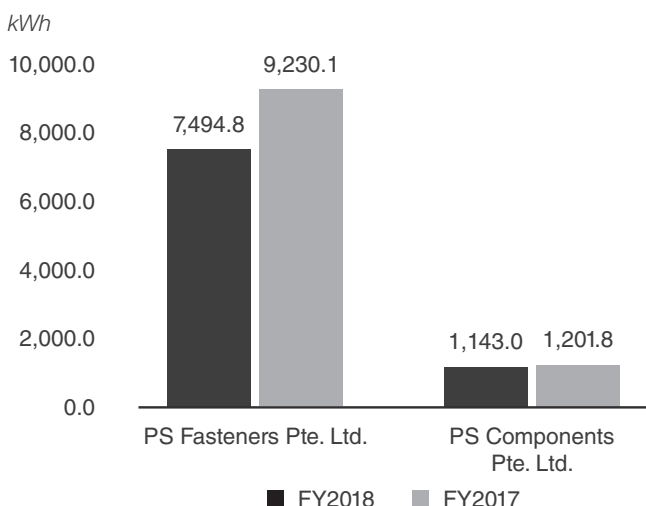
Energy and Emissions Management

GRI 302-1, 302-3, 302-4, 305-2, 305-4, 305-5

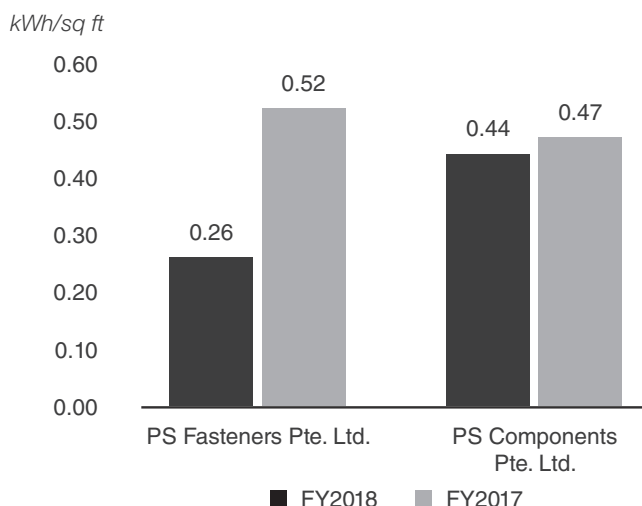
The Group strives to operate sustainably by reducing our carbon footprint in our office and warehouses. Our only source of energy is the electricity purchased for consumption. As such, we have implemented energy-saving initiatives to reduce energy consumption and corresponding greenhouse gas emissions, such as configuring our air-conditioning and lighting systems to shut down automatically after working hours daily.

We will continue to monitor our energy consumption to ensure efficient use of energy.

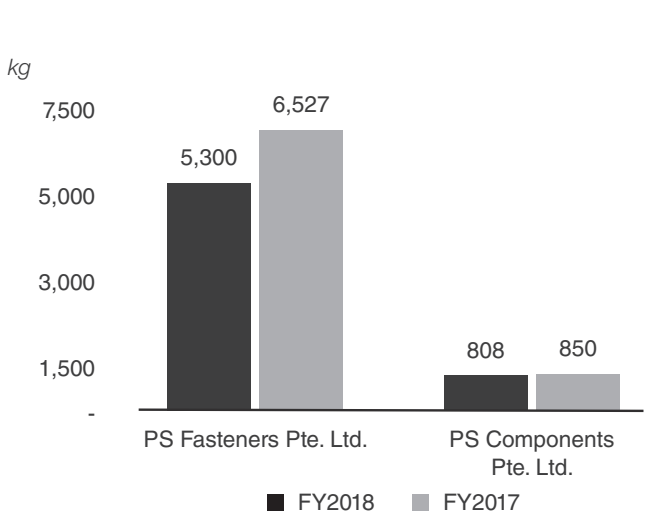
AVERAGE MONTHLY ENERGY CONSUMPTION



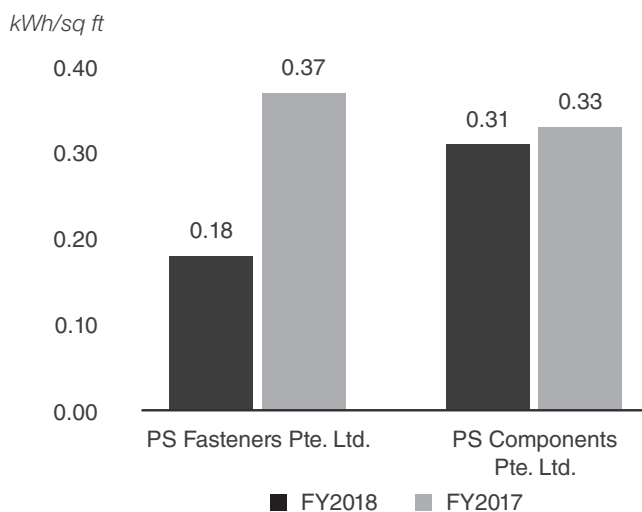
AVERAGE MONTHLY ENERGY INTENSITY



AVERAGE MONTHLY CO₂ EMISSIONS



AVERAGE MONTHLY CO₂ INTENSITY



SUSTAINABILITY REPORT (continued)

In FY2018, our average monthly energy consumption stood at 8,637.8 kWh, lower than the average monthly energy consumption of 10,431.9 kWh in FY2017. Our corresponding energy intensity and carbon emissions have reduced as well. This is a clear testament to our energy conservation efforts, and we will continue to further reduce our energy consumption and carbon footprint in FY2019.

PS Recycling Programme

GRI 301-2, 306-2

The Group is committed to minimising resource usage and wastes generated from our operations through recycling used materials. Through the PS Recycling Programme, we actively advocate recycling and we reuse packaging materials where possible. The programme involves every member of the organisation and we inculcate recycling habits and responsibilities in an effort to protect our environment by conserving resources and reducing waste generation. All members are educated and encouraged to dispose of paper, carton boxes and other packaging materials in recycling bins provided.

We will further develop this recycling programme into a comprehensive environmental policy for the Group.

Managing our Suppliers

GRI 308-1, 308-2

The Group assesses its major suppliers on their environmental and social policies and performance on an annual basis. We require suppliers to disclose their compliance with environmental laws and regulations, and whether they have taken any mitigating actions to address the impacts or non-compliance issue (if any).

In an effort to develop a sustainable supply chain, we make the conscientious choice to procure from certified suppliers with an effective environmental management system and good environmental performance and track record.

There was no concern or incident of environmental non-compliance by our major suppliers during the reporting period.

Environmental Targets and Compliance

GRI 307-1

The Group strictly complies with local environmental laws and regulations where we operate, and there was no incident of environmental non-compliance during the reporting period.

In order to maintain strict environmental compliance and achieve our environmental targets in FY2019, we have reviewed our environmental performance in FY2018 and developed an action plan for FY2019.

Environmental Targets for FY2018	
FY2018 Target	Performance Update
Monitor and reduce energy consumption	Annual energy consumption reduced by 12.4%
Reuse packaging materials, maintaining packaging cost <1% of total cost of sales	Achieved packaging cost forming 0.3% of total cost of sales
Environmental Targets for FY2019	
FY2019 Target	Action Plan
Monitor and prevent energy consumption from increasing by more than 5%	Maintain environmentally friendly practices and ensure implementation
Reuse packaging materials, maintaining packaging cost <1% of total cost of sales	Maintain and improve recycling programme
Environmental assessment of major suppliers	Continue to perform annual appraisals for major suppliers to assess their compliance with environmental laws and regulations
Zero environmental non-compliance	Maintain strict compliance with environmental laws and regulations

SUSTAINABILITY REPORT (continued)

Customer Value

Reputed to be the leading trader of high-quality fasteners, the Group is committed to benefiting and creating value to our customers through cost-savings without compromising the quality of our products.

Product and Service Quality

GRI 414-1, 416-1

As a reputable fastener distributor, we are dedicated to building long-lasting and trusting relationships with our customers through consistently high-quality products, efficient customer service and timely delivery. We are highly regarded by our customers for these values that we uphold.

The Group verifies the products from our suppliers to ensure proper order fulfilment for our customers. In addition, under the implementation of our ISO 9001 policies and procedures, we perform annual appraisals of our major product suppliers to ensure that their product quality meet our standards. We also evaluate our delivery service providers to ensure that they deliver our products in an efficient and timely manner.

Economic Value to the Customer

GRI 203-2

We take pride in being the “Mix- and Match Expert”, and this brand position differentiates us from our competitors by offering customers any customisable mix of our products at any quantity, thus bring our customers flexibility and significant cost savings.

In addition, we add value to our customer service by providing an e-commerce platform that enables customers to order with convenience from anywhere, at any time.

Quality Targets and Compliance

GRI 416-2

The Group will continue to create value to our customers, and we strictly comply with ISO 9001 quality management requirements. There was no reported incident of non-compliance with our product quality management system during the reporting period.

We endeavour to maintain this in FY2019 and continue strict implementation of our product quality management system that is in line with industry requirements and regulations.

SUSTAINABILITY REPORT (continued)

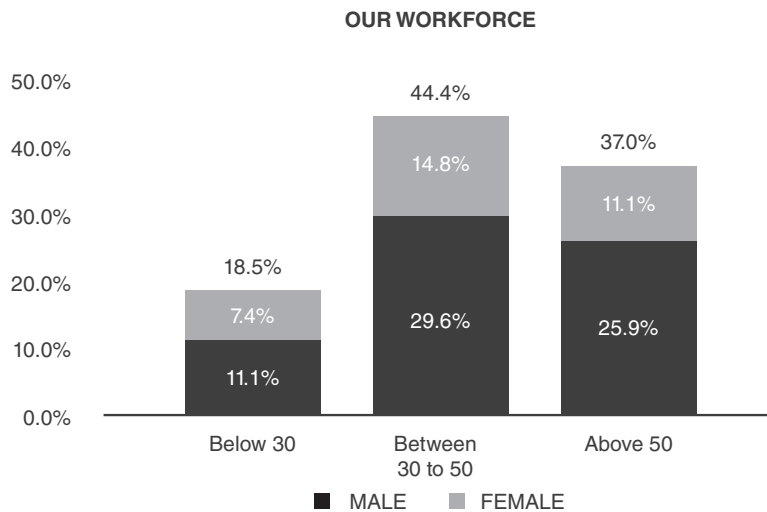
Our People, Our Assets

The Group values the development of our employees and we protect their wellbeing, health and safety. We value the contributions of all our staff and we compensate them fairly, regardless of age or gender.

