



SAMURAI 2K AEROSOL LIMITED

# RIDING

A NEW JOURNEY  
OF GROWTH

ANNUAL REPORT 2017



*Samurai 2K Aerosol Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 16 January 2017. The initial public offering of the Company was sponsored by UOB Kay Hian Private Limited (the "Sponsor").*

*This Annual Report has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant Catalist Rules. The Sponsor has not independently verified the contents of this Annual Report.*

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

*The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President, and Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.*

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## LEADING HIGH PERFORMANCE AEROSOL COATING SPECIALIST FOR AUTOMOTIVE REFINISHING AND REFURBISHING INDUSTRY

Samurai 2K Aerosol Limited (“Samurai 2K” or the “Company”, and its subsidiaries, the “Group”) is a leading aerosol coating specialist with a focus on high performance coating solutions for the automotive refinishing and refurbishing industry. We are principally engaged in the manufacturing, distribution and marketing of our products under our own brands.

Headquartered in Malaysia, our products are manufactured in our production facility located in Johor and are distributed in countries including Malaysia, Indonesia, Thailand, Philippines, Vietnam, United Kingdom, United States of America and Singapore.



# LEADING THE WAY

With our innovative and patented aerosol container technology, we are blazing the way forward in the automotive refinishing and refurbishing industry. We aim to grow our established brands and strengthen our market-leading position to deliver the next level of growth to our stakeholders.



# MILESTONES

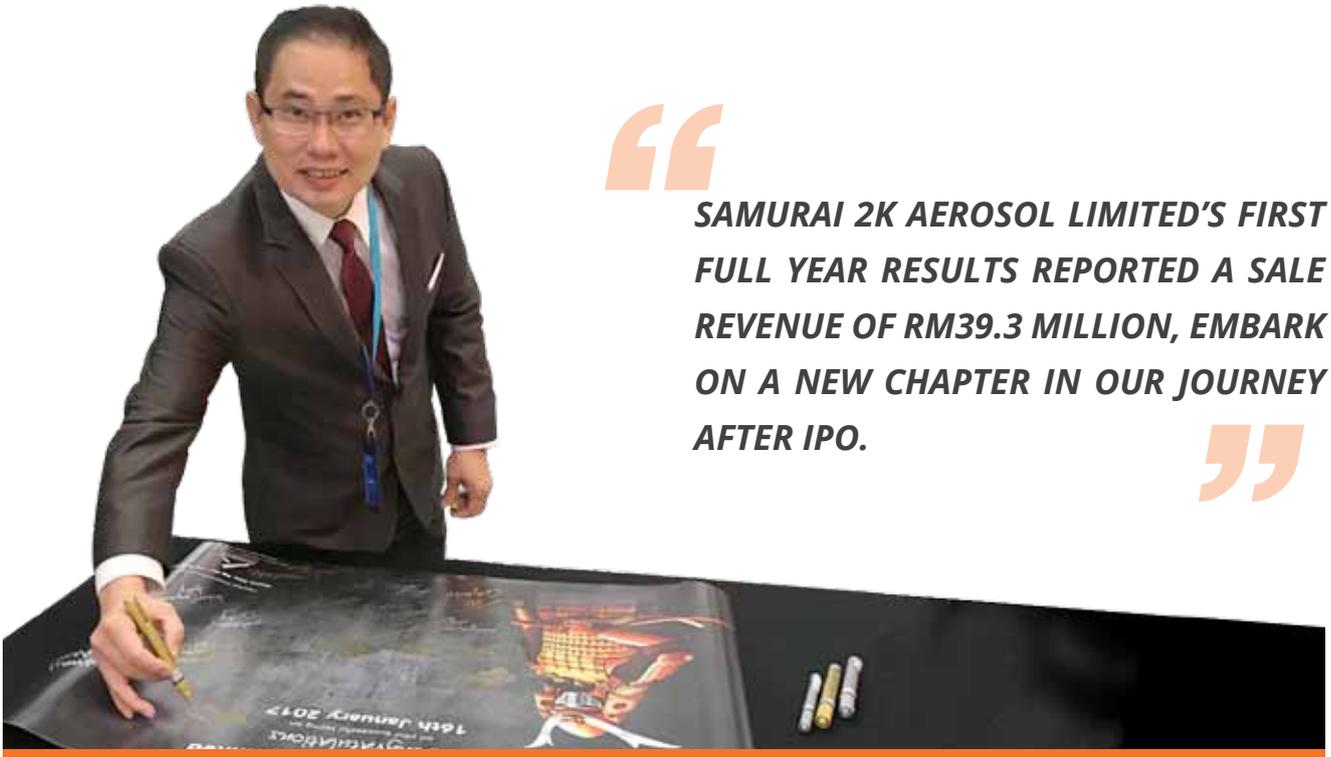
<b>February 1997</b>	<i>Orientus Industry Sdn. Bhd. was acquired by Mr Ong Yoke En, our Executive Director and Chief Executive Officer. We subsequently started private label manufacturing for a full range of household detergent products and started exporting to Singapore.</i>
<b>January 1998</b>	<i>We started private label manufacturing for a significant private labelling product, namely Elephant Glue, and was one of the leading contract packer of industrial grade superglue in Malaysia.</i>
<b>March 2001</b>	<i>We began exporting blister packs of superglue to United States of America, the Czech Republic and the United Kingdom.</i>
<b>January 2005</b>	<i>We started to reduce our private label manufacturing activities and began a directional change by refocusing our efforts towards proprietary manufacturing including the development of our own spray paints products and established our first proprietary brand, "Samurai".</i>
<b>September 2006</b>	<i>We started selling in Sabah and Sarawak and, in line with this, we started representative sales offices in these regions. Our sales branches in Sabah and Sarawak began operations.</i>
<b>September 2008</b>	<i>We incorporated Creative Paint Marketing Sdn. Bhd. in Malaysia to support the branding, marketing, sales and distribution of our proprietary brand, "Samurai" in Malaysia and neighbouring regions.</i>
<b>December 2009</b>	<i>We acquired paint-mixing and manufacturing know-how and formulations from Asia Paint (Singapore) Pte Ltd.</i>
<b>June 2010</b>	<i>We started selling in Indonesia after setting up an office in Jakarta, Indonesia, with the incorporation of PT Samurai Paint.</i>
<b>March 2011</b>	<i>We incorporated Samurai Paint (UK) Limited with a third party in order to penetrate the UK market.</i>
<b>August 2011</b>	<i>We expanded our supplier network from Malaysia to include The People's Republic of China, and Supreme Wish Holdings Limited was incorporated in Hong Kong in August to act as the procurement office liaising with PRC suppliers.</i>
<b>February 2012</b>	<i>We exported products under our "Canbrush" brand to the United Kingdom and began establishing our businesses there.</i>
<b>January 2015</b>	<i>We developed our 2K system which allowed us to pack hardener and resin separately in the same aerosol can. This original version is equipped with two heads.</i>
<b>February 2015</b>	<i>We were awarded the ISO 9001:2008 certification, an internationally recognised quality standard by The Governing Board of Q.A. International Certification Limited for meeting ISO standards in the manufacture of our aerosol paints.</i>
<b>March 2016</b>	<i>We initiated a soft launch for a second version of the 2K system which is designed with a single head.</i>
<b>March 2016</b>	<i>Our Company was incorporated in Singapore.</i>
<b>January 2017</b>	<i>Our Company was listed in Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST").</i>



## REVVING UP OUR GROWTH

We are expanding our production facilities to cater to the growing demand for our products in our target markets while developing even better products for our consumers.

# LETTER TO SHAREHOLDERS



“

**SAMURAI 2K AEROSOL LIMITED'S FIRST FULL YEAR RESULTS REPORTED A SALE REVENUE OF RM39.3 MILLION, EMBARK ON A NEW CHAPTER IN OUR JOURNEY AFTER IPO.**

”

## DEAR SHAREHOLDERS,

I am pleased to present the first annual report of Samurai 2K Aerosol Limited (“Company” and its subsidiaries, the “Group”) for the financial year ended 31 March 2017 (“FY2017”), since our listing on the Catalist of the Singapore Stock Exchange in January 2017. FY2017 had been a busy and fruitful year for us, with the successful completion of our initial public offering (“IPO”), and I am heartened to have the support from all shareholders.

### GLOBALISATION

Our Group constantly seeks opportunities to penetrate into the two-wheelers aerosol spray paint market. In early 2017, our Group has successfully entered into the Vietnam market and also incorporated a new subsidiary in United State of America (“USA”) as part of our distribution channels in USA market.

### RESULTS HIGHLIGHT

Our Group’s revenue increased from RM30.6 million in FY2016 to RM39.3 million in FY2017 mainly due to the increase of sales volume for Indonesia region as well as other countries including Thailand, Philippines,

Vietnam, United Kingdom and Singapore. The significant achievement was a result of our enhanced marketing initiatives such as advertisement on social media, exhibition, demonstration and training activities for potential end-users.

Our Group reported a net profit of RM1.8 million in FY2017 as compared to a net profit of RM5.4 million in FY2016, after taking in the one-off expenses of RM4.4 million in relation to the IPO.

### ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to thank all our shareholders, stakeholders and employees for your unwavering support and confidence in us.

We look forward for your continued support to our Group.

### Ong Yoke En

*Executive Director and Chief Executive Officer*

# OPERATIONS & FINANCIAL REVIEW

## REVIEW OF INCOME STATEMENT

Our Group's revenue increased by approximately RM8.73 million or 28.5% from RM30.62 million in the financial year ended 31 March 2016 ("FY2016") to RM39.35 million in the financial year ended 31 March 2017 ("FY2017"). The increase in revenue was mainly due to sales volume increased by 1.32 million cans or 24.0% from 5.49 million cans in FY2016 to 6.81 million cans in FY2017, coupled with higher average selling price per can from RM5.48 in FY2016 to RM5.74 in FY2017. Sales volume of "Paint - Standard" increased by 0.81 million cans or 20.5%, from 3.96 million cans in FY2016 to 4.77 million cans in FY2017, while sales volume of "Paint - premium" increased 0.6 million cans or 45.8%, from 1.31 million cans in FY2016 to 1.91 million cans in FY2017.

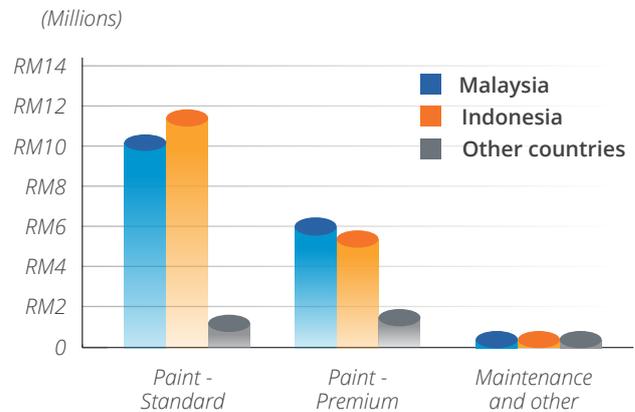
Sales volume contribution from Indonesia increased by 0.90 million cans or 43.1% from 2.09 million cans in FY2016 to 2.99 million cans in FY2017 and sales volume from other countries including Thailand, Vietnam, Philippines, United Kingdom and Singapore increased by 0.34 million cans or 154.5% from 0.22 million cans in FY2016 to 0.56 million cans in FY2017. Sales volume from Malaysia had slightly increased by 0.07 million cans or 2.2% from 3.18 million cans in FY2016 to 3.25 million cans in FY2017.

Gross profit increased by RM5.47 million to RM17.77 million in FY2017 mainly due to greater proportion of higher profit margin products being sold and the appreciation of Indonesian Rupiah against Ringgit Malaysia which resulted in higher average selling price per can for Indonesia market.

Administrative cost increased by RM6.49 million to RM10.34 million in FY2017, mainly due to one off listing expenses of RM4.40 million in FY2017. Marketing and distribution expenses increased by RM1.74 million to RM3.48 million in FY2017 mainly due to higher salaries, commission and travelling expenses paid to sales team amounting to RM0.98 million, and marketing cost consisting advertisement in social media, exhibition, demonstration and training for potential end-users amounting to RM0.55 million.

Due to the foregoing, our Group reported a net profit of RM1.8 million for FY2017.

Figure 1 Group's Revenue for FY2017  
(by geographical and product segments)



## REVIEW OF FINANCIAL POSITION

Non-current assets increased by RM5.47 million, or 95.8%, from RM5.71 million as at 31 March 2016 to RM11.18 million as at 31 March 2017. This was mainly due to the acquisition of two new factories which amounted to RM5.60 million.

Current assets increased by RM8.99 million, or 39.9%, from RM22.51 million as at 31 March 2016 to RM31.50 million as at 31 March 2017. This was mainly due to (i) decrease in trade and other receivables by RM1.76 million, (ii) increase in inventories by RM1.01 million in line with increased sales volume, and (iii) increase in cash and bank balance by RM9.73 million as a result of net cash generated from operating and financing activities and partially offset by net cash used in investing activities.

Non-current liabilities had increased by RM4.10 million, or 227.8%, from RM1.80 million as at 31 March 2016 to RM5.90 million as at 31 March 2017. This was mainly due to addition in the mortgage loan of RM4.20 million for our two new factories and increase in deferred tax liabilities by approximately RM0.30 million.

Current liabilities decreased by RM2.54 million, or 17.5%, from RM14.54 million as at 31 March 2016 to RM12.00 million as at 31 March 2017 mainly due to the repayment of directors' loan and partially offset by an increase in tax payable by approximately RM0.32 million.

## CASH FLOW STATEMENT REVIEW

As at 31 March 2017, the Group maintained cash and cash equivalents of RM18.74 million.

# BOARD OF DIRECTORS



## Mr Lim Siang Kai

*Non-Executive Chairman and Lead Independent Director*

Mr Lim Siang Kai was appointed to our Board on 3 October 2016. Mr Lim has over 30 years of experience in securities, private and investment banking and fund management, having worked in and held various leadership roles in various banks and financial services companies since 1981. From 1988 to 1994, Mr Lim was also the president of Kingvic Securities Investment Consulting Enterprise, a firm registered with the Securities and Futures Commission of Taiwan. Mr Lim holds a Bachelor of Arts degree and a Bachelor of Social Science (Hons) degree from the National University of Singapore obtained in 1980 and 1981 respectively. He also has a Master of Arts in Economics from the University of Canterbury, New Zealand, which he obtained in 1983.

### **Past directorships in listed companies (for last three years)**

- *Foreland Fabritech Holdings Limited*
- *Texcham-Pack Holdings (S) Ltd.*
- *China Angel Food Limited*
- *China Financial Leasing Group*
- *Natural Cool Holdings Limited.*

### **Present directorships in listed companies (Other than the Company)**

- *ISDN Holdings Limited*
- *Joyas International Holdings Limited*
- *Blue Sky Power Holdings Limited*

## Mr Ong Yoke En

*Executive Director and Chief Executive Officer*

Mr Ong Yoke En was appointed to our Board on 9 March 2016. He has more than 20 years of diverse and strong working experience in the aerosol industry holding leadership positions in various aerosol companies in Malaysia. Mr Ong builds and leads the senior executive team and sets the strategic direction of our Group. He is also actively involved in the research and development of our Group's aerosol products and has achieved a major innovation in the production of our dual head 2K system which improves on the user friendliness of an existing technology. Mr Ong also played a key role in our Group's invention of the single head 2K system which was awarded a gold medal at the ITEX 2016 held in Kuala Lumpur, Malaysia by the Malaysian Invention and Design Society. Mr Ong graduated from the Universiti Kebangsaan Malaysia with a Bachelor of Arts in 1993.

### **Past directorships in listed companies (for last three years)**

- *None*

### **Present directorships in listed companies (Other than the Company)**

- *None*

# BOARD OF DIRECTORS



## Ms Lim Lay Yong

*Executive Director and Chief Operating Officer*

Ms Lim Lay Yong was appointed to our Board on 3 October 2016. Ms Lim has a diverse and strong working experience having served in various capacities for more than 20 years in marketing and product manufacturing. In 2001 to 2014, Ms Lim gained extensive customer relations and marketing experience in her roles of planning marketing activities including organising roadshows for the Group's aerosol products. As the COO of our Group, Ms Lim oversees the daily operations of our Group, helps in designing and implementing business strategies, plans and procedures, as well as establishing policies that promote our Company's culture and vision, and managing relationships with vendors. Ms Lim graduated from the Simon Fraser University (Canada) with a Bachelor of Science (Biochemistry) in 1994 and obtained a Graduate Diploma in Health Science (Herbal Medicine) from The University of New England (Australia) in 2007.

### **Past directorships in listed companies (for last three years)**

- None

### **Present directorships in listed companies (Other than the Company)**

- None

## Dato' Loh Shin Siong

*Non-Executive Director*

Dato' Loh Shin Siong was appointed to the Board on 16 December 2016. He has business interests in various industries such as food and beverage and property development. Dato' Loh holds directorship in a few companies in which he is in charge of the overall business development and operations and formulates strategies to continually raise the standards of quality and service. Dato' Loh is also responsible for the management and operations in a real estate company and gained experience in property investment and development.

### **Past directorships in listed companies (for last three years)**

- None

### **Present directorships in listed companies (Other than the Company)**

- None

## Dato' Chang Chor Choong

*Non-Executive Director*

Dato' Chang Chor Choong was appointed to the Board on 16 December 2016. Dato' Chang is currently a director at various private companies engaged in businesses across a range of industries including telecommunications, beverages and real estate development. Over years, he has gained experience in the overall management of companies and in setting directions and implementing various business strategies. Outside of his business commitments, Dato' Chang has been an advisor of Ku-Miau Temple since 2012.