Employee Diversity

GRI 405-1

The Group believes that workforce diversity drives innovation and stimulates our growth, and we seek to strike a balance in the age and gender composition of our workforce. Our workforce stood at 27 employees as at 31 December 2018.



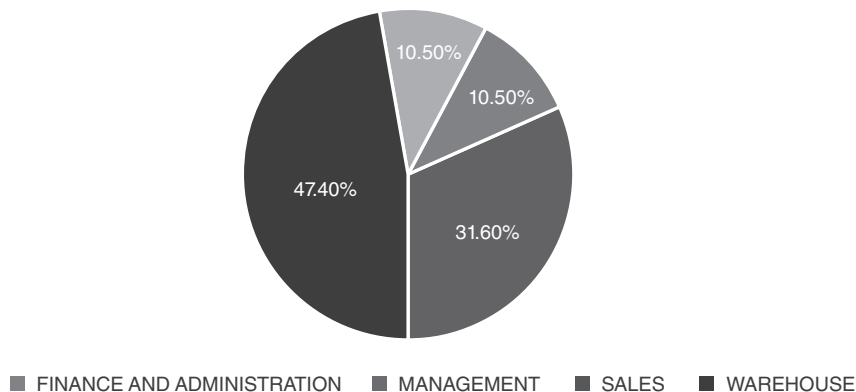
Employee Retention

GRI 401-1, 401-2, 401-3, 404-1, 404-2, 404-3

The Group endeavours to build a high-retention workplace that is conducive for our employees to learn and grow. We implement and adhere to best practices regarding employee engagement, including fair remuneration, employee benefits, external training and development programs, performance and career development reviews. In FY2018, our new hire rate was 7.4% and turnover rate was 11.1%. In addition, 70% of our employees were subjected to annual appraisal.

The Group is committed to the development of our employees in terms of their skillsets and workplace safety awareness and practices. In FY2018, our employees participated in various training programmes, which included safety training courses such as “Respond to Fire Incident in Workplace”, “Apply Workplace Safety and Health in Metalworking” and “CERT First Aid with CPR and AED Course” that are extremely applicable and beneficial for our employees.

PERCENTAGE OF AVERAGE HOURS OF TRAINING BY DEPARTMENT



We take responsibility of the well-being of our employees and provide them with adequate employee benefits, including healthcare, disability and invalidity coverage and parental leave. In FY2018, one employee took parental leave, and we achieved a 100% return-to-work rate.

SUSTAINABILITY REPORT (continued)

Workforce Targets and Compliance

GRI 403-2, 419-1

The Group endeavours to be a socially responsible employer and we strictly comply with labour laws and regulations. There was no incident of non-compliance with labour laws and regulations during the reporting period.

In order to maintain strict compliance with labour laws and regulations and achieve our workforce targets in FY2019, we have reviewed the effectiveness of our workforce strategies in FY2018 and developed an action plan for FY2019.

Staff Development Performance in FY2018	
FY2018 Target	Performance Update
Zero workplace incident and accident	Achieved zero workplace incident and accident
Staff Development Targets for FY2019	
FY2019 Target	Action Plan
Zero workplace incident and accident	Maintain safety culture and educate employees on the importance of safety awareness and measures
Zero non-compliance with labour laws	Maintain strict compliance with labour laws and regulations

Corporate Social Responsibility

Community Engagement

GRI 413-1

As a responsible corporate citizen, the Group is committed to making a difference to the society and giving back to the community.

Since the Group's listing on Catalist in 2013, it has donated over S\$83,000 to various charitable organisations and beneficiaries. In addition, we have dedicated resources towards the education of our employees' children from pre-primary through tertiary since 2007.

Our Executive Chairman and Director, Mr Teo Choon Hock, has also been actively involved in grass root works and was presented the Public Service Star (Bar) award in 2018 in recognition of his efforts and services towards the Singapore society.

Socioeconomic Targets and Compliance

GRI 419-1

The Group strictly complies with social and economic laws and regulations. There was no incident of non-compliance with laws and regulations in the social and economic area during the reporting period.

In order to maintain strict compliance with socioeconomic laws and regulations in FY2019, we have reviewed our operations in FY2018 and developed an action plan for FY2019.

Socioeconomic Performance in FY2018	
FY2018 Target	Performance Update
Zero socioeconomic non-compliance	Achieved zero socioeconomic non-compliance
Socioeconomic Targets for FY2019	
FY2019 Target	Action Plan
Zero socioeconomic non-compliance	Maintain strict compliance with economic and social laws and regulations

SUSTAINABILITY REPORT (continued)

SGX Five Primary Components Index

S/N	Primary Component	Section Reference
1	Material Topics	Stakeholder Engagement
2	Policies, Practices and Performance	Our Sustainability Story
3	Board Statement	Governance and Statement of the Board
4	Targets	Our Sustainability Story
5	Framework	About this Report

GRI Standards Content Index

GRI Standards	Disclosure Content	Section Reference
102-1	Name of the organisation	
102-2	Activities, brands, products, and services	
102-3	Location of headquarters	
102-4	Location of operations	
102-5	Ownership and legal form	
102-6	Markets served	
102-7	Scale of the organisation	
102-8	Information on employees and other workers	Employee Diversity
102-9	Supply chain	
102-11	Precautionary Principle or approach	
102-14	Statement from senior decision-maker	
102-15	Key impacts, risks, and opportunities	
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity
102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity
102-18	Governance structure	
102-40	List of stakeholder groups	Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement
102-46	Defining report content and topic boundaries	About this Report
201-1	Direct economic value generated and distributed	Economic Performance
203-2	Significant indirect economic impacts	Economic Value to the Customer
205-1	Operations assessed for risks related to corruption	Anti-corruption
205-2	Communication and training on anti-corruption policies and procedures	Anti-corruption

SUSTAINABILITY REPORT (continued)

GRI Standards	Disclosure Content	Section Reference
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
301-2	Recycled input materials used	PS Recycling Programme
302-1	Energy consumption within the organisation	Energy and Emissions Management
302-3	Energy Intensity	Energy and Emissions Management
302-4	Reduction of energy consumption	Energy and Emissions Management
305-2	Energy Indirect Greenhouse Gas Emissions (Scope 2)	Energy and Emissions Management
305-4	Greenhouse Gas Emissions Intensity	Energy and Emissions Management
305-5	Reductions in GHG Emissions	Energy and Emissions Management
306-2	Waste by type and disposal method	PS Recycling Programme
307-1	Non-compliance with environmental laws and regulations	Environmental Targets and Compliance
308-1	New suppliers that were screened using environmental criteria	Managing our Suppliers
308-2	Negative environmental impacts in the supply chain and actions taken	Managing our Suppliers
401-1	New employee hires and employee turnover	Employee Retention
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Retention
401-3	Parental Leave	Employee Retention
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Workforce Targets and Compliance
404-1	Average hours of training per year per employee	Employee Retention
404-2	Programmes for upgrading employee skills and transition assistance programs	Employee Retention
404-3	Regular performance and career development review	Employee Retention
405-1	Diversity of governance bodies and employees	Employee Diversity
413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement
414-1	New suppliers that were screened using social criteria	Product and Service Quality
416-1	Assessment of the health and safety impacts of product and service categories	Product and Service Quality
416-2	Incidents of non-compliance concerning the health and safety impact of products and services	Quality Targets and Compliance
419-1	Non-compliance with laws and regulations in the social and economic area	Socio Economic Target and Compliance, Workforce Targets and Compliance

FINANCIAL CONTENTS

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39	INDEPENDENT AUDITOR'S REPORT
42	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
43	BALANCE SHEETS
44	STATEMENT OF CHANGES IN EQUITY
45	CONSOLIDATED STATEMENT OF CASH FLOWS
46	NOTES TO THE FINANCIAL STATEMENTS
82	STATISTICS OF SHAREHOLDINGS
84	NOTICE OF ANNUAL GENERAL MEETING
87	DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION
	PROXY FORM

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of PS Group Holdings Ltd. (the Company) and its subsidiaries (collectively, the Group) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Teo Choon Hock
Kwek Keng Seng
Ang Miah Khiang
Tan Chin Keong
Tan Jee Ming

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this statement, 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 or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of directors	Direct interest	
	At beginning of the financial year	At the end of the financial year
The Company		
Ordinary shares		
Teo Choon Hock	26,179,904	26,179,904
Kwek Keng Seng	21,420,096	21,420,096
Tan Jee Ming	20,000	20,000

DIRECTORS' STATEMENT (continued)

By virtue of Section 7 of the Act, Teo Choon Hock and Kwek Keng Seng are deemed to be interested in the shares held by the Company in its subsidiaries.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Share options

During the financial year, there were:

- (a) No options granted by the Company to any person to take up unissued shares of the Company; and
- (b) No shares issued by virtue of any exercise of options to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Audit committee

The audit committee (AC) carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors
- Reviewed the half yearly and annual announcements and the annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor
- Reviewed the nature and extent of non-audit services provided by the external auditor
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

DIRECTORS' STATEMENT (continued)

The AC convened two meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Teo Choon Hock
Director

Kwek Keng Seng
Director

Singapore

INDEPENDENT AUDITOR'S REPORT

To the Members of PS Group Holdings Ltd.
For the financial year ended 31 December 2018

Report on the audit of the financial statements

Opinion

We have audited the financial statements of PS Group Holdings Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matters

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

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Allowance for slow moving and obsolete inventories

As of 31 December 2018, the total gross inventories and the related allowance for inventories amounted to S\$8,456,504 and S\$249,122 respectively. The allowance for inventories relates to finished products. We focused on this area as the inventory carrying amount is material to the financial statements. In addition, the determination of the allowance involves a high level of management judgment as the inventories are durable and have long economic useful lives.

In assessing the adequacy of allowance for inventories, amongst other procedures, we attended inventory cycle counts as well as year-end inventory count and observed management's processes in identifying obsolete and damaged inventory. We evaluated the stock allowance policy adopted by management with respect to slow moving and obsolete inventories. In addition, we tested, on a selected sample, the reliability of the inventories movement report by sales movement to assess whether the report can be relied upon in our assessment. We reviewed management's analysis of allowance of slow moving and obsolete inventories. We tested the net realisable values of inventories on a sample basis by comparing the carrying values of the inventories to the subsequent or latest available selling prices to check that the carrying values are not higher than the selling prices. We also assessed the adequacy of the disclosures related to inventories in Note 2.11 and Note 14. The key sources of estimation uncertainty in relation to allowance for slow moving and obsolete inventories are disclosed in Note 3 to the financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

To the Members of PS Group Holdings Ltd.
For the financial year ended 31 December 2018

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (continued)

To the Members of PS Group Holdings Ltd.
For the financial year ended 31 December 2018

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Teo Li Ling.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	2018 S\$	2017 S\$
Continuing operations			
Revenue	4	11,080,858	9,820,329
Cost of sales		(8,075,848)	(7,094,990)
Gross profit		3,005,010	2,725,339
Other income	5	436,778	225,553
Expenses			
Selling and distribution expenses		(748,716)	(767,430)
Administration expenses		(2,519,018)	(2,591,986)
Finance expenses	6	(72,436)	(47,073)
Profit/(loss) before tax from continuing operations	7	101,618	(455,597)
Income tax (expense)/credit	8	(39,206)	4,798
Profit/(loss) from continuing operations, net of tax		62,412	(450,799)
Discontinued operation			
Profit/(loss) from discontinued operation, net of tax	9	2,017	(57,916)
Profit/(loss) net of tax, representing total comprehensive income for the year		64,429	(508,715)
Attributable to:			
Owners of the Company			
Profit/(loss) from continuing operations, net of tax		62,412	(450,799)
Profit/(loss) from discontinued operation, net of tax		1,816	(52,124)
Profit/(loss) for the year attributable to owners of the company		64,228	(502,923)
Non-controlling interests			
Profit/(loss) from continuing operations, net of tax		–	–
Profit/(loss) from discontinued operation, net of tax		201	(5,792)
Profit/(loss) for the year attributable to non-controlling interests		201	(5,792)
Earnings/(loss) per share from continuing operations attributable to owners of the Company:			
Basic and diluted (cents per unit)	10	0.09	(0.74)
Earnings/(loss) per share attributable to owners of the Company:			
Basic and diluted (cents per unit)	10	0.09	(0.75)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2018

	Note	Group			Company		
		31 December		1 January	31 December		1 January
		2018	2017	2017	2018	2017	2017
		S\$	S\$	S\$	S\$	S\$	S\$
ASSETS							
Non-current assets							
Property, plant and equipment	11	260,751	335,257	2,940,922	–	–	133
Investment properties	12	2,367,709	2,470,699	–	–	–	–
Investments in subsidiaries	13	–	–	–	10,803,506	11,253,506	7,253,522
		<u>2,628,460</u>	<u>2,805,956</u>	<u>2,940,922</u>	<u>10,803,506</u>	<u>11,253,506</u>	<u>7,253,655</u>
Current assets							
Inventories	14	8,207,382	7,515,938	7,371,712	–	–	–
Trade and other receivables	15	2,271,477	2,898,817	2,513,169	300,000	–	3,777,917
Prepaid operating expenses		19,319	77,118	102,296	5,243	37,343	34,900
Cash and cash equivalents	16	1,107,484	931,581	1,729,372	17,175	14,170	324,504
		<u>11,605,662</u>	<u>11,423,454</u>	<u>11,716,549</u>	<u>322,418</u>	<u>51,513</u>	<u>4,137,321</u>
Assets of disposal group classified as held for sale	9	979,142	–	–	282,000	–	–
		<u>12,584,804</u>	<u>11,423,454</u>	<u>11,716,549</u>	<u>604,418</u>	<u>51,513</u>	<u>4,137,321</u>
Total assets		<u>15,213,264</u>	<u>14,229,410</u>	<u>14,657,471</u>	<u>11,407,924</u>	<u>11,305,019</u>	<u>11,390,976</u>
EQUITY AND LIABILITIES							
Current liabilities							
Trade and other payables	17	3,519,376	2,710,061	2,609,233	583,413	335,053	69,746
Loans and borrowings	18	309,217	460,624	309,963	–	–	–
Income tax payable		40,948	4,566	5,413	–	–	–
		<u>3,869,541</u>	<u>3,175,251</u>	<u>2,924,609</u>	<u>583,413</u>	<u>335,053</u>	<u>69,746</u>
Liabilities directly associated with disposal group classified as held for sale	9	237,037	–	–	–	–	–
		<u>4,106,578</u>	<u>3,175,251</u>	<u>2,924,609</u>	<u>583,413</u>	<u>335,053</u>	<u>69,746</u>
Net current assets/(liabilities)		<u>8,478,226</u>	<u>8,248,203</u>	<u>8,791,940</u>	<u>21,005</u>	<u>(283,540)</u>	<u>4,067,575</u>
Non-current liabilities							
Loans and borrowings	18	34,996	46,823	207,447	–	–	–
Deferred tax liabilities	19	12,275	12,350	21,714	–	–	–
		<u>47,271</u>	<u>59,173</u>	<u>229,161</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total liabilities		<u>4,153,849</u>	<u>3,234,424</u>	<u>3,153,770</u>	<u>583,413</u>	<u>335,053</u>	<u>69,746</u>
Net assets		<u>11,059,415</u>	<u>10,994,986</u>	<u>11,503,701</u>	<u>10,824,511</u>	<u>10,969,966</u>	<u>11,321,230</u>
Equity attributable to owners of the Company							
Share capital	20(a)	11,397,030	11,397,030	11,397,030	11,397,030	11,397,030	11,397,030
Retained earnings		6,039,589	5,975,361	6,478,284	(572,519)	(427,064)	(75,800)
Merger reserves	20(b)	(6,403,506)	(6,403,506)	(6,403,506)	–	–	–
		<u>11,033,113</u>	<u>10,968,885</u>	<u>11,471,808</u>	<u>10,824,511</u>	<u>10,969,966</u>	<u>11,321,230</u>
Non-controlling interests		26,302	26,101	31,893	–	–	–
Total equity		<u>11,059,415</u>	<u>10,994,986</u>	<u>11,503,701</u>	<u>10,824,511</u>	<u>10,969,966</u>	<u>11,321,230</u>
Total equity and liabilities		<u>15,213,264</u>	<u>14,229,410</u>	<u>14,657,471</u>	<u>11,407,924</u>	<u>11,305,019</u>	<u>11,390,976</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Retained earnings	Merger reserves	Total equity		
	S\$	S\$	S\$	S\$		
Group						
At 1 January 2017	11,397,030	6,478,284	(6,403,506)	11,471,808	31,893	11,503,701
Loss net of tax, representing total comprehensive income for the financial year	–	(502,923)	–	(502,923)	(5,792)	(508,715)
At 31 December 2017 and at 1 January 2018	11,397,030	5,975,361	(6,403,506)	10,968,885	26,101	10,994,986
Profit net of tax, representing total comprehensive income for the financial year	–	64,228	–	64,228	201	64,429
At 31 December 2018	11,397,030	6,039,589	(6,403,506)	11,033,113	26,302	11,059,415

	Share capital	Retained earnings	Total equity
	S\$	S\$	S\$
Company			
At 1 January 2017	11,397,030	(75,800)	11,321,230
Loss net of tax, representing total comprehensive income for the financial year	–	(351,264)	(351,264)
At 31 December 2017 and at 1 January 2018	11,397,030	(427,064)	10,969,966
Loss net of tax, representing total comprehensive income for the financial year	–	(145,455)	(145,455)
At 31 December 2018	11,397,030	(572,519)	10,824,511

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	2018 S\$	2017 S\$
Operating activities			
Profit/(loss) before tax from continuing operations		101,618	(455,597)
Profit/(loss) before tax from discontinued operation		4,048	(57,916)
		<hr/>	<hr/>
Profit/(loss) before taxation, total		105,666	(513,513)
Adjustments for:			
Interest income		(326)	(418)
Finance expenses		75,324	50,622
Depreciation of property, plant and equipment	11	131,242	179,921
Depreciation of investment properties	12	102,990	42,912
(Gain)/loss on disposal of property, plant and equipment		(3,223)	15,241
Impairment loss on trade receivables		40,521	130
Allowance for slow moving and obsolete inventories		16,191	23,768
		<hr/>	<hr/>
Operating cash flows before changes in working capital		468,385	(201,337)
<u>Changes in working capital:</u>			
Increase in inventories		(1,149,751)	(167,994)
Decrease/(increase) in trade and other receivables and prepaid operating expenses		232,463	(360,600)
Increase in trade and other payables		81,006	266,608
		<hr/>	<hr/>
Total changes in working capital		(836,282)	(261,986)
		<hr/>	<hr/>
Cash flows used in operations		(367,897)	(463,323)
Income tax paid		(2,899)	(5,413)
Interest received		326	418
		<hr/>	<hr/>
Net cash flows used in operating activities		(370,470)	(468,318)
		<hr/>	<hr/>
Investing activities			
Purchase of property, plant and equipment	11	(85,677)	(104,791)
Proceeds from disposal of property, plant and equipment		7,925	1,683
		<hr/>	<hr/>
Net cash flows used in investing activities		(77,752)	(103,108)
		<hr/>	<hr/>
Financing activities			
Net change in trust receipts		909,235	(164,788)
Finance expenses paid		(68,067)	(51,614)
Proceeds from bank loans		–	300,000
Repayment of bank loans		(150,000)	(300,000)
Repayment of obligations under finance lease		(16,411)	(9,963)
		<hr/>	<hr/>
Net cash flows generated from/(used in) financing activities		674,757	(226,365)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		226,535	(797,791)
Cash and cash equivalents at beginning of the financial year		931,581	1,729,372
		<hr/>	<hr/>
Cash and cash equivalents at end of the financial year	16	1,158,116	931,581
		<hr/>	<hr/>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

1. Corporate information

1.1 The Company

PS Group Holdings Pte. Ltd. (the "Company") was incorporated on 30 April 2013 as an exempt private company limited by shares in Singapore. On 30 May 2013, the Company was converted to a public limited Company and changed its name to PS Group Holdings Ltd. The Company is domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company and principal place of business of the Group is located at 9 Tampines Industrial Drive #01-03 Singapore 528543.

The principal activity of the Company is that of investment holding. The principal activities of its 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 balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("SGD" or "S\$").

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

There is no principal adjustment made by the Group on the adoption of SFRS(I).

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

The nature and the impact upon adoption of SFRS(I) 15 and of SFRS(I) 9 are described below:

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group is in the business of sales of bolts, nuts, rivets, fasteners and screw machine products. There is no material effect on the financial statements of the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

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

2.2 First-time adoption of (SFRS(I)) (cont'd)

New accounting standards effective on 1 January 2018 (cont'd)

SFRS(I) 9 Financial Instruments

On 1 January 2018, the Group adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018. The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively.