### **Past directorships in listed companies (for last three years)**

- None

### **Present directorships in listed companies (Other than the Company)**

- None

# BOARD OF DIRECTORS



## Mr Hau Hock Khun

*Independent Director*

Mr Hau Hock Khun was appointed to our Board on 16 December 2016. Mr Hau has more than 17 years of experience in the legal industry and his practice focuses on, amongst others, banking and finance law, Islamic banking law, general corporate and commercial law, company law, conveyancing and land law, probate and administration law and intellectual property law in Malaysia. Mr Hau is currently an executive director in charge of overall management and operations in a number of private companies. Mr Hau is a member of the Bar Council of Malaysia, a member of the Malaysia Mediation Centre and an associate member of the U.K. Chartered Institute of Arbitrators (United Kingdom) in 2009. Mr Hau graduated from Bond University, Australia with a Bachelor of Law in 1997. He later obtained a Master of Business Administration (Total Quality Management) from Newport University, USA.

### **Past directorships in listed companies (for last three years)**

- None

### **Present directorships in listed companies (Other than the Company)**

- Kumpulan H & L High - Tech Berhad



## Mr Sia Yeak Hong

*Independent Director*

Mr Sia Yeak Hong was appointed to our Board on 16 December 2016. Mr Sia is currently an audit principal at BDO Chartered Accountants in Malaysia, where he leads the audit team in the conduct of the assigned audit by planning, directing and coordinating audit activities. During his tenure with a few audit firms, Mr Sia was involved in statutory financial audit, financial due diligence, member's voluntary liquidation as well as cross-border financial reporting for various countries. His sector expertise includes manufacturing, plantation, hospitality, trading and property development and construction. In his senior management role in the private sector, he oversaw the financial, operation and internal control operating units of the group. Mr Sia is currently a Chartered Accountant of the Malaysia Institute of Accountants, a member of the Malaysian Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in Malaysia. Mr Sia graduated from Middlesex University (United Kingdom) with a Bachelor of Arts (Accounting & Finance).

### **Past directorships in listed companies (for last three years)**

- None

### **Present directorships in listed companies (Other than the Company)**

- None

# KEY MANAGEMENT



## **Ms Sia Shu Yee**

*Chief Financial Officer*

Ms Sia Shu Yee joined our Group in August 2015. Ms Sia was a director of three companies engaged in the businesses of providing accounting, tax and/or secretarial services. Ms Sia gained her audit experience when she was a senior auditor at Ernst & Young. She was the group accountant cum finance manager at BCB Berhad, a Bursa Malaysia listed company involved in property development, construction and hotel operations, where she oversaw all financial matters such as finance and treasury planning, financial risk management and investor relations. As our Group's Chief Financial Officer, Ms Sia is overall in charge of the finance department and reports to our CEO. Ms Sia graduated from Multimedia University in 2004 with a Bachelor of Accounting (Hons).



## **Mr Voon Kian Woon**

*General Manager (Finance)*

Mr Voon Kian Woon joined our Group in September 2014. Mr Voon started his own bookkeeping business in 2012 where he provided bookkeeping services to small businesses in Malaysia. In our Group, Mr Voon is in charge of, amongst others, preparing financial statements, business activity reports and forecasts. Mr Voon also supervises the accounting team and assists the management in making financial decisions.

Mr Voon is currently an affiliate member of the Association of Chartered Certified Accountants ("ACCA"). He passed the professional level of the ACCA examinations in 2010. Mr Voon obtained a Bachelor of Science with First Class Honours in Applied Accounting from Oxford Brookes University in 2010.



## **Ms Lee Siong Kim**

*General Manager (Indonesia)*

Ms Lee Siong Kim joined our Group in 2011. Ms Lee has more than 10 years of experience in sales and marketing. She was a marketing manager at a company engaged in furniture business, where she was involved in the expansion and development of the business and marketing strategies of the company. Currently, Ms Lee is responsible for overseas business development of Orientus Industry Sdn. Bhd. as well as the overall business operations and sales performance of PT Samurai Paint

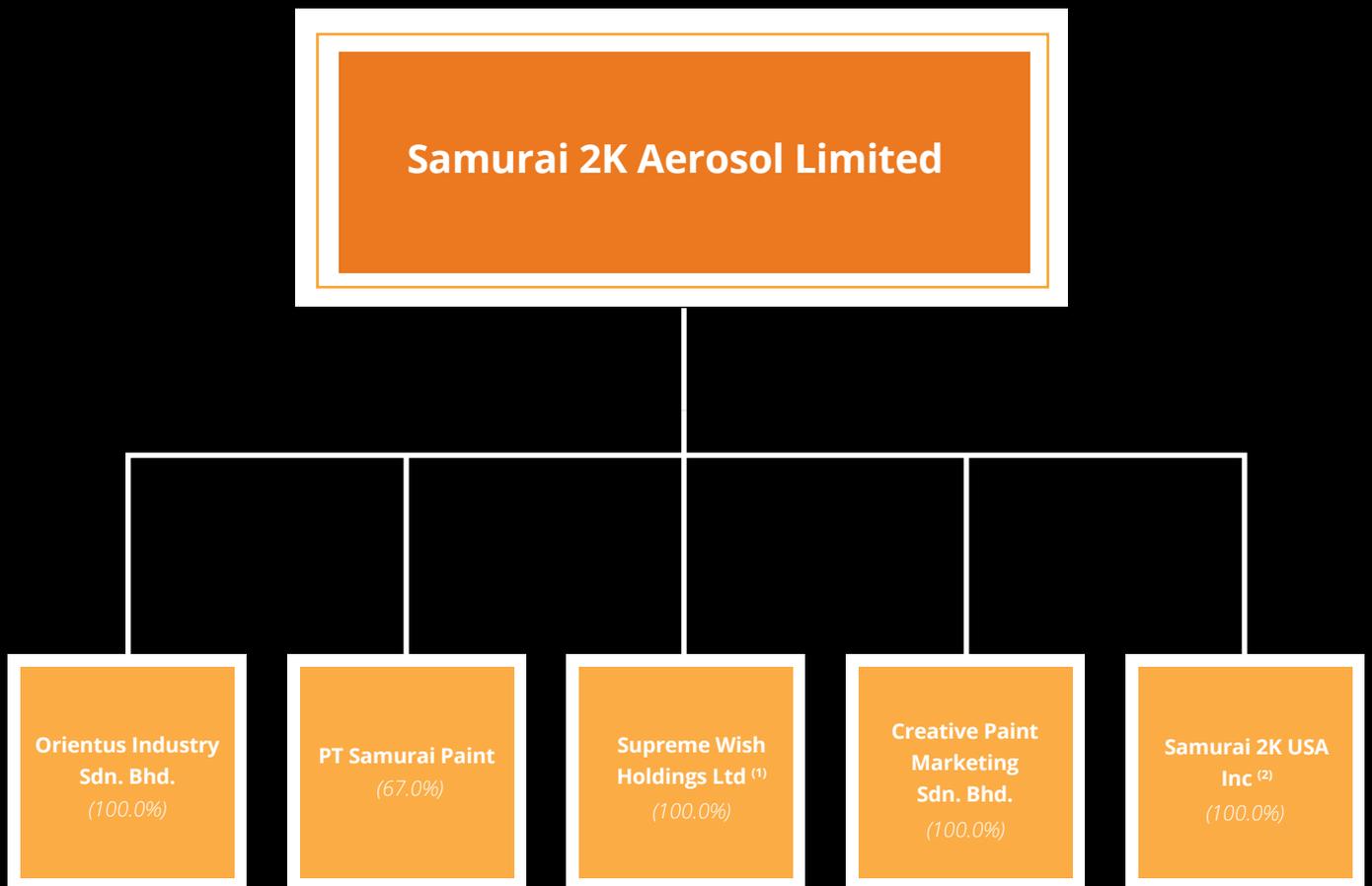


## **Ms Puah Thye Lay**

*Sales Director*

Ms Puah Thye Lay joined our Group in 2009. Ms Puah has approximately 20 years of sales experience. Ms Puah worked in a few fast-moving consumer goods companies where she led a team of salesmen and merchandisers and assisted in the expansion of the business. As Sales Director, Ms Puah is in charge of the sales department and is currently involved in the training of our Group's sales team in a few countries.

# GROUP STRUCTURE



**Notes:**

(1) In process of striking off.

(2) Incorporated on 23 February 2017 in the United States of America.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr Lim Siang Kai  
*(Non-Executive Chairman and Lead Independent Director)*

Mr Ong Yoke En  
*(Chief Executive Officer and Executive Director)*

Ms Lim Lay Yong  
*(Chief Operating Officer and Executive Director)*

Dato' Loh Shin Siong  
*(Non-Executive Director)*

Dato' Chang Chor Choong  
*(Non-Executive Director)*

Mr Hau Hock Khun  
*(Independent Director)*

Mr Sia Yeak Hong  
*(Independent Director)*

## AUDIT COMMITTEE

Mr Lim Siang Kai *(Chairman)*

Mr Hau Hock Khun

Mr Sia Yeak Hong

## REMUNERATION COMMITTEE

Mr Hau Hock Khun *(Chairman)*

Mr Lim Siang Kai

Mr Sia Yeak Hong

## NOMINATING COMMITTEE

Mr Sia Yeak Hong *(Chairman)*

Mr Hau Hock Khun

Mr Lim Siang Kai

## COMPANY SECRETARIES

Mr Low Wee Siong *(LLB, Hons)*

Ms Tan Swee Gek *(LLB, Hons)*

## REGISTERED OFFICE

80 Robinson Road  
#17-02 Singapore 068898

## PRINCIPAL PLACE OF BUSINESS

**MALAYSIA**  
4 Jalan Dato' Yunus 1  
Taman Perindustrian Dato Yunus Sulaiman  
Lima Kedai  
81120 Skudai, Johor, Malaysia

## INDONESIA

Jl. Sunter Mas Utara, Blok H1 No 17W,  
RT 021 RW 008, Sunter Jaya Sub-District,  
Tanjung Priok District, North Jakarta  
14350 Indonesia

## CONTINUING SPONSOR

### UOB KAY HIAN PRIVATE LIMITED

8 Anthony Road  
#01-01  
Singapore 229957

## AUDITORS

### BAKER TILLY TFW LLP

600 North Bridge Road  
#05-01  
Parkview Square  
Singapore 188778

Partner-in-charge: Ms Guo Shuqi (a member of the Institute of Singapore Chartered Accountants)  
(Date of appointment: since financial year ended 31 March 2016)

## SHARE REGISTRAR

### BOARDROOM CORPORATE & ADVISORY SERVICES PTE LTD

50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

## PRINCIPAL BANKER

### OVERSEA-CHINESE BANKING CORPORATION LIMITED

65 Chulia Street OCBC Centre Singapore 049513

# CORPORATE GOVERNANCE REPORT

## **DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES**

The Board of Directors (the “Board”) of Samurai 2K Aerosol Limited (the “Company” and its subsidiaries, the “Group”) is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This corporate governance report, set out in tabular form, outlines the Company’s corporate governance structures and practices that were in place during the financial year ended 31 March 2017 (“FY2017”), with specific reference made to the principles of the Code of Corporate Governance 2012 (the “Code”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “SGX-ST”) in January 2015 (the “Guide”).

The Board and Management have taken step to align the governance framework with the recommendations of the Code, where applicable, and where deviations from the Code, appropriate explanations are provided.

<b>Guideline</b>	<b>Code and/or Guide Description</b>	<b>Company’s Compliance or Explanation</b>
General	<p>(a) Has the Company complied with all the principles and guidelines of the Code?</p> <p>If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</p>	<p>The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.</p> <p>Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.</p> <p>Not applicable. The Company did not adopt any alternative corporate governance practices during the financial year under review.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
<b>BOARD MATTERS</b>																										
<b>The Board's Conduct of Affairs</b>																										
1.1	What is the role of the Board?	<p data-bbox="296 524 320 1509">As at the date of this Annual Report, the Board comprises of seven directors as follows:</p> <table border="1" data-bbox="357 315 847 1509"> <thead> <tr> <th data-bbox="365 1182 405 1509">Name of Director</th> <th data-bbox="365 613 405 1182">Designation</th> <th data-bbox="365 315 405 613">Date appointed</th> </tr> </thead> <tbody> <tr> <td data-bbox="405 1182 488 1509">Mr Lim Siang Kai</td> <td data-bbox="405 613 488 1182">Non-Executive Chairman and Lead Independent Director</td> <td data-bbox="405 315 488 613">3 October 2016</td> </tr> <tr> <td data-bbox="488 1182 571 1509">Mr Ong Yoke En</td> <td data-bbox="488 613 571 1182">Executive Director and Chief Executive Officer ("CEO")</td> <td data-bbox="488 315 571 613">9 March 2016</td> </tr> <tr> <td data-bbox="571 1182 654 1509">Ms Lim Lay Yong</td> <td data-bbox="571 613 654 1182">Executive Director and Chief Operating Officer ("COO")</td> <td data-bbox="571 315 654 613">3 October 2016</td> </tr> <tr> <td data-bbox="654 1182 702 1509">Dato' Loh Shin Siong</td> <td data-bbox="654 613 702 1182">Non-Executive Director</td> <td data-bbox="654 315 702 613">16 December 2016</td> </tr> <tr> <td data-bbox="702 1182 750 1509">Dato' Chang Chor Choong</td> <td data-bbox="702 613 750 1182">Non-Executive Director</td> <td data-bbox="702 315 750 613">16 December 2016</td> </tr> <tr> <td data-bbox="750 1182 798 1509">Mr Hau Hock Khun</td> <td data-bbox="750 613 798 1182">Independent Director</td> <td data-bbox="750 315 798 613">16 December 2016</td> </tr> <tr> <td data-bbox="798 1182 847 1509">Mr Sia Yeak Hong</td> <td data-bbox="798 613 847 1182">Independent Director</td> <td data-bbox="798 315 847 613">16 December 2016</td> </tr> </tbody> </table> <p data-bbox="879 315 1070 1509">The Board is involved in the supervision of the management of the Group's operations. It reviews strategies, policies and financial performance and assesses key risks provided by Management as well as the adequacy of internal controls and risk management of the Group. Day-to-day management and implementation of business strategies are delegated to the Executive Directors. Each director is expected during the course of carrying out his duties, to act in good faith and to make decisions objectively at all times, as fiduciaries in the best interest of the Company.</p> <p data-bbox="1102 1263 1126 1509">The Board's role is to:</p> <ul style="list-style-type: none"> <li data-bbox="1166 315 1230 1509">(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;</li> <li data-bbox="1262 315 1326 1509">(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;</li> <li data-bbox="1358 1043 1382 1509">(c) review management performance;</li> </ul>	Name of Director	Designation	Date appointed	Mr Lim Siang Kai	Non-Executive Chairman and Lead Independent Director	3 October 2016	Mr Ong Yoke En	Executive Director and Chief Executive Officer ("CEO")	9 March 2016	Ms Lim Lay Yong	Executive Director and Chief Operating Officer ("COO")	3 October 2016	Dato' Loh Shin Siong	Non-Executive Director	16 December 2016	Dato' Chang Chor Choong	Non-Executive Director	16 December 2016	Mr Hau Hock Khun	Independent Director	16 December 2016	Mr Sia Yeak Hong	Independent Director	16 December 2016
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Mr Sia Yeak Hong	Independent Director	16 December 2016																								

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																
1.2	All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.	<p>(d) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;</p> <p>(e) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and</p> <p>(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.</p> <p>All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.</p>																
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	<p>The Board has delegated certain functions to the various Board committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") (the "Board Committees"). Each of the Board Committees has its own written terms of reference and whose actions are reported to and monitored by the Board. The duties, authorities and responsibilities of each Board Committee are set out in their respective terms of reference. 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. As at the date of this Annual Report, the respective compositions of the Board Committees are as follows:</p> <table border="1" data-bbox="938 322 1134 1505"> <thead> <tr> <th></th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Lim Siang Kai</td> <td>Sia Yeak Hong</td> <td>Hau Hock Khun</td> </tr> <tr> <td>Member</td> <td>Sia Yeak Hong</td> <td>Lim Siang Kai</td> <td>Sia Yeak Hong</td> </tr> <tr> <td>Member</td> <td>Hau Hock Khun</td> <td>Hau Hock Khun</td> <td>Lim Siang Kai</td> </tr> </tbody> </table>		AC	NC	RC	Chairman	Lim Siang Kai	Sia Yeak Hong	Hau Hock Khun	Member	Sia Yeak Hong	Lim Siang Kai	Sia Yeak Hong	Member	Hau Hock Khun	Hau Hock Khun	Lim Siang Kai
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1.4	Have the Board and Board Committees met in the last financial year?	<p>The Board meets at least two times in each financial year and as warranted by particular circumstances, as deemed appropriate by the Board members. Teleconferencing and video conferencing at meetings is permitted under the Company's Constitution. In addition to holding meetings, important matters regarding the Group are also put to the Board for decision making by way of written resolutions.</p>																