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognized before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. There is no significant impact arising from measurement of these instruments under FRS 109.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. Given the limited exposure of the Group to credit risk, this amendment does not have material impact on the financial statements.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) 16 <i>Leases</i>	1 January 2019
SFRS(I) INT 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to SFRS(I) 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to SFRS(I) 1-28 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

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

2.3 Standards issued but not yet effective (cont'd)

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- (i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
- (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group is performing a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

2.4 Functional and foreign currencies

The financial statements are presented in Singapore Dollars, which is also the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are measured in the functional currency of the Group and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

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

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries to at the end of the reporting period.

The financial statements of its subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains or losses resulting from intra-group transactions and dividends are eliminated in full.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts 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 attributed to owners of the Company.

2.7 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold properties	-	41 years
Leasehold improvements	-	5 to 10 years
Motor vehicles	-	5 to 10 years
Tools and equipment	-	2 to 10 years
Office equipment	-	4 to 10 years
Furniture and fittings	-	2 to 10 years
Computers	-	1 year to 3 years

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

The residual value, useful life and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the assets is derecognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

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

2.9 Investment properties

Investment properties are completed properties that are owned by the Group that are held to earn rentals or for capital appreciation, or both, rather than in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are measured at cost, including transaction costs. Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment loss. Depreciation is provided on a straight-line basis over the remaining lease tenure of 24 years so as to write-off the cost of the investment property.

Investment properties are derecognised when either they have been disposed of or when investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present locations and conditions are accounted for using the weighted average cost formula.

Where 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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

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

2.12 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

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

2.13 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost

2.16 Government grants

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income."

2.17 Employee benefits

(a) Defined contribution plans

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

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

2.18 Leases

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.19(b). Contingent rents are recognised as revenue in the period in which they are earned.

2.19 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

The Group supplies bolts, nuts, rivets, fasteners and screw machine products for customers.

Revenue is recognised when the goods are delivered to the customer. Certain customers are entitled to monthly volume rebates which are based on the aggregate sales over a month.

The amount of revenue recognised is based on the actual transaction price, which comprises the contractual price, net of the actual volume rebates. Variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(b) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

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

2.20 Non-current assets held for sale and discontinued operation

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.21 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the country where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

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

2.21 Taxes (cont'd)

(b) Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

(c) Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.22 Share capital and share issuance expenses

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

2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised on the balance sheets of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Allowance for slow moving and obsolete inventories

The Company reviews its inventory movement report by sales movements to identify slow moving inventories. Where the Company identifies slow moving inventory, the Company estimates the amounts of allowance on inventory based on the Company's inventory allowance policy. The carrying amount of the Company's inventories and inventories written down as at the end of the reporting period is disclosed in Note 14 to the financial statements

4. Revenue

a) Disaggregation of revenue

	Sales of goods	
	2018	2017
	S\$	S\$
Primary geographical markets		
Indonesia	3,318,091	2,308,598
Malaysia	2,968,775	2,819,868
Singapore	1,835,902	1,488,517
Other countries	2,958,090	3,203,346
	<u>11,080,858</u>	<u>9,820,329</u>
Timing of transfer of goods or services		
At a point in time	<u>11,080,858</u>	<u>9,820,329</u>

b) Contract assets

Information about receivables from contracts with customers is disclosed as follows:

	Group		
	31 December		1 January
	2018	2017	2017
	S\$	S\$	S\$
Receivables from contracts with customers (Note 15)	<u>2,009,824</u>	<u>2,608,921</u>	<u>2,335,797</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

5. Other income

	Group	
	2018	2017
	S\$	S\$
Rental income	345,600	144,000
Government grants	57,230	49,711
Commission income	33,414	25,692
Interest income from cash and cash equivalents	315	405
Others	219	5,745
	<u>436,778</u>	<u>225,553</u>

6. Finance expenses

	Group	
	2018	2017
	S\$	S\$
Interest expense on:		
- Trust receipts	60,721	39,412
- Bank loans	9,869	7,661
- Obligations under finance lease	1,846	–
	<u>72,436</u>	<u>47,073</u>

7. Profit/(loss) before tax from continuing operations

The following items have been included in arriving at profit/(loss) before tax from continuing operations:

	Group	
	2018	2017
	S\$	S\$
Auditors of the Company:		
- Audit fees	62,305	60,700
- Non-audit fees	–	5,140
Depreciation of investment properties (Note 12)	102,990	42,912
Depreciation of property, plant and equipment	105,148	154,347
Foreign exchange loss/(gain), net	14,709	(9,383)
Warehouse maintenance fee	44,820	44,820
(Gain)/loss on disposal of property, plant and equipment	(3,223)	6,630
Allowance for slow moving and obsolete inventories (Note 14)	5,980	23,768
Operating lease expense (Note 22)	481,730	394,844
Employee benefits expenses (including directors' fees and remuneration):		
- Wages, salaries and bonuses	1,605,326	1,582,626
- CPF contributions and foreign worker levy	148,653	150,857
- Other short-term employee benefits	176,248	170,058
	<u>176,248</u>	<u>170,058</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

8. Income tax expense/(credit)

(a) Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the financial years ended 31 December are as follows:

	Group	
	2018	2017
	S\$	S\$
Consolidated statement of comprehensive income:		
Current income tax – continuing operations:		
- Current income taxation	40,948	4,566
- Overprovision in respect of previous years	(1,666)	–
	<u>39,282</u>	<u>4,566</u>
Deferred tax - continuing operations:		
- Origination and reversal of temporary differences	(76)	(9,835)
- Underprovision in respect of prior year	–	471
	<u>(76)</u>	<u>9,364</u>
Income tax expense/(credit) attributable to continuing operations	39,206	(4,798)
Income tax expense attributable to discontinued operation (Note 9)	2,031	–
Income tax expense/(credit) recognised in profit or loss	<u>41,237</u>	<u>(4,798)</u>

(b) Relationship between tax expense/(credit) and accounting profit/(loss)

A reconciliation between tax expense/(credit) and the product of profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 December are as follows:

	Group	
	2018	2017
	S\$	S\$
Profit/(loss) before tax from continuing operations	101,618	(455,597)
Profit/(loss) before tax from discontinued operation (Note 9)	4,048	(57,916)
Accounting profit/(loss) before tax	<u>105,666</u>	<u>(513,513)</u>
Tax at statutory income tax rate of 17% (2017: 17%)	17,963	(87,297)
Adjustments:		
- Non-deductible expenses	73,665	96,366
- Income not subject to taxation	(8,789)	(6,700)
- Deferred tax assets not recognised	–	2,422
- Effect of partial tax exemption and tax relief	(36,506)	(11,044)
- (Over)/under provision in respect of previous years	(1,666)	471
- Others	(3,430)	984
Income tax expense/(credit) recognised in profit or loss	<u>41,237</u>	<u>(4,798)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

9. Discontinued operation and disposal group classified as held for sale

As at 15 February 2019, the Company had announced that it had entered into a sale and purchase agreement ("SPA") to dispose its 90% share in PS Components Pte. Ltd. ("PS Components") for cash consideration of S\$282,000. PS Components was incorporated by the Company with a minority shareholder in February 2015, with shareholding interest of 90% and 10% respectively, to carry out the business of wholesale of fasteners with a focus on the end-user market. However, since its incorporation, PS Components has not performed to the Group's expectations. The Board is of the view that the Disposal is in the best interests of the Company and its shareholders. Completion of the Disposal ("Completion") took place concurrently with the signing of the SPA in accordance with the terms and conditions of the SPA. Accordingly, as at 31 December 2018, the assets and liabilities related to PS Components have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with disposal group classified as held for sale", and its results are presented separately on profit or loss as "Profit/(loss) from discontinued operation, net of tax".

Balance sheet disclosures

The major classes of assets and liabilities of PS Components classified as held for sale as at 31 December 2018 are as follows:

	Group 2018 S\$
Assets	
Property, plant and equipment	74,239
Inventories	442,116
Trade and other receivables	402,065
Prepaid operating expenses	10,090
Cash and cash equivalents	50,632
Assets of disposal group classified as held for sale	<u>979,142</u>
Liabilities	
Trade and other payables	188,183
Loans and borrowings	46,823
Income tax payable	145
Deferred tax liabilities	1,886
Liabilities directly associated with disposal group classified as held for sale	<u>237,037</u>
Net assets directly associated with disposal group classified as held for sale	<u>742,105</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

9. Discontinued operation and disposal group classified as held for sale (cont'd)

Income statement disclosures

The result of PS Components for the year ended 31 December are as follows:

	Group	
	2018	2017
	S\$	S\$
Revenue	1,794,018	1,698,712
Expenses	(1,798,993)	(1,768,257)
Loss from operation	(4,975)	(69,545)
Other income	11,911	15,178
Finance costs	(2,888)	(3,549)
Profit/(loss) from discontinued operation	4,048	(57,916)
Taxation	(2,031)	–
Profit/(loss) from discontinued operation, net of tax	<u>2,017</u>	<u>(57,916)</u>
Attributable to:		
Owners of the Company	1,816	(52,124)
Non-controlling interests	201	(5,792)
	<u>2,017</u>	<u>(57,916)</u>

Cash flow statement disclosures

Operating	(2,903)	(11,849)
Investing	(1,360)	(13,395)
Financing	(13,512)	(13,512)
Net cash outflows	<u>(17,775)</u>	<u>(38,756)</u>

Earnings/(loss) per share disclosures

Earnings/(loss) per share from discontinued operation attributable to owners of the Company (cents per share)	<u>0.003</u>	<u>(0.077)</u>
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The basic and diluted earnings/(loss) per share from discontinued operation are calculated by dividing the profit/(loss) from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation. The Company did not have any potential dilutive ordinary shares during the financial years ended 31 December 2018 and 2017. These share data are presented in the tables in Note 10.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

10. Earnings/(loss) per share from continuing operations

Basic and diluted earnings per share are calculated by dividing the profit/(loss) for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. The Company did not have any potential dilutive ordinary shares during the financial years ended 31 December 2018 and 2017.

The following table reflects the profit/(loss) and share data used in the computation of basic and diluted earnings/(loss) per share for the financial years ended 31 December:

	Group	
	2018	2017
	S\$	S\$
Profit/(loss) from continuing operations, net of tax attributable to owners of the Company	62,412	(450,799)
	Numbers	Numbers
Weighted average number of ordinary shares for basic and diluted earnings per share	68,000,000	68,000,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

11. Property, plant and equipment

Group	Leasehold properties S\$	Leasehold improvements S\$	Motor vehicles S\$	Tools and equipment S\$	Office equipment S\$	Furniture and fittings S\$	Computers S\$	Total S\$
Cost								
At 1 January 2017	4,222,554	35,742	150,642	352,393	25,309	201,236	312,441	5,300,317
Additions	-	7,600	-	16,270	6,612	39,674	34,635	104,791
Disposal	-	(35,742)	-	-	(19,233)	(130,274)	(11,589)	(196,838)
Transfer to investment properties	(4,222,554)	-	-	-	-	-	-	(4,222,554)
At 31 December 2017 and at 1 January 2018	-	7,600	150,642	368,663	12,688	110,636	335,487	985,716
Additions	-	-	80,515	5,150	380	2,092	47,540	135,677
Disposal	-	-	(66,895)	(3,339)	-	-	(5,465)	(75,699)
Attributable to discontinued operation (Note 9)	-	(6,250)	(83,746)	(4,179)	(3,837)	(8,931)	(42,461)	(149,404)
At 31 December 2018	-	1,350	80,516	366,295	9,231	103,797	335,101	896,290
Accumulated depreciation								
At 1 January 2017	1,648,866	32,220	65,074	164,222	18,101	170,013	260,899	2,359,395
Charge for the financial year	60,077	3,304	14,274	53,471	2,759	22,820	23,216	179,921
Disposal	-	(33,652)	-	-	(14,523)	(128,760)	(2,979)	(179,914)
Transfer to investment properties	(1,708,943)	-	-	-	-	-	-	(1,708,943)
At 31 December 2017 and at 1 January 2018	-	1,872	79,348	217,693	6,337	64,073	281,136	650,459
Charge for the financial year	-	1,900	21,076	52,331	1,888	20,592	33,455	131,242
Disposal	-	-	(62,471)	(3,061)	-	-	(5,465)	(70,997)
Attributable to discontinued operation (Note 9)	-	(3,125)	(27,218)	(2,128)	(1,736)	(7,821)	(33,137)	(75,165)
At 31 December 2018	-	647	10,735	264,835	6,489	76,844	275,989	635,539
Net carrying amount								
At 1 January 2017	2,573,688	3,522	85,568	188,171	7,208	31,223	51,542	2,940,922
At 31 December 2017	-	5,728	71,294	150,970	6,351	46,563	54,351	335,257
At 31 December 2018	-	703	69,781	101,460	2,742	26,953	59,112	260,751

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

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

(a) Transfer to investment properties

On 1 August 2017, the Group transferred its leasehold properties from property, plant and equipment to investment properties (Note 12).

(b) Assets held under finance lease

During the financial year, the Group acquire motor vehicle with an aggregate cost of S\$80,515 by means of finance lease amounted to S\$50,000 and cash consideration of S\$30,515. The cash outflow on purchase of property, plant and equipment amounted to S\$85,677.

The carrying amount of motor vehicle held under finance lease at the end of the reporting period was S\$69,781 (31 December 2017: S\$64,904, 1 January 2017: S\$73,278).

Leased asset is pledged as security for the related finance lease liabilities.

(c) Assets pledged as security

In prior years, leasehold properties with a carrying amount S\$2,573,688, currently classified as investment properties, are mortgaged to secure the Group's banking facilities (Note 18).

12. Investment properties

	Group	
	2018	2017
	S\$	S\$
Balance sheet:		
Cost		
At 1 January	4,222,554	–
Transfer from property, plant and equipment	–	4,222,554
At 31 December	<u>4,222,554</u>	<u>4,222,554</u>
Accumulated depreciation		
At 1 January	1,751,855	–
Transfer from property, plant and equipment	–	1,708,943
Charge for the financial year	102,990	42,912
At 31 December	<u>1,854,845</u>	<u>1,751,855</u>
Net carrying amount		
At 1 January	<u>2,470,699</u>	–
At 31 December	<u>2,367,709</u>	<u>2,470,699</u>
Consolidated statement of comprehensive income:		
Rental income from investment properties:		
Minimum lease payments	<u>345,600</u>	<u>144,000</u>
Direct operating expenses (including repairs and maintenance) arising from:		
Rental generating properties	<u>77,320</u>	<u>32,342</u>

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

12. Investment properties (cont'd)

Transfer from property, plant and equipment

On 1 August 2017, the Group transferred its leasehold properties from property, plant and equipment to investment properties. On that date, the Group leased out the properties to a third party for rental income.

Valuation of investment properties

As at 1 August 2017, the cost and accumulated depreciation are transferred from property, plant and equipment to Investment properties. Subsequent to transfer, investment properties are stated at cost less accumulated depreciation and any accumulated impairment loss. Depreciation is provided on a straight-line basis so as to write-off the cost of the investment property over the remaining tenure of the leases.

The fair value of the investment properties as at 31 December 2018 is S\$3,095,774 (31 December 2017: S\$3,216,545, 1 January 2017: S\$nil). The fair value was determined using income approach at a discount rate of 6% by the management.

Assets pledged as security

The Group's investment properties with a carrying amount of S\$2,367,709 (31 December 2017: S\$2,470,699, 1 January 2017: S\$nil) are mortgaged to secure the Group's banking facilities (Note 18).

The investment properties held by the Group as at 31 December are as follow:

Description and location	Existing use	Tenure	Unexpired lease terms from date of transfer
2 units of warehouse facilities at 3 Kaki Bukit Road 2 #01-06/07 Singapore	Warehouse and office	Leasehold	23 years

13. Investments in subsidiaries

	Company		
	31 December	2017	1 January
	2018	2017	2017
	S\$	S\$	S\$
Shares, at cost	11,253,506	11,253,506	7,253,522
Impairment loss	(168,000)	–	–
Reclassified as assets held for sale	(282,000)	–	–
	<u>10,803,506</u>	<u>11,253,506</u>	<u>7,253,522</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

13. Investments in subsidiaries (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest		
			31 December	1 January	
			2018	2017	2017
			%	%	%
Held by the Company					
PS Fasteners Pte. Ltd.*	Singapore	Import and export of bolts, nuts, rivets, fasteners and screw machine products	100	100	100
PS Components Pte. Ltd.*	Singapore	Import and export of bolts, nuts, rivets, fasteners and related products	90	90	90

* Audited by Ernst & Young LLP, Singapore.

On 24 January 2017, the Company increased its cost of investment in PS Fasteners Pte Ltd ("PSF") by S\$3,999,984 through capitalising an interest free loan due from PSF of S\$3,739,984 and additional cash injection of S\$260,000.

Before the reclassification of PSC as held for sale, the recoverable amount of the cost of investment was determined to be S\$282,000. An impairment loss of S\$168,000 was recognised at the profit and loss at the Company level.

14. Inventories

	Group		
	31 December	1 January	
	2018	2017	2017
	S\$	S\$	S\$
Trading stocks	8,134,937	7,694,921	7,577,004
Goods in transit	321,567	64,159	14,082
Less: Allowance for slow moving and obsolete inventories	(249,122)	(243,142)	(219,374)
Total inventories at lower of cost and net realisable value	<u>8,207,382</u>	<u>7,515,938</u>	<u>7,371,712</u>
Analysis of allowance for slow moving and obsolete inventories			
At beginning of the financial year	243,142	219,374	53,283
Charge for the financial year	5,980	23,768	166,091
At end of the financial year	<u>249,122</u>	<u>243,142</u>	<u>219,374</u>
Consolidated statement of comprehensive income:			
Inventories recognised as an expense in cost of sales	<u>8,047,304</u>	<u>8,175,013</u>	<u>8,001,866</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

15 Trade and other receivables

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	S\$	S\$	S\$	S\$	S\$	S\$
Trade receivables	2,009,824	2,608,921	2,335,797	–	–	–
Sundry receivables	169,146	179,171	142,254	–	–	932
Deposits	92,507	110,725	35,118	–	–	–
Amounts due from subsidiary	–	–	–	300,000	–	3,776,985
Trade and other receivables	2,271,477	2,898,817	2,513,169	300,000	–	3,777,917
Add: Cash and cash equivalents (Note 16)	1,107,484	931,581	1,729,372	17,175	14,170	324,504
Less: GST receivable	(126,131)	(122,377)	(111,738)	–	–	(932)
Total financial assets carried at amortised cost	3,252,830	3,708,021	4,130,803	317,175	14,170	4,101,489

Trade receivables

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Related party balances

Amounts due from subsidiary are unsecured, non-interest bearing and is repayable upon demand. In prior year, the amount due from subsidiary had been fully capitalised into share capital of the subsidiary.

Trade and other receivables denominated in foreign currency is as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	S\$	S\$	S\$	S\$	S\$	S\$
United States Dollar	215,583	219,679	167,494	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

15 Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to S\$1,454,730 (31 December 2017: S\$1,450,328, 1 January 2017: S\$1,417,786) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of these aging at the end of the reporting period are as follows:

	Group		
	31 December	1 January	
	2018	2017	2017
	S\$	S\$	S\$
Trade receivables past due but not impaired:			
Less than 30 days	507,653	518,633	767,228
31 to 60 days	257,008	505,155	165,883
61 to 90 days	271,064	89,719	86,752
91 to 120 days	96,674	88,531	129,931
More than 121 days	322,331	248,290	267,992
	1,454,730	1,450,328	1,417,786

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the trade allowance accounts used to record the impairment are as follows:

	Group	
	31 December	1 January
	2017	2017
	S\$	S\$
Trade receivables - nominal amounts	15,516	15,386
Less: Allowance for impairment	(15,516)	(15,386)
	-	-

Movement in allowance account:

	Group
	31 December
	2017
	S\$
At 1 January	15,386
Charge for the financial year	130
At 31 December	15,516

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

15 Trade and other receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	2018 S\$
Movement in allowance accounts:	
At 1 January	15,516
Charge for the year	40,521
At 31 December	<u>56,037</u>

During the year, the Group recognised impairment loss of \$40,530 of trade receivables arises from 2 customers as the Group does not expect to receive future cash flows from.