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																		
		<p>The number of Board and Board Committee meetings and the record of attendance of each Director during FY2017 are set out below:</p> <table border="1" data-bbox="293 320 695 1509"> <thead> <tr> <th></th> <th>Board</th> <th>AC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td><b>Number of meetings held</b></td> <td>1</td> <td>1</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Name of director</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Lim Siang Kai</td> <td>1</td> <td>1</td> <td>-</td> <td>-</td> </tr> <tr> <td>Ong Yoke Eh</td> <td>1</td> <td>1*</td> <td>-</td> <td>-</td> </tr> <tr> <td>Lim Lay Yong</td> <td>1</td> <td>1*</td> <td>-</td> <td>-</td> </tr> <tr> <td>Hau Hock Khun</td> <td>1</td> <td>1</td> <td>-</td> <td>-</td> </tr> <tr> <td>Sia Yeak Hong</td> <td>1</td> <td>1</td> <td>-</td> <td>-</td> </tr> <tr> <td>Dato' Loh Shin Siong</td> <td>1</td> <td>1*</td> <td>-</td> <td>-</td> </tr> <tr> <td>Dato' Chang Chor Choong</td> <td>1</td> <td>1*</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>* by invitation</p> <p>As the Company was listed on the Catalyst Board of the SGX-ST on 16 January 2017, only one Board and one AC meeting were held in FY2017. Nonetheless, the Board attended various verification and due diligence meetings, together with other professional advisers involved in the initial public offering of shares in the share capital of the Company ("IPO") (where applicable), for the purpose of verifying the information contained in the Company's Offer Document dated 9 January 2017 ("Offer Document").</p>		Board	AC	NC	RC	<b>Number of meetings held</b>	1	1	-	-	<b>Name of director</b>					Lim Siang Kai	1	1	-	-	Ong Yoke Eh	1	1*	-	-	Lim Lay Yong	1	1*	-	-	Hau Hock Khun	1	1	-	-	Sia Yeak Hong	1	1	-	-	Dato' Loh Shin Siong	1	1*	-	-	Dato' Chang Chor Choong	1	1*	-	-
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1.5	What are the types of material transactions which require approval from the Board?	<p>The matters which specifically require the Board's approval or guidance are those involving:</p> <ul style="list-style-type: none"> <li>• material acquisitions and disposals of assets;</li> <li>• major investments;</li> <li>• borrowings;</li> <li>• share issuances, dividends and other returns to shareholders;</li> <li>• corporate strategies and objectives;</li> <li>• Group's budget and business plans;</li> <li>• financial and management performances;</li> <li>• executive compensation;</li> <li>• internal controls and risk management;</li> <li>• financial results announcements; and</li> <li>• commitments to banking facilities granted by financial institutions.</li> </ul> <p>A formal document setting out the guidelines and matters (including the matters set out above) which are to be reserved for the Board's decision has also been adopted by the Board.</p>																																																		

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.6	<p>(a) Are new Directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?</p>	<p>All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's business as well as the expected duties of a director of a listed company and be provided with industry-relevant information. To obtain a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational offices and facilities and meet with key management personnel. All newly appointed Directors will attend training class organised by Singapore Institute of Directors.</p> <p>The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. New releases issued by the SGX-ST which are applicable to the Directors are circulated to the Board. The Directors are encouraged to attend seminars, conference and training courses that will assist them in executing their obligations and responsibilities as Directors to the Company. Briefings attended by a Director during the financial year under review included but are not limited to the sustainability reporting briefing organised by the SGX-ST. In FY2017, all the Directors attended the "Understanding the Regulatory Environment in Singapore" course conducted by the Singapore Institute of Directors. All training to newly appointed and existing Directors are funded by the Company.</p>
1.7	<p>Upon appointment of each director, has the Company provided a formal letter to the director, setting out the director's duties and obligations?</p>	<p>Formal letters of appointment are furnished to newly-appointed Directors, upon their appointments, stating among other matters, the roles, obligations, duties and responsibilities as a member of the Board.</p>
<p><b>Board Composition and Guidance</b></p>		
2.1	<p>Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.</p>	<p>As at the date of this report, the Board comprises seven directors, three of whom are Independent Directors, which complies with the Code's guideline on the proportion of Independent Directors on the Board. The Non-Executive Chairman, Mr Lim Siang Kai, is an Independent Director and not part of the management team, and as the Independent Directors make up at least one-third of the Board, there is a strong and independent element on the Board and no individual or small group of individuals dominate the Board's decision-making process.</p> <p>Please refer to 1.1 for the composition of the Board.</p>
2.2		
3.3		



# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																					
2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following - skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p>	<p>The Board and NC take into account, <i>inter alia</i>, the Directors' contributions, areas of expertise and scope of work on an annual basis in evaluating whether the Board's composition is adequate.</p> <p>The Board and NC are satisfied that the current Board's size and composition are appropriate for the Group. The NC and the Board are also of the view that the present Board has the appropriate mix of expertise, experience and competencies such as accounting or finance, legal, business or management experience and industry knowledge for the effective functioning of the Board.</p> <p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <table border="1" data-bbox="550 324 893 1500"> <thead> <tr> <th>Core Competencies</th> <th>Number of Directors</th> <th>Proportion of Board</th> </tr> </thead> <tbody> <tr> <td>Accounting or finance</td> <td>2</td> <td>29%</td> </tr> <tr> <td>Business management</td> <td>7</td> <td>100%</td> </tr> <tr> <td>Legal or corporate experience</td> <td>3</td> <td>43%</td> </tr> <tr> <td>Relevant industry knowledge or experience</td> <td>2</td> <td>29%</td> </tr> <tr> <td>Strategic planning experience</td> <td>7</td> <td>100%</td> </tr> <tr> <td>Customer based experience or knowledge</td> <td>4</td> <td>60%</td> </tr> </tbody> </table>	Core Competencies	Number of Directors	Proportion of Board	Accounting or finance	2	29%	Business management	7	100%	Legal or corporate experience	3	43%	Relevant industry knowledge or experience	2	29%	Strategic planning experience	7	100%	Customer based experience or knowledge	4	60%
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(c)	What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	<p>The Board has taken the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> <li>The NC reviews the existing attributes and competencies of the Board at least once a year in order to determine the desired expertise or experience required to strengthen or supplement the Board; and</li> <li>Evaluation by the Directors at least once a year of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.</li> </ul> <p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</p>																					

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.7	<p>How have the non-executive directors:</p> <p>(a) constructively challenge and help develop proposals on strategy; and</p> <p>(b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance?</p>	<p>The Board, particularly the Independent Directors, which are Non-Executive Directors, must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. To ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively.</p> <p>This enables the Non-Executive Directors to constructively challenge and help develop proposals on strategy and also review the performance of Management in meeting agreed goals and objectives, and extend guidance to Management. The Directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views.</p>
2.8 3.4	<p>Have the Non-Executive Directors/Independent Directors met in the absence of key management personnel in the last financial year?</p>	<p>The Independent Directors do discuss and/or meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.</p> <p>The Independent Directors had met and discussed with the external and internal auditors as part of the IPO process in the absence of key management personnel in FY2017.</p>
<b>Chairman and Chief Executive Officer</b>		
3.1	<p>Are the duties between Chairman and CEO segregated?</p>	<p>There is a clear division of responsibilities between the Chairman and CEO, which ensures there is a balance of power and authority, such that no one individual represents a considerable concentration of power. Mr Lim Siang Kai, the Non-Executive Chairman and Lead Independent Director, and Mr Ong Yoke En, the Executive Director and CEO, are not related to each other.</p>
3.2		<p>Mr Lim Siang Kai, the Non-Executive Chairman and Lead Independent Director leads the Board discussion and also ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda and ensures that Directors are provided with complete, adequate and timely information. He chairs the Board meetings and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues, and promotes a culture of openness and discussion at the Board. He also facilitates the effective contribution of Non-Executive Directors and promotes high standards of corporate governance. He encourages constructive relations within the Board and between the Board and the Management, and ensures effective communications between the Company and its shareholders. He is the contact person for Shareholders in situations where there are concerns or issues which communication through normal channels with the CEO and/or Chief Financial Officer ("CFO") has no resolved or where such communication is inappropriate. He will also take the lead in ensuring compliance with the Code.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Board Membership</b>		
4.1 4.2	What are the duties of the NC?	<p>The NC comprises the Independent Directors, Mr Lim Siang Kai, Mr Hau Hock Khun and Mr Sia Yeak Hong. The Chairman of the NC is Mr Sia Yeak Hong.</p> <p>The NC holds at least one (1) meeting in each financial year. The terms of reference and the key roles of the NC include, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>(a) reviewing and approving any new employment of related persons and proposed terms of their employment;</li> <li>(b) recommending to the Board on Board appointments, including the re-nomination of the existing Directors for re-election in accordance with the Constitution at each annual general meeting and having regard to the Director's contribution and performance;</li> <li>(c) determining annually, and as and when circumstances require, whether or not a Director of the Company is independent;</li> <li>(d) in respect of a Director who has multiple board representations on various companies, if any, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple Boards and discharging his duties towards other principal commitments;</li> <li>(e) deciding whether or not a Director of the Company is able to and has been adequately carrying out his duties as a director;</li> <li>(f) deciding how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value;</li> <li>(g) reviewing and approving the employment of persons related to the Directors, Executive Officers or Substantial Shareholders and the proposed terms of their employment;</li> <li>(h) reviewing the succession plans for the Executive Directors and Executive Officers; and</li> <li>(i) reviewing the training and professional development programmes for the Board.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
4.4	<p>(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</p> <p>(b) If a maximum has not been determined, what are the reasons?</p>	<p>The NC will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long-term shareholders' value. The Board will also implement a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board.</p> <p>Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director of the Company. In the event that any member of the NC has an interest in a matter being deliberated upon by the NC, he will abstain from participating in the review and approval process relating to that matter.</p> <p>For reasons set out in 4.4(b) below, the Board has not determined the maximum number of listed company board representations each Director may hold.</p>
4.5	<p>(c) What are the specific considerations in deciding on the capacity of directors?</p> <p>(d) Have the Directors adequately discharged their duties?</p> <p>Are there alternate Directors?</p>	<p>The Board, with the concurrence of the NC, has agreed that the Company shall not impose a maximum number of listed board representations on the Directors as the Board is of the opinion that setting a fixed number would not adequately take into account the varied circumstances of each Director. The NC will instead focus on whether a Director has sufficient time to adequately discharge his duties to the Company. The NC would monitor and determine annually, on a case-by-case basis, whether the Directors have given sufficient time and attention to the affairs of the Company and adequately carry out his duties as a Director of the Company. The NC is of the view that it is for each Director to assess his/her own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. All Directors have declared their board memberships as and when practicable.</p> <p>In accessing the capacity of the Directors, the NC takes into consideration the expected and/or competing time commitments of the Directors, size and composition of the Board, and nature and scope of the Group's operations and size.</p> <p>The NC is satisfied that the Directors are able to devote adequate time and attention to the affairs of the Company and have adequately carried out their duties as Directors of the Company in FY2017.</p> <p>The Company does not have any alternate directors.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																		
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p>The following table sets out the process for the selection and appointment of new directors:</p> <table border="1" data-bbox="261 315 746 1507"> <tr> <td data-bbox="261 1417 440 1507">1.</td> <td data-bbox="261 965 440 1417">Determination of selection criteria</td> <td data-bbox="261 315 440 965">The NC, in consultation with the Board would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.</td> </tr> <tr> <td data-bbox="440 1417 584 1507">2.</td> <td data-bbox="440 965 584 1417">Search for suitable candidates</td> <td data-bbox="440 315 584 965">The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders and may engage external search consultants where necessary.</td> </tr> <tr> <td data-bbox="584 1417 663 1507">3.</td> <td data-bbox="584 965 663 1417">Assessment of shortlisted candidates</td> <td data-bbox="584 315 663 965">The NC would meet and interview the shortlisted candidates to assess their suitability.</td> </tr> <tr> <td data-bbox="663 1417 746 1507">4.</td> <td data-bbox="663 965 746 1417">Appointment of director</td> <td data-bbox="663 315 746 965">The NC would recommend the selected candidate to the Board for consideration and approval.</td> </tr> </table> <p>The following table sets out the process for the re-electing directors:</p> <table border="1" data-bbox="842 315 1235 1507"> <tr> <td data-bbox="842 1417 1086 1507">1.</td> <td data-bbox="842 965 1086 1417">Assessment of director</td> <td data-bbox="842 315 1086 965">                     a) The NC would assess the contributions and performance of the Director in accordance with the performance criteria set by the Board; and                      b) The NC would also review the range of expertise, skills and attributes of current needs of the Board.                 </td> </tr> <tr> <td data-bbox="1086 1417 1235 1507">2.</td> <td data-bbox="1086 965 1235 1417">Re-appointment of director</td> <td data-bbox="1086 315 1235 965">Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td> </tr> </table>	1.	Determination of selection criteria	The NC, in consultation with the Board would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.	2.	Search for suitable candidates	The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders and may engage external search consultants where necessary.	3.	Assessment of shortlisted candidates	The NC would meet and interview the shortlisted candidates to assess their suitability.	4.	Appointment of director	The NC would recommend the selected candidate to the Board for consideration and approval.	1.	Assessment of director	a) The NC would assess the contributions and performance of the Director in accordance with the performance criteria set by the Board; and b) The NC would also review the range of expertise, skills and attributes of current needs of the Board.	2.	Re-appointment of director	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.
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# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>Our Directors have no fixed term of office.</p> <p>Pursuant to the Company's Constitution, one third (or the number nearest to one third) of the Directors shall retire from office by rotation and be eligible for re-election at the Company's Annual General Meeting ("AGM"), at least once every three (3) years.</p> <p>The Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.</p> <p>The Company may by Ordinary Resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Additional Directors appointed by the Board after the AGM but during the financial year, shall only hold office until the next AGM and thereafter be eligible for re-election at the AGM, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.</p> <p>All the Directors will be retiring at the forthcoming AGM pursuant to Regulation 104 of the Company's Constitution and are to be nominated for re-election.</p>
4.7	<p>Please provide the following key information regarding the Directors'.</p> <ul style="list-style-type: none"> <li>● Academic and professional qualifications</li> <li>● Shareholding in the Company and its related corporation</li> <li>● Board committees served on (as a member or chairman), date of first appointment and last re-appointment as a director;</li> </ul>	<p>The key information of the Directors, including their appointment dates and directorships held in the past 3 years, are set out on page 14 of this Annual Report.</p> <p>The shareholdings of the individual directors of the Company are set out on page 45. None of the directors hold shares in the subsidiaries of the Company.</p> <p>Directors who are seeking re-appointment at the forthcoming AGM to be held on 20 July 2017 are stated in the Notice of AGM set out on page 95 of this Annual Report.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	<ul style="list-style-type: none"> <li>• Directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments;</li> <li>• Indicate which directors are executive, non-executive or considered by the NC to be independent; and</li> <li>• The names of the directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions.</li> </ul>	
	<p><b>Board Performance</b></p> <p>5.1 What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?</p> <p>5.2</p> <p>5.3</p>	<p>As the Company was listed on the Catalyst of the SGX-ST on 16 January 2017, the NC did not set the performance criteria to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contributions by each Director to the effectiveness of the Board in FY2017.</p> <p>Subsequent to FY2017, the NC established a process for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. This assessment is conducted by the NC at least once a year by way of a Board evaluation where the Directors complete a questionnaire seeking their views on various aspects of Board performance, such as Board composition, information and process. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director. The Board will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors.</p> <p>Objective performance criteria used to assess the performance of the Board include both quantitative and qualitative criteria.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																		
		<p>The Board and the NC believe that the financial indicators are mainly used to measure the Management's performance and hence are less applicable to the Non-Executive Directors.</p> <p>The NC had conducted the Board's performance evaluation as a whole subsequent to FY2017 together with the performance evaluation of the AC, RC and NC. The performance criteria for the Board and Board Committees' evaluation, as determined by the NC, cover the following areas:</p> <ul style="list-style-type: none"> <li>a) Composition and Size</li> <li>b) Conduct of Meeting</li> <li>c) Effectiveness and Training</li> <li>d) Board committees</li> <li>e) Communication with Shareholders</li> <li>f) Provision of information to the Board</li> <li>g) Standards of Conduct</li> <li>h) Financial performance</li> <li>i) Board compensation</li> </ul> <p>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</p> <p>As the Company was listed on the Catalist of the SGX-ST on 16 January 2017, there was no determination of the performance for the Board in FY2017. The Board has not engaged any external consultant in the valuation process. Where relevant and when the need arises, the NC will consider such an engagement.</p> <p>(b) Has the Board met its performance objectives?</p> <p>As the Company was listed on the Catalist of the SGX-ST on 16 January 2017, there was no determination of the performance for the Board in FY2017.</p> <p>The NC will review the Board performance based on its performance criteria in FY2018.</p>																		
	<p><b>Access to Information</b></p> <p>6.1 What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</p> <p>6.2</p> <p>10.3</p>	<p>The following table set outs the type and information provided by key management personnel to Independent Directors:</p> <table border="1" data-bbox="1198 320 1482 1514"> <thead> <tr> <th data-bbox="1198 551 1238 1514"></th> <th data-bbox="1198 320 1238 551">Information</th> <th data-bbox="1198 320 1238 551">Frequency</th> </tr> </thead> <tbody> <tr> <td data-bbox="1238 551 1310 1514">1</td> <td data-bbox="1238 320 1310 551">Board papers and financial statements included the explanatory on the variances</td> <td data-bbox="1238 320 1310 551">Half yearly</td> </tr> <tr> <td data-bbox="1310 551 1358 1514">2</td> <td data-bbox="1310 320 1358 551">Budget and forecast included the explanatory on the variances</td> <td data-bbox="1310 320 1358 551">Half yearly</td> </tr> <tr> <td data-bbox="1358 551 1398 1514">3</td> <td data-bbox="1358 320 1398 551">Report on on-going or planned corporate activity</td> <td data-bbox="1358 320 1398 551">Half yearly</td> </tr> <tr> <td data-bbox="1398 551 1437 1514">4</td> <td data-bbox="1398 320 1437 551">IA's report</td> <td data-bbox="1398 320 1437 551">Yearly</td> </tr> <tr> <td data-bbox="1437 551 1482 1514">5</td> <td data-bbox="1437 320 1482 551">Shareholding statistics</td> <td data-bbox="1437 320 1482 551">Yearly</td> </tr> </tbody> </table>		Information	Frequency	1	Board papers and financial statements included the explanatory on the variances	Half yearly	2	Budget and forecast included the explanatory on the variances	Half yearly	3	Report on on-going or planned corporate activity	Half yearly	4	IA's report	Yearly	5	Shareholding statistics	Yearly
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# CORPORATE GOVERNANCE REPORT