16. Cash and cash equivalents

	Group			Company		
	31 December 2018 S\$	2017 S\$	1 January 2017 S\$	31 December 2018 S\$	2017 S\$	1 January 2017 S\$
Cash at bank	1,104,484	928,031	1,726,371	17,175	14,170	324,504
Cash on hand	3,000	3,550	3,000	–	–	–
	<u>1,107,484</u>	<u>931,581</u>	<u>1,729,372</u>	<u>17,175</u>	<u>14,170</u>	<u>324,504</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The interest rate as at 31 December 2018 for the Group was 0.018% to 0.218% per annum (31 December 2017: 0.018% to 0.218% per annum, 1 January 2017: 0.018% to 0.850%).

Cash and cash equivalents denominated in foreign currency is as follows:

	Group			Company		
	31 December 2018 S\$	2017 S\$	1 January 2017 S\$	31 December 2018 S\$	2017 S\$	1 January 2017 S\$
United States Dollar	108,445	52,025	121,612	–	–	–

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

	Group		
	31 December 2018 S\$	2017 S\$	1 January 2017 S\$
Cash and short-term deposits			
Continuing operations	1,107,484	931,581	1,729,372
Discontinued operation (Note 9)	50,632	–	–
Cash and cash equivalents	<u>1,158,116</u>	<u>931,581</u>	<u>1,729,372</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

17. Trade and other payables

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	S\$	S\$	S\$	S\$	S\$	S\$
Trade payables	653,141	559,477	456,303	28,236	24,437	8,023
Sundry payables	84,069	214,944	191,414	–	–	–
Accrued operating expenses	504,762	567,471	428,559	67,042	67,617	61,723
Trust receipts	2,277,404	1,368,169	1,532,957	–	–	–
Amounts due to subsidiary	–	–	–	488,135	242,999	–
Total trade and other payables	3,519,376	2,710,061	2,609,233	583,413	335,053	69,746
Add: Loans and borrowings (Note 18)	344,213	507,447	517,410	–	–	–
Total financial liabilities carried at amortised cost	3,863,589	3,217,508	3,126,643	583,413	335,053	69,746

Trade payables and sundry payables due to third parties are non-interest bearing and are normally settled on 30 days' terms.

Trust receipts bear interest of between 2.68489% and 3.36159% per annum (31 December 2017: 2.4500% and 2.75504% per annum, 1 January 2017: 1.799% and 3.2238% per annum) and are normally settled between 118 and 150 days (31 December 2017: 119 and 149 days, 1 January 2017: 114 and 150 days).

Trust receipts are secured by corporate guarantees issued by the Company.

Amounts due to subsidiary are unsecured, non-interest bearing, expected to be settled in cash or offset against intercompany balances in future and is repayable upon demand.

Trade and other payables denominated in foreign currencies are as follows:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	S\$	S\$	S\$	S\$	S\$	S\$
United States Dollar	551,605	358,216	305,271	–	–	–
Australian Dollar	15,623	28,965	34,505	–	–	–
Euro	7,991	24,024	7,741	–	–	–
Japanese Yen	1,681	19,452	4,494	–	–	–
Malaysian Ringgit	11,822	8,865	5,369	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

18. Loans and borrowings

	Maturity	Group		
		31 December		1 January
		2018	2017	2017
		S\$	S\$	S\$
Current:				
Bank loans:				
- SGD loan at 1.50% per annum over bank cost of funds	On demand	300,000	300,000	–
- SGD loan at 1.50% per annum over the applicable 3-month swap offer rate or 1.50% per annum over the prevailing 3-month cost of funds, whichever is higher	2018/2017	–	150,000	300,000
Obligations under finance lease (Note 22)	2019/2018/2017	9,217	10,624	9,963
		<u>309,217</u>	<u>460,624</u>	<u>309,963</u>
Non-current:				
Bank loan:				
- SGD loan at 1.50% per annum over the applicable 3-month swap offer rate or 1.50% per annum over the prevailing 3-month cost of funds, whichever is higher	2018	–	–	150,000
Obligations under finance lease (Note 22)	2020-2023/ 2019-2020/ 2018-2020	34,996	46,823	57,447
		<u>34,996</u>	<u>46,823</u>	<u>207,447</u>
Total loans and borrowings		<u>344,213</u>	<u>507,447</u>	<u>517,410</u>

Bank loan is secured by a first legal mortgage over the investment properties (Note 12) (31 December 2017: investment properties (Note 12), 1 January 2017: leasehold property (Note 11)) of the Group as well as corporate guarantee issued by the Company. The loan includes a financial covenant which requires the Group to maintain a net assets position of S\$6 million throughout the tenure of the loan.

Obligations under finance lease

These obligations are secured by a charge over the leased assets (Note 11). The discount rate implicit in the lease is 5.820% p.a. (31 December 2017: 5.56% p.a., 1 January 2017: 5.56% p.a.).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

18. Loans and borrowings (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

	31 December 2017	Cash flows	Non-cash changes		31 December 2018
	S\$	S\$	Acquisition S\$	Reclassified as part of disposal group S\$	S\$
Loans					
- Current	450,000	(150,000)	-	-	300,000
Obligations under finance leases					
- Current	10,624	(16,411)	15,004		9,217
- Non-current	46,823	-	34,996	(46,823)	34,996
	57,447	(16,411)	50,000	(46,823)	44,213
Total	507,447	(166,411)	50,000	(46,823)	344,213

	1 January 2017	Cash flows	Non-cash changes Other	31 December 2017
	S\$	S\$	S\$	S\$
Loans				
- Current	300,000	-	150,000	450,000
- Non-current	150,000	-	(150,000)	-
	450,000	-	-	450,000
Obligations under finance leases				
- Current	9,963	(9,963)	10,624	10,624
- Non-current	57,447	-	(10,624)	46,823
	67,410	(9,963)	-	57,447
Total	517,410	(9,963)	-	507,447

19. Deferred tax liabilities

Deferred tax liabilities as at 31 December relate to the following:

	Group		1 January
	31 December 2018	2017	2017
	S\$	S\$	S\$
Deferred tax liabilities:			
Differences in depreciation for tax purposes	12,275	12,350	21,714

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

20. Share capital and merger reserves

(a) Share capital

	Group and Company			
	2018		2017	
	No. of shares	S\$	No. of shares	S\$
Issued and fully paid ordinary shares:				
At beginning and end of the financial year	68,000,000	11,397,030	68,000,000	11,397,030

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

(b) Merger reserves

This represents the differences between the consideration paid (based on net assets) and the paid-in capital of a subsidiary, PS Fasteners Pte. Ltd., as at 31 December 2012, under common control and accounted for by applying the pooling of interest method.

21. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group, the Company and related parties took place at terms agreed between the parties during the financial year:

Compensation of key management personnel

	Group	
	2018	2017
	S\$	S\$
Short-term employee benefits	1,152,016	1,132,548
CPF contributions	47,916	51,863
	<u>1,199,932</u>	<u>1,184,411</u>
Comprise amounts paid to:		
Directors of the Company	949,610	940,810
Other key management personnel	250,322	243,601
	<u>1,199,932</u>	<u>1,184,411</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

22. Commitments

(a) Operating lease commitments – as lessee

The Group had entered into an industrial property lease, a motor vehicle lease and a logistics service agreement for storage of inventories under the operating lease commitments as lessee.

The tenure of the property, motor vehicle lease and logistics service agreement is between two to three years, with options to renew or extend. The Group is restricted from subleasing the property to third parties without consent from the landlord and is restricted from subleasing the motor vehicle to third parties. The Group shall not transfer, assign, mortgage, charge, licence, sublet, part with or share occupation of or otherwise deal with or grant to third parties any rights over the premises or any part thereof or encumber the logistics service agreements in any way, without the prior written consent of the service provider.

Operating lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to S\$481,730 (31 December 2017: S\$394,844, 1 January 2017: S\$nil).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		
	31 December 2018 S\$	2017 S\$	1 January 2017 S\$
Not later than one year	91,035	552,200	416,423
Later than one year but no later than five years	–	78,235	483,976
	<u>91,035</u>	<u>630,435</u>	<u>900,399</u>

Subsequent to year end, the Group renewed its logistics service agreement for a period of 2 years.

(b) Operating lease commitments – as lessor

The Company has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of 8 months.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		
	31 December 2018 S\$	2017 S\$	1 January 2017 S\$
Not later than one year	230,400	345,600	–
Later than one year but no later than five years	–	230,400	–
	<u>230,400</u>	<u>576,000</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

22. Commitments (cont'd)

(c) Finance lease commitments

The Company acquired a motor vehicle under finance lease arrangement. This obligation is secured by a charge over the leased assets (Note 11). The discount rate implicit in the lease is 5.820% p.a. (31 December 2017: 5.56% p.a., 1 January 2017: 5.56% p.a.).

Future minimum lease payments under finance lease together with the present value of net minimum lease payments are as follow:

	31 December 2018		Group 31 December 2017		1 January 2017	
	Minimum lease payments	Present value of payments (Note 18)	Minimum lease payments	Present value of payments (Note 18)	Minimum lease payments	Present value of payments (Note 18)
	S\$	S\$	S\$	S\$	S\$	S\$
Not later than one year	11,527	9,217	13,512	10,624	13,512	9,963
Later than one year but not later than five years	38,315	34,996	51,779	46,823	54,048	46,456
Later than five years	–	–	–	–	11,243	10,991
Total minimum lease payments	49,842	44,213	65,291	57,447	78,803	67,410
Less: Amount representing finance charges	(5,629)	–	(7,844)	–	(11,393)	–
Present value of minimum lease payments	44,213	44,213	57,447	57,447	67,410	67,410

23. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade and other receivables (Note 15), cash and cash equivalents (Note 16), trade and other payables (Note 17), and loans and borrowings (Note 18)

The carrying amounts of these financial assets and liabilities are based on their nominal amounts and are reasonable approximation of fair values, either due to their short-term nature or that the interest rates for the financial instruments are close to market interest rate at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

24. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's risk management policy seeks to minimise the potential adverse effects from these exposures. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The board of directors is responsible for setting the objectives, the underlying principles of financial risk management for the Group and establishing policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies in accordance with the objectives and underlying principles approved.

It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

24. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for trade receivables.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	2018		31 December 2017		1 January 2017	
	S\$	%	S\$	%	S\$	%
Group						
Malaysia	780,161	39	1,017,998	39	846,104	36
Indonesia	517,907	26	766,483	29	663,503	29
Singapore	428,874	21	535,158	21	562,694	24
Other countries	282,882	14	289,282	11	263,496	11
Total	2,009,824	100	2,608,921	100	2,335,797	100

At the end of the reporting period, approximately 38% (31 December 2017: 33%, 1 January 2017: 45%) of the Group's trade receivables were due from 5 major customers.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

24. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit rating and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 to the financial statements.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

It was the Group's objective to maintain a balance between continuity of funding and flexibility through short-term banking facilities and borrowings from banks in order to meet its liquidity requirements both in the short and long-term.