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6.3 6.4	What is the role of the Company Secretary?	<p>Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p> <p>The Company Secretary and/or a representative of the Company Secretary attends all meetings of the Board and Board Committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of Board and Board Committees' meetings are circulated to the Board. The Company Secretary is also responsible for the proper maintenance of the records of Board and Board Committees meetings and records of discussions on key deliberations and decisions taken. The directors have separate and independent access to the Company Secretary. The appointment and the removal of the Company Secretary are subject to the Board's approval.</p> <p>All Directors have direct access to the Group's independent professional advisors, as and when necessary, to discharge his/her responsibilities effectively. In addition, the Directors, either individually or as a group, may seek separate independent professional advice, if necessary. The cost of all such professional advice is borne by the Company.</p>
<b>REMUNERATION MATTERS</b>		
<b>Developing Remuneration Policies</b>		
7.1 7.2 7.4	What is the role of the RC?	<p>The RC comprises the Independent Directors, Mr Lim Siang Kai, Mr Hau Hock Khun and Mr Sia Yeak Hong. The Chairman of the RC is Mr Hau Hock Khun.</p> <p>The terms of reference of RC include, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> <li>- reviewing and recommending to the Board, a framework of remuneration policies to determine the specific remuneration packages and terms of employment for each Director, the CEO and key executive of the Company; and</li> <li>- carrying out its duties in the manner that it deems expedient, subject always to any restrictions that may be imposed upon the RC by the Board from time to time.</li> </ul> <p>The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Director and key executives. The recommendations of the RC are submitted to the Board for endorsement. All aspects of remuneration, including, but not limited to, Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind are reviewed by the RC. The Directors are not involved in deciding their own remuneration. Each member of the RC abstains from voting on any resolutions in respect of his remuneration package.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company during FY2017.
<b>Level and Mix of Remuneration</b>		
8.1	What are the measures for assessing the performance of executive directors and key management personnel?	In reviewing and determining the remuneration packages of the Executive Directors and the Group's key management personnel, the RC considers the Executive Directors' and key management personnel's responsibilities, skills, expertise and contribution to the Group's performance when designing their respective remuneration packages, as so ensure that the level of remuneration is appropriate to attract, retain and motivate the Executive Directors' and key management personnel to run the Company successfully.
8.2	Are there long-term incentive schemes for Executive Directors and key management personnel?	The RC administers the Company's Performance Share Plan (the "PSP") and the Employee Share Option Scheme ("ESOS"), which formed parts of the Offer Document. No awards were granted under the PSP and no share options were granted under the ESOS since the establishment of the PSP and ESOS. Further details about the PSP and ESOS are set out in the Company's Offer Document.
8.3	How is the remuneration for non-executive directors determined?	The Non-Executive Directors (including the Independent Directors) do not have service agreements with the Company and accordingly do not receive any salary. They are paid Directors' fees, which are determined by the Board based on the effort, time spent and responsibilities of the Directors (including but not limited to their appointments to the various Board Committees). The Directors' fees of the Non-Executive Directors are subject to approval by shareholders at each AGM.
8.4	Are there any contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of financial results, or of misconduct resulting in financial loss to the Company?	There are no 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 Company.

# CORPORATE GOVERNANCE REPORT

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<b>Disclosure on Remuneration</b>																																																																	
9	What is the Company's remuneration policy?	The Company's remuneration policy is critical to attract, retain and motivate employees as so to align with the Group's long-term business strategy, objectives, values and interest as well create value for the shareholders.																																																															
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that full disclosure would be prejudicial to its business interest given the highly competitive environment the Group operates in. As such, the remuneration of the Directors is disclosed in bands of S\$250,000.</p> <p>The breakdown for the remuneration (in percentage terms) of the Directors for FY2017 is as follows:</p> <table border="1"> <thead> <tr> <th>Name of Director</th> <th>Base Salary</th> <th>Bonus</th> <th>Allowance</th> <th>Director Fees</th> <th>Company's EPF contribution</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><b>Below S\$250,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Lim Siang Kai</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>100%<sup>(1)</sup></td> <td>0%</td> <td>100%</td> </tr> <tr> <td>Ong Yoke En</td> <td>71%</td> <td>14%</td> <td>0%</td> <td>0%</td> <td>15%</td> <td>100%</td> </tr> <tr> <td>Lim Lay Yong</td> <td>71%</td> <td>13%</td> <td>0%</td> <td>0%</td> <td>16%</td> <td>100%</td> </tr> <tr> <td>Hau Hock Khun</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>100%<sup>(1)</sup></td> <td>0%</td> <td>100%</td> </tr> <tr> <td>Sia Yeak Hong</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>100%<sup>(1)</sup></td> <td>0%</td> <td>100%</td> </tr> <tr> <td>Dato' Loh Shin Siong</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>100%<sup>(1)</sup></td> <td>0%</td> <td>100%</td> </tr> <tr> <td>Dato' Chang Chor Choong</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>100%<sup>(1)</sup></td> <td>0%</td> <td>100%</td> </tr> </tbody> </table> <p><b>Note:</b></p> <p>(1) Prorated fee from January 2017 to March 2017.</p> <p>The Directors' fees, as a lump sum, will be subject to the approval by shareholders at the forthcoming AGM.</p> <p>There are no termination or retirement benefits, as well as post-employment benefits that are granted to the Directors.</p>	Name of Director	Base Salary	Bonus	Allowance	Director Fees	Company's EPF contribution	Total	<b>Below S\$250,000</b>							Lim Siang Kai	0%	0%	0%	100% <sup>(1)</sup>	0%	100%	Ong Yoke En	71%	14%	0%	0%	15%	100%	Lim Lay Yong	71%	13%	0%	0%	16%	100%	Hau Hock Khun	0%	0%	0%	100% <sup>(1)</sup>	0%	100%	Sia Yeak Hong	0%	0%	0%	100% <sup>(1)</sup>	0%	100%	Dato' Loh Shin Siong	0%	0%	0%	100% <sup>(1)</sup>	0%	100%	Dato' Chang Chor Choong	0%	0%	0%	100% <sup>(1)</sup>	0%	100%
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# CORPORATE GOVERNANCE REPORT

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9.3	<p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/ fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p>	<p>During FY2017, the Group only had four (4) top key management personnel (who are not also Directors of the Company).</p> <p>The breakdown for the remuneration of the Company's key management personnel (who are not also Directors of the Company) during FY2017 is as follows:</p> <table border="1" data-bbox="391 320 715 1507"> <thead> <tr> <th>Name of Key Executive</th> <th>Base Salary</th> <th>Bonus</th> <th>Allowance and Incentive</th> <th>Company's EPF contribution</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td><b>Below S\$250,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Sia Shu Yee</td> <td>66%</td> <td>11%</td> <td>12%</td> <td>11%</td> <td>100%</td> </tr> <tr> <td>Puah Thye Lay</td> <td>62%</td> <td>11%</td> <td>11%</td> <td>16%</td> <td>100%</td> </tr> <tr> <td>Lee Siong Kim</td> <td>63%</td> <td>12%</td> <td>11%</td> <td>14%</td> <td>100%</td> </tr> <tr> <td>Voon Kian Woon</td> <td>65%</td> <td>15%</td> <td>10%</td> <td>10%</td> <td>100%</td> </tr> </tbody> </table> <p>There are no termination or retirement benefits, as well as post-employment benefits that are granted to the key executives.</p> <p>The total remuneration paid to the top four (4) key management personnel for FY2017 was S\$204,394.</p>	Name of Key Executive	Base Salary	Bonus	Allowance and Incentive	Company's EPF contribution	Total	<b>Below S\$250,000</b>						Sia Shu Yee	66%	11%	12%	11%	100%	Puah Thye Lay	62%	11%	11%	16%	100%	Lee Siong Kim	63%	12%	11%	14%	100%	Voon Kian Woon	65%	15%	10%	10%	100%
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9.4	<p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</p> <p>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</p>	<p>Mr Ong How En, the brother of Mr Ong Yoke En, the Executive Director and CEO of the Company, is currently employed as a technical manager in the Group. The remuneration paid to him for services rendered to the Group was below S\$50,000 in FY2017.</p> <table border="1" data-bbox="1168 320 1378 1507"> <thead> <tr> <th>Name</th> <th>Salary (\$\$)</th> <th>Bonus (\$\$)</th> <th>Allowance and Incentive (\$\$)</th> <th>Company EPF contribution (\$\$)</th> <th>Total (\$\$)</th> </tr> </thead> <tbody> <tr> <td><b>Below S\$50,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ong How En</td> <td>49%</td> <td>12%</td> <td>23%</td> <td>16%</td> <td>100%</td> </tr> </tbody> </table>	Name	Salary (\$\$)	Bonus (\$\$)	Allowance and Incentive (\$\$)	Company EPF contribution (\$\$)	Total (\$\$)	<b>Below S\$50,000</b>						Ong How En	49%	12%	23%	16%	100%																		
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# CORPORATE GOVERNANCE REPORT

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9.5	Please provide details of the employee share scheme(s).	<p>The Company adopted the ESOS and PSP on 16 December 2016. The ESOS and PSP will provide eligible participants with an opportunity to participate in the equity of the Company so as to motivate them, to higher standards of performance through increased dedication and loyalty, and to give recognition to those who have contributed significantly to the growth and performance of the Group. As at the date of this Annual Report, no option and/or awards have been granted under the ESOS and PSP respectively.</p> <p>Further details of the ESOS and PSP are set out in the Company's Offer Document.</p>
9.6	<p>(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</p> <p>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</p>	<p>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group in FY2017. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.</p> <p>The performance criteria used to assess the remuneration of Executive Directors and key management personnel is based on qualitative and quantitative components:</p> <ol style="list-style-type: none"> <li>1. Leadership</li> <li>2. Teamwork</li> <li>3. People development</li> <li>4. Responsibilities and commitment</li> <li>5. Profitability performance of the Group, ie: PBT at least RM7.5 million</li> </ol>
	(c) Were all of these performance conditions met? If not, what were the reasons?	<p>As the Company was listed on the Catalist of the SGX-ST on 16 January 2017, the RC will utilise the performance conditions above for determining the entitlement under the short term and long term incentive scheme for the financial year ending 31 March 2018.</p> <p>For FY2017, the Executive Directors and key management personnel have met the relevant performance conditions.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Accountability</b>		
10.1	The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.	The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects.
10.2		The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Catalist Rules, where appropriate. The Independent Directors in consultation with management will request for management's consideration for the establishment of written policies for 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 performance on a quarterly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group.
<b>Risk Management and Internal Controls</b>		
11.1	The Board should determine the company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.	<p>The Board reviews the Group's business and operational activities to identify areas of significant business risk as well as the measures in place to control and mitigate these risks within the Group's policies and business strategies. The risk assessment exercise also includes identifying and assessing key risk areas to the Group such as financial, operational, compliance and information technology risks based on the feedback of the internal auditors and external auditors. The Board also oversees the Management in implementing the risk management and internal controls system.</p> <p>The Board is also responsible for governance of risk management, and determining the Company's levels of risk tolerance and risk policies. The Board consults with the external auditors and internal auditors to determine the risk tolerance level and corresponding risk policies.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
11.2 11.4	<p>The Board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.</p>	<p>The AC evaluates the findings of the external and internal auditors on the Group's internal controls annually.</p> <p>Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.</p> <p>Based on the internal control policies and procedures established and maintained by the Group, and the continuous effort at enhancing such controls and procedures, and the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group has a robust and effective internal control system addressing financial, operations, compliance and information technology controls and risk management system that is adequate to meet the needs of the Group in its current business development.</p> <p>The Board has also received assurance from the CEO and CFO in respect of FY2017:</p> <ul style="list-style-type: none"> <li>(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and</li> <li>(b) the Company's risk management and internal control systems including financial, operational, compliance and information technology controls, and risk management systems are effective.</li> </ul> <p>The Board has not established a separate risk committee and relies on internal control policies and procedures established and maintained by the Group, and the regular audits, monitoring and reviews performed by the internal and external auditors in carrying out its responsibility of overseeing the Company's risk management and policies.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
11.3	<p>(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.</p>	<p>The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2017.</p> <p>The basis for the Board's view are as follows:</p> <ul style="list-style-type: none"> <li>● Assurance has been received from the CEO, CFO and Internal Auditors ("IA") (refer to Section 11.3(b) below);</li> <li>● Key management personnel regularly evaluates, monitors and reports to the AC on material risks;</li> <li>● Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns;</li> <li>● The Company will establish a corporate social responsibilities policy with the implementation of appropriate policies and programmes; and</li> <li>● An external audit was performed by the independent auditor and control gaps in financial controls were highlighted to the AC and key management personnel were properly addressed.</li> </ul>
	<p>(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?</p>	<p>The Board has obtained such assurance from the CEO and CFO in respect of FY2017.</p> <p>The Board has relied on the independent auditor's report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give true and fair view of the Company's finances.</p> <p>The Board has additionally relied on IA's report issued to the Company for FY2016 and the follow-up report issued in June 2016 as assurance that the Company's risk management and internal control systems are effective.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.1 12.3 12.4	What is the role of the AC?	<p>The Directors recognise the importance of corporate governance and the offering of high standards of accountability to the shareholders. The AC meets periodically to perform the following functions, amongst others:</p> <ul style="list-style-type: none"> <li>(a) assist the Board in the discharge of its responsibilities on financial reporting matters;</li> <li>(b) review with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the management's response, and results of the audits compiled by the internal and external auditors; review the interim and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalyst Rules and any other statutory/regulatory requirements;</li> <li>(c) review the effectiveness and adequacy of the internal controls, including financial, operational, compliance and informational technology controls, and risk management systems and ensure coordination between the internal and external auditors, and the management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);</li> <li>(d) review the scope and results of the external audit, and the independence and objectivity of the external auditors;</li> <li>(e) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;</li> <li>(f) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;</li> <li>(g) review significant financial reporting issues and judgements with the CFO and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board of Directors;</li> </ul>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(h) to review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the CFO and the internal and external auditors, including financial, operational, compliance and information technology controls, and risk management systems via reviews carried out by the IA;</p> <p>(i) monitor and review the implementation of recommendations from external and internal auditors, if any, to address any control weakness;</p> <p>(j) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalyst Rules (if any);</p> <p>(k) review any potential conflicts of interests;</p> <p>(l) review and approve all hedging policies and instruments (if any) to be implemented by the Group; and</p> <p>(m) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC.</p> <p>(n) review and establish procedures for receipt, retention and treatment of complaints received by our Group pertaining to, amongst others, criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group; and</p> <p>(o) generally to undertake such other functions and duties as may be required by statute or the Catalyst Rules, and by such amendments made thereto from time to time.</p>
12.2	Are the members of the AC appropriately qualified to discharge its responsibilities?	The AC has at least two members, including the AC Chairman, who have recent and relevant accounting and related financial management expertise and experience. They are Mr Lim Siang Kai and Mr Sia Yeak Hong.
12.5	Has the AC met with the external auditors in the absence of key management personnel?	The AC has met with the external auditors in the absence of key management personnel subsequent to FY2017 on 26 May 2017.
12.6	Has the AC reviewed the independence of the EA?	The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the external auditors at the forthcoming AGM.

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	<p>(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.</p> <p>(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.</p>	<p>A breakdown of the audit and non-audit fees paid to the Company's auditor is disclosed on page 71 of this Annual Report.</p> <p>In compliance with Rule 1204(6)(b) of the Catalyst Rules, the AC undertook the annual review of the independence and objectivity of the external auditors by reviewing the non-audit services provided and the fees paid to them. It is the opinion of the AC that the nature and extent of non-audit services provided by the external auditors do not affect the independence and objectivity of the external auditors.</p>
12.7	Does the Company have a whistle-blowing policy?	<p>The Group has established a whistle-blowing policy which provides the channel for employees of the Group to raise their concerns about improprieties in financial reporting or other matters to the any of AC members, in good faith and in confidence.</p> <p>The Company's staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle-blowing report to any of AC members via <a href="mailto:whistleblow@samuraipaint.jp">whistleblow@samuraipaint.jp</a>.</p> <p>There were no whistle-blowing reports received in FY2017.</p>
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	<p>The AC had been briefed by the external auditors on the changes or amendments to the accounting standards which have a direct impact on the financial statements.</p>
12.9	Are any of the members of the AC a former partner or director of the Company's existing auditing firm or auditing corporation?	<p>None of the AC members (i) is a former partner or director of the Company's existing auditing firm or auditing corporation in the previous 12 months and (ii) holds any financial interest in the auditing firm or auditing corporation.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>Internal Audit</b>		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	In FY2017 and in connection with the IPO of the Company, a pre-IPO internal audit was carried out by Nexia TS Risk Advisory Pte. Ltd. Accordingly, the Company's internal audit function is outsourced to Nexia TS Risk Advisory Pte. Ltd that reports directly to the AC Chairman and administratively to the CEO and CFO. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit.  The AC is satisfied that the IA is adequately qualified (given, <i>inter alia</i> , its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.
<b>Shareholders' Rights</b>		
14.1	Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares.	The Company's corporate governance practices promote the fair and equitable treatment to all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Company's business development and financial performance which could have a material impact on the price or value of its shares, so as to enable shareholders to make informed decisions in respect of their investments in the Company.
14.2	Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.	Shareholders are informed of shareholders' meetings through notices contained in Annual Reports or circulars sent to all shareholders. These notices are also published in The Business Times and posted onto the SGXNET.  The notice of AGM, together with the annual report, is despatched to all shareholders at least 14 days before the scheduled AGM date. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.  All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company shall conduct poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, shall be explained by the scrutineers at such general meetings.

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
14.3	Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	<p>The Company's Constitution allow an individual shareholder to appoint not more than two proxies to attend and vote on his or her behalf at the general meetings.</p> <p>A member who is a relevant intermediaries may appoint more than two proxies to attend, speak and at the general meeting but each proxy must be appointed to exercise the rights attached to different 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.</p>
<b>SHAREHOLDER RIGHTS AND RESPONSIBILITIES</b>		
<b><u>Communication with Shareholders</u></b>		
15.1	Does the Company have an investor relations policy?	The Company does not have an Investor Relations Policy in place. However, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNET on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalyst Rules and the Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost effective.
15.2	(a) Does the Company regularly communicate with shareholders and attend to their questions?	The Company does not practice selective disclosure. In line with continuous disclosure obligations of the Company pursuant to the Catalyst Rules and the Companies Act, the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.
15.3	How often does the Company meet with institutional and retail investors?	Information will first be disseminated through SGXNET and where relevant, followed by news release and the Company's website. The Company will also make announcements from time to time to update investors and shareholders on developments that are of interest to them. The Company strives to supply shareholders with reliable and timely information so as to strengthen the relationship with its shareholders based on trust and accessibility.
15.4	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	No, the Company does not have a dedicated investor relations team. The Company's investor relations function is led by CFO who has the strategic management responsibility to integrate finance, accounting, corporate communication to enable effective communication between the Company and all shareholders, stakeholders, analysts and media.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website <a href="http://samurai2kaerosol.com">http://samurai2kaerosol.com</a> .

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
15.5	Does the Company have a dividend policy?	<p>The Company currently does not have a fixed dividend policy.</p> <p>In considering the form, frequency and amount of future dividends in respect of any particular financial year or period, the Directors will take into account the following factors:</p> <ul style="list-style-type: none"> <li>(a) the financial position, results of operations and cash flow of the Group;</li> <li>(b) the ability of the subsidiaries to make dividend payment to the Company;</li> <li>(c) the expected working capital requirements and general financing condition of the Group;</li> <li>(d) the actual and projected financial performance of the Group; and</li> <li>(e) any other factors deemed relevant by the Directors.</li> </ul>
	Is the Company paying dividends for the financial year? If not, please explain why.	<p>The Board has not declared or recommended a dividend for FY2017 in order to conserve cash for opportunity to grow the Group at this juncture.</p>
<b>CONDUCT OF SHAREHOLDER MEETINGS</b>		
16.1	How are the general meetings of	The Company's Constitution allows all shareholders to appoint proxies to attend general meeting and
16.3	shareholders conducted?	vote on their behalf. As the authentication of shareholder identity information and other related security
16.4		issues still remain a concern, the Group has decided, for the time being, not to implement voting in
16.5		absentia by mail, email or fax.
		<p>The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The external auditors are also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.</p> <p>All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.</p> <p>All minutes of general meetings will be made available to shareholders upon their request.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>COMPLIANCE WITH APPLICABLE CATALIST RULES</b>		
<b>Catalist Rule</b>	<b>Rule Description</b>	<b>Company's Compliance or Explanation</b>
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715 in the appointment of its auditors.
1204(8)	Material Contracts	Save as disclosed in page 252 of the Offer Document, there were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	<p>The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance risks based on the following:</p> <ul style="list-style-type: none"> <li>• internal controls and the risk management system established by the Company;</li> <li>• work performed by the IA and EA;</li> <li>• assurance from the CEO and CFO; and</li> <li>• reviews done by the various Board Committees and key management personnel.</li> </ul>
1204(17)	Interested Persons Transaction ("IPT")	<p>The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.</p> <p>The Group does not have a general mandate for IPTs. Save as disclosed in pages 173 to 179 of the Offer Document, there were no interested person transactions of S\$100,000 or more transacted during FY2017.</p>
1204(19)	Dealing in Securities	<p>The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.</p> <p>The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements respectively, and ending on the date of the announcement of the relevant results.</p>
1204(21)	Non-sponsor fees	No non-sponsor fees were paid to the Company's sponsor, UOB Kay Hian Private Limited for FY2017.

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																
1204(22)	Use of IPO Proceeds	<p>The Company raised net proceeds from the IPO of approximately S\$2.35 million (the "Net Proceeds"). Please refer to the Offer Document for further details.</p> <p>As at 7 June 2017, the Net Proceeds have been utilised as follows:</p> <table border="1" data-bbox="363 322 719 1084"> <thead> <tr> <th data-bbox="363 748 496 1084">Purpose</th> <th data-bbox="363 510 496 748">Allocation of Net Proceeds (as disclosed in Offer Document) (S\$'000)</th> <th data-bbox="363 322 496 510">Net Proceeds utilised (S\$'000)</th> <th data-bbox="363 322 496 510">Balance of Net Proceeds (S\$'000)</th> </tr> </thead> <tbody> <tr> <td data-bbox="533 748 577 1084">Expansion of production facilities</td> <td data-bbox="533 510 577 748">1,200</td> <td data-bbox="533 322 577 510">(440)</td> <td data-bbox="533 322 577 510">760</td> </tr> <tr> <td data-bbox="577 748 622 1084">General working capital</td> <td data-bbox="577 510 622 748">1,150</td> <td data-bbox="577 322 622 510">-</td> <td data-bbox="577 322 622 510">1,150</td> </tr> <tr> <td data-bbox="660 748 705 1084"></td> <td data-bbox="660 510 705 748">2,350</td> <td data-bbox="660 322 705 510">(440)</td> <td data-bbox="660 322 705 510">1,910</td> </tr> </tbody> </table> <p>The above utilisation is in accordance with the intended use of Net Proceeds as stated in the Offer Document.</p>	Purpose	Allocation of Net Proceeds (as disclosed in Offer Document) (S\$'000)	Net Proceeds utilised (S\$'000)	Balance of Net Proceeds (S\$'000)	Expansion of production facilities	1,200	(440)	760	General working capital	1,150	-	1,150		2,350	(440)	1,910
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Expansion of production facilities	1,200	(440)	760															
General working capital	1,150	-	1,150															
	2,350	(440)	1,910															

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# DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Samurai 2K Aerosol Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 March 2017 and the statement of financial position and statement of changes in equity of the Company for the financial period from 9 March 2016 (date of incorporation) to 31 March 2017.

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 52 to 92 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 March 2017 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended and changes in equity of the Company for the financial period from 9 March 2016 (date of incorporation) to 31 March 2017 in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore; 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:

Ong Yoke En	(First director)
Lim Lay Yong	(Appointed on 3 October 2016)
Lim Siang Kai	(Appointed on 3 October 2016)
Dato' Chang Chor Choong	(Appointed on 16 December 2016)
Hau Hock Khun	(Appointed on 16 December 2016)
Dato' Loh Shin Siong	(Appointed on 16 December 2016)
Sia Yeak Hong	(Appointed on 16 December 2016)

## Arrangement to enable directors to acquire benefits

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

# DIRECTORS' STATEMENT

## Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50, except as follows:

	Number of ordinary shares Shareholdings registered in the name of directors	
	At beginning of period or date of appointment if later	At 31.3.2017
<b>The Company</b>		
Ong Yoke En	1	50,384,000
Lim Lay Yong	-	15,000,000
Dato' Chang Chor Choong	-	4,250,000
Dato' Loh Shin Siong	-	4,250,000

The director, Ong Yoke En, by virtue of Section 7 of the Companies Act is deemed to have an interest in the shares held by the Company in its wholly-owned subsidiary corporations and in the shares held by the Company in the following subsidiary not wholly owned by the Group:

	Number of ordinary shares	
	At beginning of period or date of appointment if later	At 31.3.2017
PT Samurai Paint	3,000	2,010

The directors' interest in the ordinary shares of the Company as at 21 April 2017 were the same as those as at 31 March 2017.

## Share options

The Samurai 2K Aerosol Limited's Employee Share Option Scheme (the "Scheme") and Performance Share Plan (the "Plan") were approved and adopted by the members at the shareholders' meeting held on 16 December 2016.

The Scheme and Plan are administered by the Remuneration Committee of the Company, comprising of Mr Hau Hock Khun, Mr Lim Siang Kai and Mr Sia Yeak Hong. A member of our Remuneration Committee who is also a participant of the Scheme and Plan must not be involved in its deliberation in respect of options and awards granted or to be granted to him.

### a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any other corporation in the Group were granted.

# DIRECTORS' STATEMENT

## Share options (cont'd)

b) Options exercised

During the financial year, there were no shares of the Company or any other corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any other corporation in the Group under option.

## Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

Lim Siang Kai (Chairman)  
Hau Hock Khun  
Sia Yeak Hong

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act and performed the following functions:

- (a) reviewed the independence and objectivity of the external auditor;
- (b) reviewed the audit plan and scope of work carried out by the external auditor and also met with the external auditor to discuss the results of their audit and their evaluation of the system of internal accounting controls;
- (c) reviewed the overall scope and timing of the work to be carried out by the internal auditors and also met with internal auditors during the Company's initial public offering exercise to discuss the results of their internal audit procedures;
- (d) reviewed the financial statements of the Company and the Group for the financial year ended 31 March 2017 and the independent auditor's report thereon; and
- (e) reviewed interested person transactions.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has nominated Baker Tilly TFW LLP for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

# DIRECTORS' STATEMENT

## Independent auditor

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

On behalf of the directors

Ong Yoke En  
Director

Lim Lay Yong  
Director

23 June 2017

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAMURAI 2K AEROSOL LIMITED AND ITS SUBSIDIARIES

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of Samurai 2K Aerosol Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 52 to 92, which comprise the statements of financial position of the Group and the Company as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended and the statement of changes in equity of the Company for the financial period from 9 March 2016 (date of incorporation) to 31 March 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and 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 Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date and of the changes in equity of the Company for the financial period from 9 March 2016 (date of incorporation) to 31 March 2017.

### *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.

#### Write down of inventories

At 31 March 2017, the Group held inventories with a carrying value of RM6,388,000 (2016: RM5,374,000) comprising raw materials, packaging materials and finished goods (Note 17). As described in Notes 3(i) and 4 to the financial statements, inventories are carried at the lower of cost and net realisable value. Judgement is applied in determining the write down required in respect of slow moving and obsolete inventories based upon a detailed analysis of the ages of the inventories, product demand, anticipated selling prices and usability of the raw materials and packaging materials. The write down of inventories totalled RM63,000 (2016: RM50,000) during the financial year.

#### *Our audit procedures and response:*

We gained an understanding of management's policy and process for the identification of slow moving and obsolete inventories through enquiry and observation. We evaluated management's policy for the identification of slow moving and obsolete inventories by analysing the nature of inventories and adequacy of previous write down to actual net realisable value.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAMURAI 2K AEROSOL LIMITED AND ITS SUBSIDIARIES

## **Report on the Audit of the Financial Statements (cont'd)**

### ***Key Audit Matters (cont'd)***

We obtained management's assessment of slow moving and obsolete inventories as at the end of the reporting period and discussed with management on their assessment. Based on the understanding obtained, we tested management's identification of slow moving and obsolete inventory items by testing the integrity of the inventory aging report used in management's assessment and checked a sample of inventory items to the inventory movement report and other related supporting documents. We also attended the year-end inventory counts of the Group to obtain further evidence over the level of slow moving and obsolete inventories.

We have assessed the adequacy and appropriateness of the disclosures made in the financial statements.

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the financial year ended 31 March 2017, but does not include the financial statements and our auditor's report thereon.

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

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

### ***Responsibilities of Management and Directors for the Financial Statements***

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAMURAI 2K AEROSOL LIMITED AND ITS SUBSIDIARIES

## Report on the Audit of the Financial Statements (cont'd)

### *Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)*

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAMURAI 2K AEROSOL LIMITED AND ITS SUBSIDIARIES

## 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 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 Guo Shuqi.

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

23 June 2017

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017 RM'000	2016 RM'000
<b>Revenue</b>	5	<b>39,350</b>	30,624
Cost of sales		<b>(21,585)</b>	(18,326)
Gross profit		<b>17,765</b>	12,298
Other income	6	<b>833</b>	321
Administrative expenses		<b>(10,342)</b>	(3,850)
Marketing and distribution expenses		<b>(3,481)</b>	(1,741)
Finance costs	7	<b>(490)</b>	(268)
<b>Profit before tax</b>	8	<b>4,285</b>	6,760
Tax expense	10	<b>(2,442)</b>	(1,336)
<b>Profit for the year</b>		<b>1,843</b>	5,424
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation		<b>171</b>	14
<b>Total comprehensive income for the year</b>		<b>2,014</b>	5,438
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company		<b>2,221</b>	5,424
Non-controlling interest		<b>(378)</b>	-
<b>Profit for the year</b>		<b>1,843</b>	5,424
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		<b>2,368</b>	5,438
Non-controlling interest		<b>(354)</b>	-
		<b>2,014</b>	5,438
<b>Earnings per share for profit attributable to equity holders of the Company (sen per share)</b>			
Basic and diluted	11	<b>2.2</b>	5.4

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2017

		Group		Company
	Note	2017 RM'000	2016 RM'000	2017 RM'000
<b>Non-current assets</b>				
Property, plant and equipment	12	10,859	5,112	-
Intangible assets	13	18	23	-
Investment in subsidiaries	14	-	-	12,650
Other receivables	15	261	560	-
Deferred tax assets	16	45	17	-
<b>Total non-current assets</b>		<b>11,183</b>	<b>5,712</b>	<b>12,650</b>
<b>Current assets</b>				
Inventories	17	6,388	5,374	-
Trade and other receivables	15	5,188	6,948	342
Cash and bank balances	18	19,922	10,191	8,576
<b>Total current assets</b>		<b>31,498</b>	<b>22,513</b>	<b>8,918</b>
<b>Total assets</b>		<b>42,681</b>	<b>28,225</b>	<b>21,568</b>
<b>Non-current liabilities</b>				
Borrowings	19	5,128	1,443	-
Deferred tax liabilities	16	591	294	-
Other payables	20	176	67	-
<b>Total non-current liabilities</b>		<b>5,895</b>	<b>1,804</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	20	7,020	10,375	3,220
Borrowings	19	4,668	4,161	-
Tax payable		319	-	-
<b>Total current liabilities</b>		<b>12,007</b>	<b>14,536</b>	<b>3,220</b>
<b>Total liabilities</b>		<b>17,902</b>	<b>16,340</b>	<b>3,220</b>
<b>Net assets</b>		<b>24,779</b>	<b>11,885</b>	<b>18,348</b>
<b>Equity</b>				
Share capital	21	23,287	1,336	23,287
Retained earnings/(accumulated losses)		12,585	10,390	(4,939)
Currency translation reserve		290	159	-
Merger reserve	22	(11,345)	-	-
Equity attributable to equity holders of the Company, total		<b>24,817</b>	<b>11,885</b>	<b>18,348</b>
Non-controlling interest		(38)	-	-
<b>Total equity</b>		<b>24,779</b>	<b>11,885</b>	<b>18,348</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Share capital RM'000	Retained earnings RM'000	Currency translation reserve RM'000	Merger reserve RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
<b>Group</b>							
<b>Balance at 1 April 2016</b>	<b>1,336</b>	<b>10,390</b>	<b>159</b>	<b>-</b>	<b>11,885</b>	<b>-</b>	<b>11,885</b>
Profit/(loss) for the year	-	2,221	-	-	2,221	(378)	1,843
<i>Other comprehensive income for the year</i>							
Currency translation differences arising from consolidation	-	-	147	-	147	24	171
Total comprehensive income/(loss) for the year	-	<b>2,221</b>	<b>147</b>	<b>-</b>	<b>2,368</b>	<b>(354)</b>	<b>2,014</b>
Issuance of ordinary shares pursuant to the Restructuring Exercise	12,407	-	-	-	12,407	-	12,407
Adjustments pursuant to the Restructuring Exercise	(1,336)	-	-	(11,345)	(12,681)	274	(12,407)
Issuance of ordinary shares pursuant to initial public offering	12,407	-	-	-	12,407	-	12,407
Capitalisation of share issuance expenses	(1,527)	-	-	-	(1,527)	-	(1,527)
<i>Change in ownership interest in a subsidiary</i>							
Change in ownership interest in a subsidiary that do not result in loss of control	-	(26)	(16)	-	(42)	42	-
Total changes in ownership interest in a subsidiary	-	<b>(26)</b>	<b>(16)</b>	<b>-</b>	<b>(42)</b>	<b>42</b>	<b>-</b>
<b>Balance at 31 March 2017</b>	<b>23,287</b>	<b>12,585</b>	<b>290</b>	<b>(11,345)</b>	<b>24,817</b>	<b>(38)</b>	<b>24,779</b>

	Share capital RM'000	Retained earnings RM'000	Currency translation reserve RM'000	Total equity RM'000
<b>Group</b>				
Balance at 1 April 2015	1,336	4,966	145	6,447
Profit for the year	-	5,424	-	5,424
<i>Other comprehensive income</i>				
Currency translation differences arising from consolidation	-	-	14	14
Total comprehensive income for the year	-	5,424	14	5,438
Balance at 31 March 2016	<b>1,336</b>	<b>10,390</b>	<b>159</b>	<b>11,885</b>

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
<b>Company</b>			
Issuance of shares on 9 March 2016 (date of incorporation)	–*	–	–*
Loss for the period	–	(4,939)	(4,939)
Issuance of ordinary shares pursuant to the Restructuring Exercise	12,407	–	12,407
Issuance of ordinary shares pursuant to initial public offering	12,407	–	12,407
Capitalisation of share issuance expenses	(1,527)	–	(1,527)
<b>Balance at 31 March 2017</b>	<b>23,287</b>	<b>(4,939)</b>	<b>18,348</b>

\* Less than RM1,000

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	2017 RM'000	2016 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	4,285	6,760
Adjustments for:		
Depreciation of property, plant and equipment	761	485
Amortisation of intangible asset	5	2
Property, plant and equipment written off	24	-
Interest expenses	490	268
Interest income	(69)	(41)
Write-off of trade receivables	-	12
Initial public offering related expenses	4,399	-
Operating cash flows before working capital change	9,895	7,486
Changes in operating assets and liabilities		
Inventories	(1,014)	(2,000)
Receivables	2,101	(3,709)
Payables	(3,552)	7,645
Currency translation adjustments	26	16
Cash generated from operations	7,456	9,438
Income tax paid	(1,924)	(1,267)
Interest income	69	41
Interest expenses	(490)	(268)
<b>Net cash generated from operating activities</b>	<b>5,111</b>	<b>7,944</b>
<b>Cash flow from investing activities</b>		
Purchase of intangible asset	-	(25)
Deposit for purchase of property, plant and equipment	(254)	(560)
Purchase of property, plant and equipment	(5,852)	(2,456)
<b>Net cash used in investing activities</b>	<b>(6,106)</b>	<b>(3,041)</b>
<b>Cash flow from financing activities</b>		
Decrease/(increase) in fixed deposits pledged	241	(432)
Proceed from issuance of ordinary shares	12,407	-
Payment of initial public offering related expenses	(5,926)	-
Repayment of obligations under finance lease	(145)	(122)
Proceeds from bank borrowings	4,813	2,222
Repayment of bank borrowings	(576)	(231)
<b>Net cash generated from financing activities</b>	<b>10,814</b>	<b>1,437</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,819</b>	<b>6,340</b>
Cash and cash equivalents at beginning of the financial year	8,767	2,427
Effects of exchange rate changes on cash and cash equivalents	153	-
<b>Cash and cash equivalents at end of the financial year (Note 18)</b>	<b>18,739</b>	<b>8,767</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

## 1 Corporate information

Samurai 2K Aerosol Pte. Ltd. (the "Company") (Co. Reg. No. 201606168C) was incorporated as a private limited company and domiciled in Singapore on 9 March 2016 for the purpose of acquiring the existing companies pursuant to the restructuring exercise mentioned in Note 2 below. On 16 December 2016, the Company was converted into a public company limited by shares and changed its name to Samurai 2K Aerosol Limited.