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations.

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments:

	Not later than one year S\$	Later than one year but not later than five years S\$	Later than 5 years S\$	Total S\$
Group				
2018				
Financial assets				
Trade and other receivables (excluding GST receivables)	2,145,346	–	–	2,145,346
Cash and cash equivalents	1,107,484	–	–	1,107,484
Total undiscounted financial assets	3,252,830	–	–	3,252,830
Financial liabilities				
Trade and other payables	3,532,673	–	–	3,532,673
Loans and borrowings	321,427	38,315	–	359,742
Total undiscounted financial liabilities	3,854,100	38,315	–	3,892,415
Total net undiscounted financial assets/(liabilities)	(601,270)	(38,315)	–	(639,585)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

24. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Not later than one year S\$	Later than one year but not later than five years S\$	Later than 5 years S\$	Total S\$
Group				
31 December 2017				
Financial assets				
Trade and other receivables (excluding GST receivables)	2,776,440	–	–	2,776,440
Cash and cash equivalents	931,581	–	–	931,581
Total undiscounted financial assets	3,708,021	–	–	3,708,021
Financial liabilities				
Trade and other payables	2,716,517	–	–	2,716,517
Loans and borrowings	472,919	51,779	–	524,698
Total undiscounted financial liabilities	3,189,436	51,779	–	3,241,215
Total net undiscounted financial assets/(liabilities)	518,585	(51,779)	–	466,806
1 January 2017				
Financial assets				
Trade and other receivables (excluding GST receivables)	2,401,431	–	–	2,401,431
Cash and cash equivalents	1,729,372	–	–	1,729,372
Total undiscounted financial assets	4,130,803	–	–	4,130,803
Financial liabilities				
Trade and other payables	2,616,344	–	–	2,616,344
Loans and borrowings	323,028	205,605	11,243	539,876
Total undiscounted financial liabilities	2,939,372	205,605	11,243	3,156,220
Total net undiscounted financial assets/(liabilities)	1,191,431	(205,605)	(11,243)	974,583

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

24. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	Not later than one year		
	31 December		1 January
	2018	2017	2017
	S\$	S\$	S\$
Company			
Financial assets			
Trade and other receivables (less GST receivables)	300,000	–	3,776,985
Cash and cash equivalent	17,175	14,170	324,504
Total undiscounted financial assets	317,175	14,170	4,101,489
Financial liabilities			
Trade and other payables, representing total undiscounted financial liabilities	583,413	335,053	69,746
Total net undiscounted financial (liabilities)/assets	(266,238)	(320,883)	4,031,743

(c) Foreign currency risk

Foreign currency risk arises when transactions are denominated in foreign currencies. The Group has transactional currency exposures arising mainly from sales and purchases that are denominated in a currency other than the respective functional currency of the Group entities, primarily, Singapore dollars ("SGD" or "S\$"). The foreign currency in which these transactions are denominated are mainly United States Dollar ("USD" or "US\$").

The Group's objective is where possible to limit the effect of exchange rate movements on the Group's earnings by closely monitoring the movement of exchange rate fluctuations but the Group does not use foreign currency forward exchange contracts or purchase currency options for trading purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) before taxation to a reasonably possible change in the USD against the functional currency with all other variables held constant:

	Group	
	2018	2017
	S\$	S\$
	Profit/(loss) before tax increase/(decrease)	
USD - Strengthened 10% (2017: 10%)	(22,758)	8,652
- Weakened 10% (2017: 10%)	22,758	(8,652)

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

24. Financial risk management objectives and policies (cont'd)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk mainly arises from its loans and borrowings and trust receipts. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group's policy is to obtain the most favourable interest rates available for its borrowings and bank deposits.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 100 (2017: 100) basis points lower/higher with all other variables held constant, the Group's profit before taxation (2017: loss before taxation) would have been S\$25,774 lower/higher (2017: S\$18,182 lower/higher). This arises mainly as a result of lower/higher interest expense on floating rate loans and borrowings and trust receipts and lower/higher interest income from floating rate for cash at bank.

25. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' values.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group reviews its capital structure at least annually. The capital structure of the Group comprises issued capital and retained earnings. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 2017.

	Group	
	2018	2017
	S\$	S\$
Loans and borrowings (Note 18)	344,213	507,447
Trade and other payables (Note 17)	3,519,376	2,710,061
Less: Cash and cash equivalents (Note 16)	(1,107,484)	(931,581)
Net debt	<u>2,756,105</u>	<u>2,285,927</u>
Equity attributable to the owners of the Company	11,033,113	10,968,885
Capital and net debt	<u>13,789,218</u>	<u>13,254,812</u>
Gearing ratio	<u>20%</u>	<u>17%</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the financial year ended 31 December 2018

26. Segment information

The Group has a single operating segment in the import and export of bolts, nuts, rivets, fasteners and screw machine products. Management has not identified any business or operating units separately for purpose of making decisions about resource allocation and performance assessment.

Geographical information

Revenue based on the geographical location of customers was as follows:

	Group	
	2018	2017
	S\$	S\$
Indonesia	3,351,904	2,332,926
Malaysia	3,368,663	3,230,467
Singapore	2,966,726	2,522,507
Other countries	3,187,583	3,433,141
Discontinued operation	(1,794,018)	(1,698,712)
	<u>11,080,858</u>	<u>9,820,328</u>

The Group's non-current assets which comprise of property, plant and equipment are located in Singapore.

27. Events occurring after the reporting period

On 15 February 2019, the Company entered into a sale and purchase agreement to dispose its 90% share in PS Components Pte. Ltd. ("PS Components") for cash consideration of S\$282,000. Completion of the Disposal ("Completion") took place concurrently with the signing of the SPA in accordance with the terms and conditions of the SPA. Accordingly, as at 31 December 2018, PS Components has been classified as discontinued operation (Note 9).

28. Authorisation of the financial statements for issue

The financial statements for the financial year ended 31 December 2018 were authorised for issue by the board of directors on 28 March 2019.

SHAREHOLDING STATISTICS

As at 29 March 2019

Class of shares	No. of shares	%
Ordinary	68,000,000	100.00
Treasury	–	–
No. of Issued Shares	68,000,000	100.00
Subsidiary Holdings	–	–
Voting Rights	One vote per ordinary share	

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	–	0.00	–	0.00
100 - 1,000	8	4.26	5,900	0.01
1,001 - 10,000	47	25.00	399,000	0.59
10,001 - 1,000,000	127	67.55	7,569,100	11.13
1,000,001 and above	6	3.19	60,026,000	88.27
Total	188	100.00	68,000,000	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 29 March 2019, 24.84% of the issued ordinary shares of the Company are held by the public as defined in the Listing Manual, Accordingly, Rule 723 of the Listing Manual is complied with.

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Teo Choon Hock	26,179,904	38.50	–	–
Kwek Keng Seng	21,420,096	31.50	–	–
Tsai Chao Chin	3,400,000 ⁽¹⁾	5.00	–	–

Note:

(1) Share are held in the name of DBS Vickers Securities (Singapore) Pte Ltd.

SHAREHOLDING STATISTICS (continued)

As at 29 March 2019

LIST OF 20 LARGEST REGISTERED SHAREHOLDERS

No.	Name	No. of Shares	%
1	Teo Choon Hock	26,179,904	38.50
2	Kwek Keng Seng	21,420,096	31.50
3	DBS Vickers Securities (Singapore) Pte Ltd	8,475,000	12.46
4	Lim Chap Huat	1,514,200	2.23
5	Maybank Kim Eng Securities Pte. Ltd.	1,329,800	1.96
6	Low Siak Keang	1,107,000	1.63
7	Seow Hock Chye	331,900	0.49
8	Lee Yong Hong	290,000	0.43
9	Lim Eng Cheong	280,000	0.41
10	Chua Kian Lin	200,000	0.29
11	Fong Ying Piew	200,000	0.29
12	Khaw Ah Boon	200,000	0.29
13	Ong Keng Huat	200,000	0.29
14	Lim Kiang Heng @ Lim Hean Hin	170,000	0.25
15	Chia Ee Wee	160,000	0.24
16	Tay How Sik @ Tay How Sick	160,000	0.24
17	Wong Nam Sin	160,000	0.24
18	Koh Yak Chua Thomas	159,000	0.23
19	Wong Choon Fah	150,000	0.22
20	Tan Bock Huat	130,000	0.19
Total:		62,816,900	92.38

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Quality Hotel Marlow, Emerald Room, Level 2, 201 Balestier Road Singapore 329926 on 23 April 2019 at 9.30 a.m. for the following purposes:-

ORDINARY BUSINESS

- 1) To receive and adopt the Directors' Statement and the audited financial statements for the financial year ended 31 December 2018 together with the Independent Auditor's Report thereon. **[Resolution 1]**
- 2) To re-elect the following directors of the Company (the "Directors") retiring pursuant to Article 98 of the Constitution of the Company.
 - a) Mr Teo Choon Hock

Mr Teo Choon Hock will, upon re-election as Director of the Company, remain as the Executive Chairman and a member of the Nominating Committee of the Company.
(See Explanatory Note 1) **[Resolution 2]**
 - b) Mr Tan Chin Keong

Mr Tan Chin Keong will, upon re-election as Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees and shall be considered independent for the purpose of Rule 704(7) of the Listing Manual Section B Rules of Catalist of the Singapore Exchange Securities Trading Limited.
(See Explanatory Note 2) **[Resolution 3]**
- 3) To approve Directors' fees of S\$120,000 for the financial year ending 31 December 2019, payable quarterly in arrears (2018: S\$120,000). **[Resolution 4]**
- 4) To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 5]**
- 5) To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions, with or without any modification:

- 6) Authority to allot and issue shares

"That pursuant to Section 161 of the Companies Act, Chapter 50 (the "Companies Act") and the Listing Manual, approval be and is hereby given to the Directors to:
 - (a) (i) allot and issue shares in the capital of the Company ("Shares") whether by way of bonus, rights or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING (continued)

- (b) (notwithstanding that 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:
- (i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued pursuant to Instruments made or granted pursuant to this resolution) does not exceed 100% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) of the Company, of which the aggregate number of Shares and convertible securities in the Company to be issued other than on a pro rata basis to the existing shareholders of the Company shall not exceed 50% of the total number of issued Shares of the Company (excluding treasury Shares and subsidiary holdings), and for the purpose of determining the aggregate number of Shares and Instruments that may be issued under this resolution, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for:
 - (1) new Shares arising from the conversion or exercise of convertible securities;
 - (2) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of passing this resolution, provided the options were granted in compliance with the Listing Manual; and
 - (3) any subsequent bonus issue, consolidation or subdivision of Shares;
 - (ii) in exercising the authority conferred in this resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Company's Constitution; and
 - (iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier.”
(See *Explanatory Note 3*)

[Resolution 6]

- 7) Authority to offer and grant options and to allot and issue Shares pursuant to the PS Group Holdings Employee Share Option Scheme.