The registered office of the Company is at 80 Robinson Road #17-02, Singapore 068898.

The principal activity of the Company is an investment holding company. The principal activities of the subsidiaries are disclosed in Note 14.

## 2 The Restructuring Exercise

The Group and the Company underwent the transactions described below as part of a corporate reorganisation implemented in preparation for its listing on the Catalist Board of Singapore Exchange Securities Trading Limited (the "Restructuring Exercise").

### (a) Incorporation of the Company

The Company was incorporated on 9 March 2016 in Singapore with an issued and paid-up capital of S\$1.00 comprising one ordinary share.

### (b) Acquisition of shares in Orientus Industry Sdn Bhd ("OISB")

Pursuant to a sale and purchase agreement dated 21 November 2016 entered into between the Company and the shareholders of OISB, namely Ms Ong Chen Hoi (who is the sister of Mr Ong Yoke En), Mr Ong Yoke En, Mr Ong How En and Ms Ong Yoke Hoi, the Company acquired the entire issued and paid-up capital of OISB comprising 500,000 ordinary shares at the aggregate purchase consideration of RM9,681,145. The purchase consideration was determined after taking into consideration the net tangible assets ("NTA") of OISB as at 31 March 2016 of RM9,690,424 and was satisfied by the issue of 2,368,966, 70,650, 68,900 and 612,685 shares to each of Mr Ong Yoke En, Mr Ong How En, Ms Ong Yoke Hoi and Ms Lim Lay Yong respectively. Ms Lim Lay Yong was a nominated recipient of some of the shares issued as consideration for the acquisition.

### (c) Acquisition of Creative Paint Marketing Sdn Bhd ("CPMSB")

Pursuant to a sale and purchase agreement dated 26 October 2016 entered into between the Company and the legal and beneficial owners of the shares in CPMSB, i.e. Ms Embang Anak Girie and Mr Henry Anak Mula (being the legal owners of the shares) and Mr Ong Yoke En (being the beneficial owner of the shares), the Company acquired the entire issued and paid-up capital of CPMSB comprising two (2) shares at the aggregate purchase consideration of RM1,129,038. The purchase consideration was based on the NTA of CPMSB as at 31 March 2016 of RM1,107,223 and was wholly satisfied by the issue of 364,002 shares to Mr Ong Yoke En.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 2 The Restructuring Exercise (cont'd)

### (d) Acquisition of PT Samurai Paint ("PTSP")

Pursuant to a conditional sale and purchase agreement dated 16 November 2016 entered into between the Company and Mr Ong Yoke En, the Company acquired from Mr Ong Yoke En his 67.0% shareholding interest in PTSP (comprising 2,010 shares) for a consideration of RM744,932. The purchase consideration was based on the NTA of PTSP as at 31 March 2016 of RM1,086,298 (equivalent to IDR3,375,311,486) and was wholly satisfied by the issue of 240,166 shares to Mr Ong Yoke En.

### (e) Acquisition of Supreme Wish Holdings Ltd ("SWHL")

Pursuant to a sale and purchase agreement dated 7 November 2016 entered into between the Company and the shareholders of SWHL, namely Mr Ong Yoke En and Ms Lim Lay Yong, the Company acquired the entire issued and paid-up capital of SWHL comprising 10,000 shares at the aggregate purchase consideration of RM851,830. The purchase consideration was based on the NTA of SWHL as at 31 March 2016 of RM834,497 (equivalent to HK\$1,542,868) and wholly satisfied by the issue of 274,630 shares to the shareholders of SWHL on a pro rata basis.

### (f) Assignment of intellectual property rights from Mr Ong Yoke En to OISB

On 13 December 2016, Mr Ong Yoke En entered into a deed of assignment with OISB pursuant to which he assigned and transferred (a) all rights, title and interests, owned by him in trademarks, pending trademark applications, invention patents, innovation patents, utility patents, industrial designs and pending patent applications and (b) all rights, title and interests including all intellectual property rights in relation to (including but not limited to) names, inventions, works, materials, designs, financial and technical information and techniques owned by him to OISB for a consideration of S\$1.00. In connection with this, Mr Ong Yoke En has also, in the deed of assignment with OISB, agreed to fully indemnify OISB against all actions, claims, proceedings, costs and damages (including any damages or compensation paid by OISB on the advice of its legal advisers to compromise or settle any claim) and all legal costs or other expenses arising out of any breach of the warranties in the deed of assignment or out of any claim by a third party based on any facts which if substantiated would constitute a breach of the warranties in the deed of assignment.

### (g) Transfer of dividend entitlement

Following the acquisition of shares in PTSP, the Company became the holder of 2,010 ordinary shares in the issued and paid-up capital of PTSP, comprising 67.0% of the issued shares in PTSP. The remaining 990 ordinary shares in the issued and paid-up capital of the Company, comprising 33.0% of the issued and paid-up capital of PTSP is held by Mr Soegianto ("33.0% PTSP Shareholding Interest"), Mr Soegianto having purchased 690 shares and 300 shares from Mr Ong Yoke En and Mr Ong How En respectively on or around 18 October 2016. On 23 November 2016, Mr Ong Yoke En, Mr Ong How En, Mr Soegianto and the Company entered into a transfer of dividend entitlement agreement, pursuant to which, the following was agreed:

- (i) in respect of dividends declared and paid by PTSP in respect of profits and retained earnings arising and/or accruing prior to 1 April 2016 (the "Pre-FY2017 Dividends"), Mr Soegianto, upon receipt of payment of his share (based on his 33.0% PTSP Shareholding Interest) of such Pre-FY2017 Dividends from PTSP, shall transfer his share of the proceeds of such Pre-FY2017 Dividends to the Company as his designated recipient;

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 2 The Restructuring Exercise (cont'd)

### (g) Transfer of dividend entitlement (cont'd)

- (ii) in respect of dividends declared and paid by PTSP in respect of profits and retained earnings arising and/or accruing from 1 April 2016 to 31 March 2017 (the "FY2017 Dividends"), Mr Soegianto, upon receipt of payment of his share (based on his 33.0% PTSP Shareholding Interest) of such FY2017 Dividends from PTSP, shall transfer 50.0% of his share of such FY2017 Dividends to the Company as his designated recipient, such 50.0% quantum having been determined based on the approximately six-month ownership period of Mr Ong Yoke En and Mr Ong How En in relation to the 33.0% PTSP Shareholding Interest for PTSP's financial year ending 31 March 2017; and
- (iii) in respect of dividends declared and paid by PTSP in respect of profits and retained earnings arising and/or accruing from 1 April 2017 onwards (the "Post-FY2017 Dividends"), Mr Soegianto shall remain fully entitled to his share (based on his 33.0% PTSP Shareholding Interest) of such Post-FY2017 Dividends.

For the avoidance of doubt, Mr Ong Yoke En and Mr Ong How En have, in the transfer of dividend entitlement agreement, agreed to waive all rights and claims to dividends declared and paid by PTSP in respect of profits and retained earnings arising and/or accruing prior to 1 October 2016, and renounce such entitlement to dividends of PTSP to the Company.

The parties had entered into the transfer of dividend entitlement agreement pursuant to mutual commercial agreement amongst themselves that Mr Soegianto shall only be entitled to dividends declared and paid by PTSP in respect of profits and retained earnings arising and/or accruing from 1 October 2016 onwards up to such time he ceases to be a shareholder of PTSP, while Mr Ong Yoke En and Mr Ong How En shall remain entitled to dividends declared and paid by PTSP in respect of profits and retained earnings arising and/or accruing prior to 1 October 2016, which they have in turn agreed to renounce to the Company.

### (h) Sub-division of shares

On 5 January 2017, the Company completed the sub-division of every 1 ordinary share in the Company into 20 ordinary shares.

## 3 Summary of significant accounting policies

### a) Basis of preparation

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

The financial statements are presented in Malaysia Ringgit and are rounded to the nearest thousand (RM'000) except when otherwise indicated.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 3 Summary of significant accounting policies (cont'd)

### a) Basis of preparation (cont'd)

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

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 4.

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

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRSs and INT FRSs did not have any material effect on the financial results or position of the Group and the Company for the financial year.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 March 2017 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except as disclosed as follow:

#### *FRS 115 Revenue from Contracts with Customers*

FRS 115 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in FRS 115 by applying a 5-step approach.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Management is currently assessing the impact of applying the new standard on the Group's financial statements.

The Group plans to adopt the standard when it becomes effective in financial year ending 31 March 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 3 Summary of significant accounting policies (cont'd)

### a) Basis of preparation (cont'd)

#### *FRS 109 Financial Instruments*

FRS 109 which replaces FRS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace FRS 39 incurred loss model.

#### (a) *Classification and measurement*

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted using amortised cost model under FRS 109.

#### (b) *Impairment*

FRS 109 requires the Group to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all its trade receivables.

The Group has not undertaken a detailed assessment of the impact of the impairment provisions under FRS 109 and plans to adopt the standard when it becomes effective in financial year ending 31 March 2019.

#### *FRS 116 Leases*

FRS 116 replaces the existing FRS 17: *Leases*. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statement of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group will assess the potential impact of FRS 116 and plans to adopt the standard on the required effective date.

#### *Convergence with International Financial Reporting Standards (IFRS)*

The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange ("SGX") will be required to apply a new financial reporting framework identical to the International Financial Reporting Standards (full IFRS convergence) in 2018. The Group will adopt the new financial reporting framework on 1 April 2018.

### b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 3 Summary of significant accounting policies (cont'd)

### b) Basis of consolidation (cont'd)

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

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The consolidated financial statements of the Group were prepared by applying the pooling of interest method as the Restructuring Exercise as described in Note 2 is a legal reorganisation of entities under common control. Under this method, the Company has been treated as the holding company of the subsidiaries as if the combination had occurred from the date the subsidiaries first came under the control of the same shareholders. Accordingly, the results of the Group include the results of the subsidiaries for the entire periods under review. Such manner of presentation reflects the economic substance of the companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

Pursuant to this:

- Assets and liabilities are reflected at their existing carrying amounts;
- No adjustments are made to reflect the fair values on the date of combination or recognise any new assets or liabilities;
- No additional goodwill is recognised as a result of the combination;
- Prior to the issue of shares by the Company in connection with the Restructuring Exercise, the aggregate equity of the subsidiaries held directly by the Company is shown as the Group's equity for financial years under review; and
- Upon the completion of the Restructuring Exercise, a difference between the consideration paid by the Company and the equity 'acquired' is reflected within the equity of the Group as merger reserve.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 3 Summary of significant accounting policies (cont'd)

### b) Basis of consolidation (cont'd)

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

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

### c) Subsidiaries

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

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

### d) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses, if any.

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

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

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

No depreciation is provided on freehold land. Depreciation for other items of property, plant and equipment is calculated on a straight line basis to allocate the depreciable amounts of other property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	Years
Freehold properties	50
Furniture, fittings and equipment	4 - 12
Motor vehicles	8 - 10
Plant and machinery	8
Renovation	10

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 3 Summary of significant accounting policies (cont'd)

### d) Property, plant and equipment (cont'd)

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

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

### e) Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct expenditure, which enhances or extends the performance of computer software beyond its original specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Acquired computer software licences are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised using the straight-line method over their estimated useful life of 5 years.

### f) Impairment of non-financial assets

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 3 Summary of significant accounting policies (cont'd)

### g) Financial assets

#### *Classification*

The Group classifies its financial assets according to the nature of the assets and purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's only financial assets are loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" (excluding advance payment to suppliers, prepayments, net goods and services tax receivables and tax recoverable) and "cash and bank balances" on the statement of financial position.

#### *Initial measurement*

Loans and receivables are initially recognised at fair value plus transaction costs.

#### *Subsequent measurement*

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

#### *Impairment*

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

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

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

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

### h) Cash and cash equivalents

For the purposes of presentation in the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and excludes pledged deposits.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 3 Summary of significant accounting policies (cont'd)

### i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

### j) Financial liabilities

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

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

### k) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and that the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

### l) Share capital

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.

### m) Revenue recognition

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

#### *Sale of goods*

Revenue from sale of goods is recognised when the Group has delivered the goods to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

#### *Interest income*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 3 Summary of significant accounting policies (cont'd)

### m) Revenue recognition (cont'd)

#### *Rental income*

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

### n) Leases

When a Group entity is the lessee:

#### *Finance leases*

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

#### *Operating leases*

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

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

When a Group entity is the lessor:

#### *Operating leases*

Leases where the Group entity retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Contingent rents are recognised as revenue in the period in which they are earned.

### o) Employee benefits

#### *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore and the Employees' Provident Fund in Malaysia, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 3 Summary of significant accounting policies (cont'd)

### o) Employee benefits (cont'd)

#### *Employee leave entitlements*

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

### p) Borrowing costs

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

### q) Income taxes

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

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

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

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

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

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

### r) Functional and foreign currencies

#### *Functional and presentation currency*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 3 Summary of significant accounting policies (cont'd)

### r) Functional and foreign currencies (cont'd)

#### *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

#### *Translation of Group entities' financial statements*

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

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

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

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

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

### s) Segment reporting

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 4 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in Note 3, management has made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### *Write down of inventories*

Where necessary, inventories are written down to net realisable value for estimated losses where the cost of inventories may not be recoverable. The Group estimates the write down based upon a detailed analysis of the ages of the inventories, product demand, anticipated selling prices and usability of the raw materials and packaging materials. Adjustments to the carrying amount of inventories may be made in future periods in the event that their carrying amounts may not be recoverable resulting from future loss events.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 17.

### *Functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required by management to determine the primary economic environment in which the entities operate, the entities' process of determining sales prices and the currency of the country whose competitive forces and regulations mainly influences the prices of its goods and services. Management has assessed that prices are mainly denominated and settled in the respective local currency of the entities of the Group. In addition, most of the entities' cost base is mainly denominated in their respective local currency. Therefore, management concluded that the functional currency of the entities of the Group is their respective local currency.

In view of the financial reliance of the Company on the operations of its major subsidiary in Malaysia, the management determined that RM is the functional currency of the Company.

### *Income taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where the final tax outcome of these matters is concluded and is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of tax payable is presented on the balance sheet, and tax recoverable, deferred tax assets and deferred tax liabilities are disclosed in Notes 15 and 16 respectively.

### *Impairment of investment in subsidiaries*

The Company assesses at the end of each reporting period whether there are any indicators of impairment for investment in subsidiaries. Investment in subsidiaries are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of the investment exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The value in use calculation uses discounted cash flow projections which take into account management's estimate of revenue and a pre-tax discount rate based on industry average weighted-average cost of capital. The Company's carrying amount of investment in subsidiaries is disclosed in Note 14.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 5 Revenue

	Group	
	2017 RM'000	2016 RM'000
Sale of goods	<u>39,350</u>	<u>30,624</u>

## 6 Other income

	Group	
	2017 RM'000	2016 RM'000
Foreign exchange gain, net	673	217
Interest income	69	41
Rental income	84	-
Others	7	63
	<u>833</u>	<u>321</u>

## 7 Finance costs

	Group	
	2017 RM'000	2016 RM'000
Interest expense:		
- finance lease	27	27
- term loans	266	95
- banker's acceptance	197	146
	<u>490</u>	<u>268</u>

## 8 Profit before tax

	Group	
	2017 RM'000	2016 RM'000
This is arrived at after charging:		
Audit fees paid/payable to:		
- auditor of the Company*	168	-
- other auditors	58	25
Fees for non-audit services paid/payable to:		
- auditor of the Company*	-	-
- other auditors	11	15
Depreciation of property, plant and equipment (Note 12)	761	485
Amortisation of intangible assets	5	2
Write down of inventories	63	50
Write-off of trade receivables	-	12
Rental expenses	296	139
Initial public offering related expenses	4,399	-
Personnel expenses (Note 9)	<u>5,745</u>	<u>3,956</u>

\* In addition to the fees disclosed, the Group paid RM1,107,000 (2016:Nil) to the auditor of the Company in connection with the Company's initial public offering.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 9 Personnel expenses

	Group	
	2017	2016
	RM'000	RM'000
<i>Key management personnel</i>		
- Salaries, bonus and other benefits	1,271	878
- Defined contribution plan	218	147
	<b>1,489</b>	<b>1,025</b>
<i>Other personnel</i>		
- Salaries, bonus and other benefits	3,882	2,629
- Defined contribution plan	374	302
	<b>4,256</b>	<b>2,931</b>
	<b>5,745</b>	<b>3,956</b>

## 10 Tax expense

	Group	
	2017	2016
	RM'000	RM'000
Income tax:		
- Current year	1,998	1,199
- Under/(over) provision in respect of previous years	175	(72)
	<b>2,173</b>	<b>1,127</b>
Deferred income tax (Note 16):		
- Current year	218	209
- Under provision in respect of previous years	51	-
	<b>269</b>	<b>209</b>
	<b>2,442</b>	<b>1,336</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 10 Tax expense (cont'd)

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic income tax rates applicable to profit/loss in the countries where the Group operates due to the following factors:

	Group	
	2017 RM'000	2016 RM'000
Profit before tax	4,285	6,760
Tax at the domestic rates applicable to profit/loss in the countries where the Group operates	1,018	1,714
Effect of tax incentive	(187)	(390)
Expenses not deductible for tax purposes	1,383	144
Non-taxable income	(13)	(43)
Under/(over) provision of income tax in previous years	175	(72)
Under provision of deferred taxation in previous years	51	-
Utilisation of previously unrecognised tax losses	-	(13)
Others	15	(4)
	<b>2,442</b>	<b>1,336</b>

The above tax reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The income tax rate applicable to companies incorporated in Singapore and foreign subsidiaries of the Group are 17% (2016:17%) and 16.5% to 25% (2016: 16.5% to 25%) respectively for the financial year ended 31 March 2017.

## 11 Earnings per share

The Company did not hold any dilutive potential ordinary shares during the financial year (2016: Nil).

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

	Group	
	2017	2016
Profit for the year attributable to equity holders of the Company (RM'000)	2,221	5,424
Weighted average number of ordinary shares ('000)	100,000*	100,000*
Earnings per share (sen per share)		
- Basic and diluted	<b>2.2</b>	<b>5.4</b>

\* For comparative purposes, the earnings per share for the respective financial years have been computed based on the profit attributable to equity holders of the Company and the Company's enlarged share capital of 100,000,000 shares assuming that the Restructuring Exercise and the issuance of the 20,000,000 new shares pursuant to the IPO had been completed as at the end of the respective financial years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 12 Property, plant and equipment

	Freehold land RM'000	Freehold properties RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Renovation RM'000	Total RM'000
<b>Group</b>							
<b>2017</b>							
<b>Cost</b>							
At 1 April 2016	430	520	314	897	4,687	585	7,433
Additions	3,080	2,520	73	152	94	593	6,512
Write off	-	-	(66)	-	-	-	(66)
Currency translation differences	-	-	23	6	-	5	34
At 31 March 2017	3,510	3,040	344	1,055	4,781	1,183	13,913
<b>Accumulated depreciation</b>							
At 1 April 2016	-	134	112	164	1,690	221	2,321
Depreciation charge	-	41	66	104	476	74	761
Write off	-	-	(42)	-	-	-	(42)
Currency translation differences	-	-	10	3	-	1	14
At 31 March 2017	-	175	146	271	2,166	296	3,054
<b>Net carrying value</b>							
At 31 March 2017	<b>3,510</b>	<b>2,865</b>	<b>198</b>	<b>784</b>	<b>2,615</b>	<b>887</b>	<b>10,859</b>
<b>2016</b>							
<b>Cost</b>							
At 1 April 2015	430	520	254	868	2,450	728	5,250
Additions	-	-	166	28	2,237	95	2,526
Write off	-	-	(107)	-	-	(238)	(345)
Currency translation differences	-	-	1	1	-	-	2
At 31 March 2016	430	520	314	897	4,687	585	7,433
<b>Accumulated depreciation</b>							
At 1 April 2015	-	124	179	73	1,352	451	2,179
Depreciation charge	-	10	39	90	338	8	485
Write off	-	-	(107)	-	-	(238)	(345)
Currency translation differences	-	-	1	1	-	-	2
At 31 March 2016	-	134	112	164	1,690	221	2,321
<b>Net carrying value</b>							
At 31 March 2016	430	386	202	733	2,997	364	5,112

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 12 Property, plant and equipment (cont'd)

### Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM6,512,000 (2016: RM2,526,000) of which RM100,000 (2016: RM70,000) was acquired by means of finance lease and RM560,000 was paid and recorded as other receivables as at 31 March 2016. Cash payments of RM5,852,000 (2016: RM2,456,000) were made to purchase property, plant and equipment of which RM4,563,000 (2016: RM695,000) was financed by proceeds from borrowings.

The carrying amount of plant and machinery and motor vehicles held under finance leases at the end of the reporting period were RM1,556,000 (2016: RM1,666,000).

Leased assets are pledged as security for the related finance lease liabilities.

### Assets pledged as security

In addition to assets held under finance leases, the Group's freehold land and properties with a carrying amount of RM6,375,000 (2016: RM816,000) are pledged to secure the Group's borrowings (Note 19).

### Asset held in trust

At the end of the reporting period, motor vehicle of the Group with net carrying amount of RMNil (2016: RM314,000) was registered in the name of a director who held the motor vehicle in trust for the Group.

## 13 Intangible assets

	Group	
	2017	2016
	RM'000	RM'000
<b>Cost</b>		
At 1 April	376	351
Additions	-	25
At 31 March	376	376
<b>Amortisation</b>		
At 1 April	353	351
Amortisation charge	5	2
At 31 March	358	353
<b>Net carrying value</b>	18	23

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 14 Investment in subsidiaries

	Company 2017 RM'000
<b>Unquoted shares, at cost</b>	
Issuance of shares for acquisition of subsidiaries pursuant to the Restructuring Exercise	12,407
Investment in a new subsidiary	443
	<u>12,850</u>
Less: Allowance for impairment loss	(200)
	<u>12,650</u>
<b>Allowance for impairment loss</b>	
Impairment charge and balance at 31 March 2017	<u>200</u>

(i) Details of the subsidiaries are:

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest 2017 %
<b>Held by the Company</b>			
Orientus Industry Sdn Bhd <sup>(1)</sup>	Malaysia	Processing and trading of paints	100
Creative Paint Marketing Sdn Bhd <sup>(1)</sup>	Malaysia	Dormant	100
PT Samurai Paint <sup>(1)</sup>	Indonesia	Import trading and distribution	67
Supreme Wish Holdings Limited <sup>(2)</sup>	Hong Kong	Dormant	100
Samurai 2K USA Inc <sup>(3)</sup>	United States of America	Import aerosol paint products and wholesales	100

<sup>(1)</sup> Audited by independent overseas member firms of Baker Tilly International.

<sup>(2)</sup> In the process of striking off during the financial year.

<sup>(3)</sup> Not required to be audited for the financial year ended 31 March 2017 by law of country of incorporation.

- (ii) The Company has incorporated a wholly-owned subsidiary, Samurai 2K USA Inc, on 23 February 2017.
- (iii) For the financial year ended 31 March 2016, the financial performance of the subsidiaries were combined with the Company on the basis that the Group is a continuation of the existing businesses of the subsidiaries under common control. Accordingly, the equity interests in these subsidiaries held by the Company for that financial year were deemed to be 100%.
- (iv) As the end of the reporting period, there are no subsidiaries with non-controlling interests that are considered by management to be material to the Group. Accordingly, the summarised financial information of the subsidiaries is not being disclosed.
- (v) During the financial year, the management performed an impairment test for the investment in a subsidiary, Creative Paint Marketing Sdn Bhd, which has become dormant. An impairment loss of RM200,000 (2016: Nil) was recognised for the financial year ended 31 March 2017 to write down this subsidiary to its recoverable amount of RM929,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 15 Trade and other receivables

	Group		Company
	2017 RM'000	2016 RM'000	2017 RM'000
Trade receivables	2,887	5,303	-
Advance payment to suppliers	149	12	-
Amount due from a subsidiary	-	-	8
Deposits	62	66	-
Net good and services tax receivables	510	245	-
Other receivables	70	116	55
Prepayments	1,171	648	279
Tax recoverable	339	558	-
	<b>5,188</b>	<b>6,948</b>	<b>342</b>
<i>Non-current</i>			
Deposit for purchase of property, plant and equipment	261	560	-

Trade receivables written off recognised as an expense amounted to RMNil (2016: RM12,000).

Amount due from a subsidiary is interest-free, non-trade in nature, unsecured and payable on demand.

## 16 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax accounts are as follows:

	Group		Company
	2017 RM'000	2016 RM'000	2017 RM'000
At 1 April	277	68	-
Tax charge to statement of profit or loss and other comprehensive income (Note 10)	269	209	-
At 31 March	<b>546</b>	<b>277</b>	<b>-</b>
Representing:			
Deferred tax assets	(45)	(17)	-
Deferred tax liabilities	591	294	-
	<b>546</b>	<b>277</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 16 Deferred tax (cont'd)

The following are the major deferred tax assets and liabilities recognised by the Group and the movements thereon during the current and prior financial year:

	<b>Accelerated tax depreciation RM'000</b>	<b>Other RM'000</b>	<b>Total RM'000</b>
At 1 April 2015	52	16	68
Tax charge to profit or loss	212	(3)	209
At 31 March 2016	264	13	277
Tax charge to profit or loss	282	(13)	269
At 31 March 2017	<b>546</b>	<b>-</b>	<b>546</b>

## 17 Inventories

	<b>Group</b>	
	<b>2017 RM'000</b>	2016 RM'000
Raw materials	<b>1,325</b>	1,182
Packaging materials	<b>1,719</b>	1,512
Finished goods	<b>3,344</b>	2,680
	<b>6,388</b>	5,374

The cost of inventories recognised as an expense in cost of sales amounted to RM21,585,000 (2016: 18,326,000) included an amount of RM63,000 (2016: RM50,000) in respect of write down of inventories to net realisable value.

## 18 Cash and bank balances

	<b>Group</b>		<b>Company</b>
	<b>2017 RM'000</b>	2016 RM'000	<b>2017 RM'000</b>
Cash in hand and at bank	<b>18,739</b>	8,767	<b>8,576</b>
Pledged bank deposits	<b>1,183</b>	1,424	-
Cash and bank balances	<b>19,922</b>	10,191	<b>8,576</b>

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

	<b>Group</b>	
	<b>2017 RM'000</b>	2016 RM'000
Cash and bank balances	<b>19,922</b>	10,191
Less: pledged bank deposits	<b>(1,183)</b>	(1,424)
Cash and cash equivalents	<b>18,739</b>	8,767

Bank deposits amounting to RM1,183,000 (2016: RM1,424,000) are pledged to banks as collateral for banking facilities granted (Note 19). Fixed deposits bear interest rates ranging from 3.15% to 3.45% (2016: 3.20% to 3.30%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 19 Borrowings

	Repayment period	Group	
		2017 RM'000	2016 RM'000
<i>Non-current</i>			
Loan 1 - 1.5% per annum below bank Base Lend Rate ("BLR")	117 monthly instalments from August 2009	110	190
Loan 2 - 12.5% per annum	60 monthly instalments from September 2014	258	415
Loan 3 - 1.2% per annum above BLR	36 monthly instalments from April 2016	275	482
Loan 4 - 2.1% per annum below BLR	180 monthly instalments from August 2016	2,050	-
Loan 5 - 2.1% per annum below BLR	180 monthly instalments from August 2016	2,050	-
Loan 6 - 0.5% per annum above BLR	180 monthly instalments from August 2016	78	-
Obligations under finance lease		307	356
		<b>5,128</b>	<b>1,443</b>
<i>Current</i>			
Loan 1 - 1.5% per annum below bank Base Lend Rate ("BLR")	117 monthly instalments from August 2009	84	90
Loan 2 - 12.5% per annum	60 monthly instalments from September 2014	157	138
Loan 3 - 1.2% per annum above BLR	36 monthly instalments from April 2016	229	213
Loan 4 - 2.1% per annum below BLR	180 monthly instalments from August 2016	111	-
Loan 5 - 2.1% per annum below BLR	180 monthly instalments from August 2016	111	-
Loan 6 - 0.5% per annum above BLR	180 monthly instalments from August 2016	3	-
Banker's acceptance - 1.25% to 1.5% per annum		3,843	3,593
Obligations under finance lease		130	127
		<b>4,668</b>	<b>4,161</b>
		<b>9,796</b>	<b>5,604</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 19 Borrowings (cont'd)

The loans and banker's acceptance are secured by:

- (i) Fixed deposits placed with the bank (Note 18);
- (ii) Freehold land and properties of the Group (Note 12);
- (iii) Joint and several guarantee from certain directors of the Group;
- (iv) Guarantee from Credit Guarantee Corporation Malaysia Berhad under the SME Assistance Guarantee Scheme; and
- (v) A business loan reducing term assurance covered for the joint life of the guarantors.

### *Determination of fair value of borrowings*

The carrying amounts of borrowings approximate their fair value at the end of the reporting period.

The fair values of the borrowings determined from discounted cash flow analysis using the market lending rate that the directors expect would be available to the Group at the end of the reporting period are reasonable approximation of carrying amounts as they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period or are fixed rate instruments whereby the fixed rates approximate market interest rates on or near the end of the reporting period. The fair value measurement for disclosure purposes is categorised as Level 3 of the fair value hierarchy.

### *Obligations under finance lease*

	Minimum lease payments		Present value of minimum lease payments	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Group</b>				
Within 1 financial year	150	149	130	127
Within 2 to 5 financial years	332	373	307	338
After 5 financial years	-	18	-	18
Total minimum lease payments	482	540	437	483
Less: future finance charges	(45)	(57)	-	-
	<b>437</b>	<b>483</b>	<b>437</b>	<b>483</b>

	Minimum lease payments	
	2017 RM'000	2016 RM'000
Representing finance lease liabilities:		
- Current	130	127
- Non-current	307	356
	<b>437</b>	<b>483</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 19 Borrowings (cont'd)

### *Obligations under finance lease (cont'd)*

The obligations under finance lease bear interest rates ranging from 2.35% to 3.81% (2016: 2.35% to 3.81%) per annum.

The Group leases certain plant and machinery and motor vehicles from non-related parties under hire purchase arrangements. The hire purchase payables of the Group are effectively secured over leased plant and machinery and motor vehicles, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the hire purchase payable. The net carrying value of plant and machinery and motor vehicles acquired under hire purchase arrangements are disclosed in Note 12.

Certain directors of the Group has provided guarantees for certain of the finance lease liabilities.

Based on the discounted cash flows using market interest rates for similar finance lease agreements at the end of the reporting period, the fair values of finance lease liabilities at the end of the reporting period approximate their carrying amounts as the market interest rates at the end of the reporting period are close to the effective interest rates of the Group's existing finance lease liabilities. This fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

## 20 Trade and other payables

	Group		Company
	2017	2016	2017
	RM'000	RM'000	RM'000
<i>Current</i>			
Trade payables			
- third parties	5,593	4,929	-
Other payables			
- third parties	646	556	-
- related parties	-	109	-
- subsidiaries	-	-	3,046
Accrued expenses	761	374	174
Advances from customers			
- third parties	20	29	-
Amounts due to directors	-	4,378	-
	<b>7,020</b>	<b>10,375</b>	<b>3,220</b>
<i>Non-current</i>			
Other payables	176	67	-

The amounts due to related parties, subsidiaries and directors are interest-free, non-trade in nature, unsecured and payable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 21 Share capital

	Group				Company	
	2017		2016		2017	
	No. of shares '000	RM'000	No. of shares '000	RM'000	No. of shares '000	RM'000
<b>Group</b>						
At 1 April	513	1,336	513	1,336	-	-
At date of incorporation	-*	-*	-	-	-*	-*
Issuance of ordinary shares pursuant to the Restructuring Exercise	4,000	12,407	-	-	4,000	12,407
Adjustments pursuant to the Restructuring Exercise	(513)	(1,336)	-	-	-	-
Sub-division of 1 ordinary share into 20 ordinary shares	76,000	-	-	-	76,000	-
Issuance of ordinary shares pursuant to the initial public offering ("IPO")	20,000	12,407	-	-	20,000	12,407
Capitalisation of share issuance expenses	-	(1,527)	-	-	-	(1,527)
At 31 March	<b>100,000</b>	<b>23,287</b>	513	1,336	<b>100,000</b>	<b>23,287</b>

\* Less than 1,000

The Company was incorporated on 9 March 2016 with an issued and paid-up capital of \$1 comprising 1 share.

On 22 November 2016, the shareholders approved the following:

- the allotment and issue of 3,999,999 shares in share capital of the Company for the acquisition of the Company's subsidiaries pursuant to the Restructuring Exercise;
- the sub-division of 4,000,000 shares in the issued and paid up capital of the Company into 80,000,000 shares.

An additional 20,000,000 new shares were issued and allotted on 16 January 2017 in connection with the IPO. As such, the enlarged share capital of the Company was RM23,287,000 comprising 100,000,000 ordinary shares, after taking into account the capitalisation of share issuance expenses of approximately RM1,527,000.

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.

As at 31 March 2016, the share capital of the Group represent the aggregate paid-up capital of the Company and its subsidiaries.