“That pursuant to Section 161 of the Companies Act, the Directors be authorised (i) to offer and grant options in accordance with the provisions of the PS Group Holdings Employee Share Option Scheme (the “Scheme”); and (ii) to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the Scheme, provided always that the aggregate number of new Shares to be allotted and issued pursuant to the Scheme and PS Group Holdings Performance Share Plan (the “Share Plan”) shall not at any time exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) on the date preceding the grant of the option.”

(See *Explanatory Note 4*)

[Resolution 7]

- 8) Authority to grant awards and to allot and issue Shares pursuant to the PS Group Holdings Performance Share Plan.

“That pursuant to Section 161 of the Companies Act, the Directors be authorised (i) to grant awards in accordance with the provisions of the Share Plan; and (ii) to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the release of awards granted under the Share Plan, provided always that the aggregate number of new Shares to be allotted and issued pursuant to the Share Plan and the Scheme shall not at any time exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) on the date preceding the grant of the awards.”

(See *Explanatory Note 5*)

[Resolution 8]

By Order of the Board

Lee Bee Fong
Company Secretary
Singapore, 8 April 2019

NOTICE OF ANNUAL GENERAL MEETING (continued)

EXPLANATORY NOTES:

- (1) In relation to **Resolution 2** above, Mr Teo Choon Hock is the Executive Chairman and controlling shareholder of the Company. Mr Teo Choon Hock is the father of Mr Teo Yong Tat, the Group's Business Development Manager and Executive Officer. Save as disclosed, Mr Teo Choon Hock does not have any family relationships with the other Directors of the Company, the Group's Executive Officers or the Company's substantial shareholders. Detailed information on Mr Teo Choon Hock is set out in the section entitled "Board of Directors" and in the Corporate Governance Report section of the Company's Annual Report 2018.
- (2) In relation to **Resolution 3** above, Mr Tan Chin Keong does not have any family relationships with the other Directors of the Company, the Group's Executive Officers or the Company's substantial shareholders. Detailed information on Mr Tan Chin Keong is set out in the section entitled "Board of Directors" and in the Corporate Governance Report section of the Company's Annual Report 2018.

The effects of the resolutions in the Notice of the Annual General Meeting are:

- (3) **Resolution 6**, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company. The number of Shares and convertible securities which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the time of passing this Resolution. For issue of Shares other than on a pro-rata basis to all shareholders of the Company, the aggregate number of Shares to be allotted and issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company. This authority shall, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or by the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
- (4) **Resolution 7**, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the next Annual General Meeting, to grant options and to allot and issue Shares pursuant to the exercise of options granted under the Scheme. The maximum number of new Shares to be allotted and issued under the Scheme and the Share Plan shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.
- (5) **Resolution 8**, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the next Annual General Meeting, to grant awards under the Share Plan and to allot and issue Shares pursuant to release of such awards under the Share Plan. The maximum number of new Shares to be allotted and issued under the Share Plan and the Scheme shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.

NOTES:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak 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's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company, 9 Tampines Industrial Drive #01-03, Singapore 528543 not less than 48 hours before the time appointed for holding the meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents of service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents of service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents of service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents of service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) 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 hereof.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Teo Choon Hock and Mr Tan Chin Keong are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 23 April 2019 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the retiring Directors as set out in Appendix 7F of the Catalist Rules of the SGX-ST is disclosed below:

	Mr Teo Choon Hock	Mr Tan Chin Keong
Date of Appointment	30 April 2013	31 May 2013
Date of last re-appointment	26 April 2017	15 April 2016
Age	65	65
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Teo Choon Hock as the Executive Chairman of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Tan Chin Keong as the Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company. Mr Tan Chin Keong is considered independent for the purposes of Catalist Rule 704(7).
Whether appointment is executive, and if so, the area of responsibility	Executive – Chairman and Co-founder	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman, Member of the Nominating Committee.	Independent Director, Chairman of the Remuneration Committee and member of the Audit and Nominating Committees.
Professional qualifications	<ul style="list-style-type: none"> • Diploma in Business Administration from PSB International Management Academy • Advanced Diploma in Management from SGP International Management Academy 	<ul style="list-style-type: none"> • Bachelor of Accountancy degree from the University of Singapore
Working experience and occupation(s) during the past 10 years	<p>April 2013 to Present:</p> <p>Executive Chairman of PS Group Holdings Ltd</p> <p>June 1991 to Present:</p> <p>Executive Director of PS Fasteners Pte Ltd</p>	<p>2011 to Present:</p> <p>Managing Partner of GAAP Consulting Group LLP</p>
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 26,179,904 shares, representing 38.50%	Nil

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION (continued)

	Mr Teo Choon Hock	Mr Tan Chin Keong
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Teo Yong Tat, Business Development Manager (son of Mr Teo Choon Hock)	No
Conflict of Interest (including any competing business)	No	No
Other Principal Commitments Including Directorships		
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Past (for the last 5 years)	<ol style="list-style-type: none"> 1. TCH Investment Holdings (Pte.) Ltd. 2. Think! Studio Pte. Ltd. 3. PS Components Pte. Ltd. 	Nil
Present	<ol style="list-style-type: none"> 1. PS Group Holdings Ltd. 2. PS Fasteners Pte. Ltd. 2. Daxinhang Sdn Bhd 	<ol style="list-style-type: none"> 1. PS Group Holdings Ltd. 2. GAAP Consulting Group LLP
	<u>Other Principal Commitments (other than directorship)</u> <ol style="list-style-type: none"> 1. Committee Member of the Singapore Metal and Machinery Association Management Council 2. Chairman of the Chong Pang Citizen Consultative Committee 3. Justice of Peace 	<u>Other Principal Commitments (other than directorship)</u> Nil

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION (continued)

Mr Teo Choon Hock Mr Tan Chin Keong

Information required pursuant to Catalyst Rules 704(6) and/or 704(7)

a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c)	Whether there is any unsatisfied judgment against him?	No	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION (continued)

Mr Teo Choon Hock Mr Tan Chin Keong

Information required pursuant to Catalyst Rules 704(6) and/or 704(7) (cont'd)

j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	No	No
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
f)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Disclosure applicable to the appointment of Director only

Any prior experience as a director of a listed company? N.A. N.A.

If yes, please provide details of prior experience.

If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).

PS GROUP HOLDINGS LTD.

Company Registration No. 201311530Z
(Incorporated in the Republic of Singapore)

Annual General Meeting

Proxy Form

(Please see notes overleaf before completing this Proxy Form)

IMPORTANT

Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.

1. 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.
2. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regards to their appointment as proxies.

*I/We _____ *NRIC/Passport No. _____

of _____ (Address)
being a *member/members of **PS GROUP HOLDINGS LTD.** (the "**Company**") 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/her/them, the Chairman of the Annual General Meeting as *my/our proxy/proxies to attend, speak and vote for *me/us on my/our behalf at the Annual General Meeting of the Company to be held at Quality Hotel Marlow, Emerald Room, Level 2, 201 Balestier Road Singapore 329926 on Tuesday, 23 April 2019 at 9.30 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 Annual 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/she/they may think fit.

Please tick here if more than two (2) proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets service license holders which provide custodial services.

No.	Resolutions Relating To:	Number of Votes For	Number of Votes Against
ORDINARY BUSINESS			
1	Adoption of Directors' Statement and Financial Statements		
2	Re-election of Mr Teo Choon Hock		
3	Re-election of Mr Tan Chin Keong		
4	Approval of Directors' Fees for FY2019		
5	Re-appointment of Auditors		
SPECIAL BUSINESS			
6	Authority to Directors to allot and issue new Shares		
7	Authority to offer and grant options and to allot and issue Shares pursuant to the PS Group Holdings Employee Share Option Scheme		
8	Authority to grant awards and to allot and issue Shares pursuant to the PS Group Holdings Performance Share Plan		

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 _____ 2019

Register	Number of Shares Held
CDP Register	
Register of Members	

Signature(s) of Member(s)/
Common Seal of Corporate Shareholder

* Delete accordingly

IMPORTANT: PLEASE READ NOTES OVERLEAF



IMPORTANT NOTES TO PROXY FORM:

1. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak 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's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 9 Tampines Industrial Drive #01-03 Singapore 528543 not less than 48 hours before the time appointed for holding the meeting.
5. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. 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.
8. The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2019.

Affix
Postage
Stamp
HERE

PS GROUP HOLDINGS LTD.
9 Tampines Industrial Drive
#01-03
Singapore 528543

CORPORATE INFORMATION

Board of Directors

Teo Choon Hock
Executive Chairman

Kwek Keng Seng
Managing Director

Ang Miah Khiang
Lead Independent Director

Tan Chin Keong
Independent Director

Tan Jee Ming
Independent Director

Audit Committee

Ang Miah Khiang (Chairman)
Tan Chin Keong
Tan Jee Ming

Nominating Committee

Tan Jee Ming (Chairman)
Ang Miah Khiang
Tan Chin Keong
Teo Choon Hock

Remuneration Committee

Tan Chin Keong (Chairman)
Ang Miah Khiang
Tan Jee Ming

Company Secretary

Lee Bee Fong (ACIS)

Auditor

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Teo Li Ling (With effect from
financial year ended 31 December 2015)

Share Registrar And Share Transfer Office

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

Principal Bankers

DBS Bank Ltd.
Malayan Banking Berhad
United Overseas Bank Limited

Sponsor

CIMB Bank Berhad, Singapore Branch
50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623

Registered Office

9 Tampines Industrial Drive #01-03
Singapore 528543



PS Group Holdings Ltd.

(Company Registration No.: 201311530Z)

PS Group Holdings Ltd.
9 Tampines Industrial Drive #01-03
Singapore 528543

Tel: 6747 7080

Fax: 6742 0642

www.psfasteners.com