## 22 Merger reserve

Merger reserve represents the difference between the consideration paid by the Company and the share capital of the subsidiaries acquired under common control.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 23 Related parties transactions

In addition to the information disclosed elsewhere in the financial statements, the following related parties transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

	Group	
	2017 RM'000	2016 RM'000
<b>With directors</b>		
Advances received from	-	5,091

## 24 Commitments

### a) Lease commitment

*Where the Group is a lessee*

The Group leases a warehouse from non-related party under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights

Commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	Group	
	2017 RM'000	2016 RM'000
Not later than one financial year	180	180
Later than one financial year but not later than five financial years	60	180
More than five financial years	-	60
	<b>240</b>	<b>420</b>

*Where the Group is a lessor*

The Group leases out a warehouse to a non-related party under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group	
	2017 RM'000	2016 RM'000
Not later than one financial year	144	-
Later than one financial year but not later than five financial years	204	-
	<b>348</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 24 Commitments (cont'd)

### b) Capital commitments

Capital commitments not provided for in the financial statements:

	Group	
	2017 RM'000	2016 RM'000
Capital commitments in respect of purchase of property, plant and equipment	1,603	5,040

### c) Banker's guarantee

At 31 March 2017, banker's guarantee of RM30,000 (2016: RM20,000) were issued in lieu of utilities deposit.

## 25 Financial instruments

### a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company
	2017 RM'000	2016 RM'000	2017 RM'000
<i>Financial assets</i>			
Trade and other receivables	3,019	5,485	63
Cash and bank balances	19,922	10,191	8,576
Loans and receivables	22,941	15,676	8,639
<i>Financial liabilities</i>			
Trade and other payables	7,000	10,346	3,220
Borrowings	9,796	5,604	-
At amortised cost	16,796	15,950	3,220

### b) Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

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

#### **Foreign currency risk**

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than their respective functional currencies of entities in the Group. The foreign currencies giving rise to this risk are primarily the United States Dollar ("USD"), British Pound ("GBP"), Indonesian Rupiah ("IDR") and Singapore Dollar ("SGD").

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 25 Financial instruments (cont'd)

### b) Financial risk management objectives and policies (cont'd)

#### *Foreign currency risk (cont'd)*

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at a level that is deemed acceptable by management.

At the end of the reporting period, the Group and the Company have the following financial assets and financial liabilities denominated in foreign currencies based on information provided to key management:

	USD RM'000	GBP RM'000	IDR RM'000	SGD RM'000
<b>Group</b>				
<b>2017</b>				
Financial assets				
Trade and other receivables	6,176	-	168	450
Cash and bank balances	1,431	384	-	8,776
	<u>7,607</u>	<u>384</u>	<u>168</u>	<u>9,226</u>
Financial liabilities				
Trade and other payables	7,378	-	597	315
Net financial assets/(liabilities) denominated in foreign currencies	<u>229</u>	<u>384</u>	<u>(429)</u>	<u>8,911</u>
<b>2016</b>				
Financial assets				
Trade and other receivables	5,778	-	-	-
Cash and bank balances	632	141	-	-
	<u>6,410</u>	<u>141</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Trade and other payables	5,562	-	-	-
Net financial assets denominated in foreign currencies	<u>848</u>	<u>141</u>	<u>-</u>	<u>-</u>
<b>Company</b>				
<b>2017</b>				
Financial assets				
Trade and other receivables	-	-	-	309
Cash and bank balances	-	-	-	8,577
	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,886</u>
Financial liabilities				
Trade and other payables	802	-	596	315
Net financial (liabilities)/assets denominated in foreign currencies	<u>(802)</u>	<u>-</u>	<u>(596)</u>	<u>8,571</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 25 Financial instruments (cont'd)

### b) Financial risk management objectives and policies (cont'd)

The following table demonstrates the sensitivity to a reasonably possible change in the USD, and SGD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant, of the Group's profit after tax:

	<b>Group Increase/(decrease) in profit after tax</b>	
	<b>2017</b>	2016
	<b>RM'000</b>	RM'000
USD/RM		
- strengthened 10% (2016: 10%)	<b>419</b>	297
- weakened 10% (2016: 10%)	<b>(419)</b>	(297)
USD/IDR		
- strengthened 10% (2016: 10%)	<b>(437)</b>	(275)
- weakened 10% (2016: 10%)	<b>437</b>	275
SGD/RM		
- strengthened 10% (2016: 10%)	<b>739</b>	-
- weakened 10% (2016: 10%)	<b>(739)</b>	-

### Company

If the SGD exchange rate against RM strengthened/weakened by 10%, with all other variables held constant, the Company's loss after tax will be lower/higher by RM711,000.

The sensitivity analysis for the other foreign currencies is not disclosed as the impact on the Group's and the Company's profit/(loss) after taxation is not significant.

### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their borrowings and deposits placed with the financial institutions at variable rates. Borrowings at variable rates expose the Group to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). The Group and the Company do not utilise derivatives to mitigate its interest rate risk.

#### *Sensitivity analysis for interest rate risk*

The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of borrowings that have floating rates.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in RM. If the RM interest rates increase/decrease by 50 (2016: 100) basis points with all other variables including tax rate being held constant, the profit after tax of the Group will be higher/lower by RM41,000 (2016: RM42,000) as a result of higher/lower interest expense on these borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 25 Financial instruments (cont'd)

### b) Financial risk management objectives and policies (cont'd)

#### *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis by the management.

As at the end of the reporting period, the Group's trade receivables are all due from debtors located in Malaysia and Indonesia. The Group's trade receivables comprise 1 debtor (2016: 1 debtors) that represented approximately 27% (2016: 16%) of the trade receivables.

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

#### *Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are credit worthy customers with good payment records with the Group. Cash and bank balances are placed with reputable financial institutions with high credit ratings and no history of default.

#### *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables of the Group that are past due but not impaired are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Past due 31 to 60 days	215	546
Past due 61 to 90 days	229	40
Past due over 90 days	66	26
	<b>510</b>	<b>612</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. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group and the Company manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities (Note 19).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 25 Financial instruments (cont'd)

### b) Financial risk management objectives and policies (cont'd)

#### Liquidity risk (cont'd)

The table below shows the contractual expiry by the maturity of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Repayable on demand or within 1 year RM'000	Within 2 to 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Group</b>				
<b>2017</b>				
Trade and other payables	7,000	-	-	7,000
Borrowings	4,969	2,724	3,864	11,557
	<b>11,969</b>	<b>2,724</b>	<b>3,864</b>	<b>18,557</b>
<b>2016</b>				
Trade and other payables	10,346	-	-	10,346
Borrowings	4,306	1,582	18	5,906
	14,652	1,582	18	16,252
<b>Company</b>				
<b>2017</b>				
Trade and other payables	<b>3,220</b>	-	-	<b>3,220</b>

## 26 Fair values of assets and liabilities

### a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

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

There has been no transfer between Level 1, Level 2 and Level 3 during the financial years ended 31 March 2017 and 2016.

The carrying amounts of financial assets and liabilities are reasonable approximation of fair values as they are short-term in nature, market interest rate instruments, or fixed rate instruments whereby the fixed rates approximate market interest rates on or near the end of the reporting period.

At the end of the reporting period, the Group does not have any financial instruments carried at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 27 Capital management

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

The capital structure of the Group mainly consists of equity and borrowings and the Group's overall strategy remains unchanged from financial years ended 31 March 2016 and 2017.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 March 2016 and 2017.

## 28 Segment information

For management purposes, the Group is organised into business units based on its products, and have three operating segments as follows:

- (a) The paint - standard segment includes standard colour aerosol spray paint products.
- (b) The paint - premium segment includes fluorescent, candy and metallic colour aerosol spray paint products, high temperature aerosol spray paint products, primer products, epoxy products, 2K products and multi-colour one aerosol spray paint.
- (c) The maintenance and others segment includes cosmetic products such as metal and paint polish and maintenance products such as engine degreaser, chain oil, carburetor and gasket cleaner.

Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances for each segment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 28 Segment information (cont'd)

The segment information provided to management for the reportable segments are as follows:

	Paint - Standard RM'000	Paint - Premium RM'000	Maintenance and others RM'000	Group RM'000
<b>31 March 2017</b>				
<b>Segment revenue</b>				
Sales to external customers	23,819	14,379	1,152	39,350
<b>Segment profit</b>	1,552	2,986	168	4,706
<b>Other segment information</b>				
Depreciation of property, plant and equipment	513	232	16	761
<b>Segment assets</b>	24,887	15,023	1,204	41,114
Unallocated assets				
- Deferred tax assets				45
- Fixed deposits				1,183
- Tax recoverable				339
Total assets				42,681
<b>Segment assets include:</b>				
Additions to non-current assets	3,696	2,231	179	6,106
<b>Segment liabilities</b>	4,355	2,630	211	7,196
Unallocated liabilities				
- Deferred tax liabilities				591
- Borrowings				9,796
- Tax payable				319
Total liabilities				17,902

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 28 Segment information (cont'd)

	Paint - Standard RM'000	Paint - Premium RM'000	Maintenance and others RM'000	Group RM'000
<b>31 March 2016</b>				
<b>Segment revenue</b>				
Sales to external customers	18,066	10,463	2,095	30,624
<b>Segment profit</b>				
	2,661	3,645	681	6,987
<b>Other segment information</b>				
Impairment loss on trade receivables	7	4	1	12
Depreciation of property, plant and equipment	333	131	21	485
<b>Segment assets</b>				
Unallocated assets	15,472	8,960	1,794	26,226
- Deferred tax assets				17
- Fixed deposits				1,424
- Tax recoverable				558
Total assets				28,225
<b>Segment assets include:</b>				
Additions to non-current assets	1,794	1,039	208	3,041
<b>Segment liabilities</b>				
Unallocated liabilities	6,159	3,567	716	10,442
- Deferred tax liabilities				294
- Borrowings				5,604
Total liabilities				16,340

### Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the combined financial statements. Interest income and finance costs are not allocated to segments as Group financing is managed on a group basis.

A reconciliation of segment profit to the consolidated profit before tax is as follows:

	2017 RM'000	2016 RM'000
Segment profit	4,706	6,987
Interest income	69	41
Finance costs	(490)	(268)
Profit before tax	4,285	6,760

### Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than deferred income tax assets, tax recoverable and fixed deposits which are classified as unallocated assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

## 28 Segment information (cont'd)

### Segment liabilities

The amounts provided to management with respect total liabilities are measured in a manner consistent with that of the consolidated financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than deferred tax liabilities, tax payable and borrowings. These liabilities are classified as unallocated liabilities.

### *Geographical information*

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Sales to external customers		Non-current assets	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysia	<b>18,036</b>	17,650	<b>10,714</b>	4,961
Indonesia	<b>17,883</b>	11,282	<b>163</b>	174
Others	<b>3,431</b>	1,692	-	-
	<b>39,350</b>	30,624	<b>10,877</b>	5,135

Non-current assets information presented above are non-current assets as presented on the consolidated statements of financial position excluding financial instruments and deferred tax assets.

### *Information about major customers*

Revenue from 1 (2016: 1) customer who individually contributed 10% or more of the Group's revenue amounted to RM5,304,000 (2016: RM5,119,000) which are attributable to the paint-standard, paint-premium and maintenance and others segments.

## 29 Comparative figures

The financial statements of the Company cover the financial period since incorporation on 9 March 2016 to 31 March 2017. This being the first set of financial statements for the Company, there are no comparative figures.

## 30 Authorisation of financial statements

The financial statements of the Group for the financial year ended 31 March 2017 and the statement of financial position and statement of changes in equity of the Company for the financial period from 9 March 2016 (date of incorporation) to 31 March 2017 were authorised for issue in accordance with a resolution of the directors dated 23 June 2017.

# STATISTICS OF SHAREHOLDINGS

AS AT 19 JUNE 2017

NUMBER OF ISSUED SHARES	:	100,000,000
ISSUED AND FULLY PAID-UP CAPITAL	:	S\$8,000,000
CLASS OF SHARES	:	Ordinary Shares
TREASURY SHARES	:	Nil
VOTING RIGHTS	:	1 vote for each Ordinary Share held

## DISTRIBUTION OF SHAREHOLDINGS AS AT 19 JUNE 2017

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	2	2.04	1,400	0.00
1,001 - 10,000	27	27.55	186,500	0.19
10,001 - 1,000,000	58	59.18	9,451,200	9.45
1,000,001 AND ABOVE	11	11.23	90,360,900	90.36
<b>TOTAL</b>	<b>98</b>	<b>100.00</b>	<b>100,000,000</b>	<b>100.00</b>

## TOP 20 SHAREHOLDERS AS AT 19 JUNE 2017

NO.	NAME	NO. OF SHARES	%
1	ONG YOKE EN	50,384,000	50.38
2	LIM LAY YONG	15,000,000	15.00
3	DATO' CHANG CHOR CHOONG	4,250,000	4.25
4	DATO' LOH SHIN SIONG	4,250,000	4.25
5	KONG HEE SIONG	3,956,200	3.96
6	CHAI FOOK CHOY	3,708,700	3.71
7	PANG HANG HIN	3,050,000	3.05
8	UOB KAY HIAN PRIVATE LIMITED	1,865,800	1.87
9	ONG HOW EN	1,308,000	1.31
10	ONG YOKE HOI	1,308,000	1.31
11	PHILLIP SECURITIES PTE LTD	1,280,200	1.28
12	LAU SIE HUNG	860,000	0.86
13	LAU CHER LIANG	523,000	0.52
14	NG SWEE FOON	508,000	0.51
15	KANG HUI HUAT	487,100	0.49
16	OCBC SECURITIES PRIVATE LIMITED	445,000	0.45
17	TEO SOON TIAN	410,000	0.41
18	TAN KIAN KHIM	390,000	0.39
19	CHAI JEE CHOON	383,000	0.38
20	RHB SECURITIES SINGAPORE PTE. LTD.	372,300	0.37
	<b>TOTAL</b>	<b>94,739,300</b>	<b>94.75</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 19 JUNE 2017

## SUBSTANTIAL SHAREHOLDERS AS AT 19 JUNE 2017

<b>Substantial Shareholder</b>	<b>Shareholdings registered in the name of the substantial shareholder</b>	<b>Shareholdings in which the substantial shareholder are deemed to be interested</b>	<b>Total</b>	<b>Percentage of issued shares</b>
ONG YOKE EN	50,384,000	-	50,384,000	50.38
LIM LAY YONG	15,000,000	-	15,000,000	15.00

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information provided and to the best knowledge of the Directors, approximately 26.12% of the total number of issued shares (excluding treasury shares) in the capital of the Company are held in the hands of the public as at 19 June 2017. Rule 723 of the Catalist Rules has therefore been complied with.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of Samurai 2K Aerosol Limited (the “Company”) will be held at Level 3, Room 308, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593, on Tuesday, 20 July 2017 at 9 a.m., for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Consolidated Financial Statements of the Company and its subsidiaries (the “Group”) for the financial year ended 31 March 2017 together with the Directors’ Statement and Independent Auditors’ Report thereon.  
**(Resolution 1)**
2. To re-elect Mr Lim Siang Kai, a Director retiring pursuant to Regulation 104 of the Company’s Constitution.  
*[See Explanatory Note (i)]*  
**(Resolution 2)**
3. To re-elect Mr Ong Yoke En, a Director retiring pursuant to Regulation 104 of the Company’s Constitution.  
**(Resolution 3)**
4. To re-elect Ms Lim Lay Yong, a Director retiring pursuant to Regulation 104 of the Company’s Constitution.  
**(Resolution 4)**
5. To re-elect Dato’ Chang Chor Choong, a Director retiring pursuant to Regulation 104 of the Company’s Constitution.  
**(Resolution 5)**
6. To re-elect Dato’ Loh Shin Siong, a Director retiring pursuant to Regulation 104 of the Company’s Constitution.  
**(Resolution 6)**
7. To re-elect Mr Hau Hock Khun, a Director retiring pursuant to Regulation 104 of the Company’s Constitution.  
*[See Explanatory Note (ii)]*  
**(Resolution 7)**
8. To re-elect Mr Sia Yeak Hong, a Director retiring pursuant to Regulation 104 of the Company’s Constitution.  
*[See Explanatory Note (iii)]*  
**(Resolution 8)**
9. To approve the payment of Directors’ Fees of RM56,580 for the financial year ended 31 March 2017.  
**(Resolution 9)**
10. To approve the payment of Directors’ Fees of RM226,320 for the financial year ending 31 March 2018, to be paid quarterly in arrears.  
**(Resolution 10)**
11. To re-appoint Baker Tilly TFW LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration.  
**(Resolution 11)**
12. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

### 13. GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES IN THE CAPITAL OF THE COMPANY

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

- (A) (i) allot and issue shares in the capital of the Company (“Shares”) (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements, or options (collectively, “Instruments”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

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

- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument 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 in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred percent (100%) of the total issued Shares excluding treasury shares (as calculated in accordance with subparagraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (ii) below);
  - (ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (i) above, the percentage of the total number of issued Shares excluding treasury shares shall be calculated based on the total number of issued Shares excluding treasury shares at the time of this Resolution is passed, after adjusting for:
    - (aa) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
    - (bb) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
    - (cc) any subsequent bonus issue, consolidation or subdivision of Shares;

# NOTICE OF ANNUAL GENERAL MEETING

- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and
- (iv) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.  
*[See Explanatory Note (iv)]*

**(Resolution 12)**

## 14. **AUTHORITY TO ISSUE SHARES UNDER THE PERFORMANCE SHARE PLAN**

That approval be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards granted or to be granted under the Performance Share Plan (the “**Plan**”), provided that the aggregate number of ordinary shares to be issued pursuant to the Plan and any other share based incentive schemes of the Company shall not exceed fifteen percent (15%) of the total number of issued shares excluding treasury shares of the Company from time to time, as determined in accordance with the provisions of the Plan.

*[See Explanatory Note (v)]*

**(Resolution 13)**

## 15. **AUTHORITY TO ISSUE SHARES UNDER THE EMPLOYEE SHARE OPTION SCHEME**

That authority be and is hereby given to the Directors of the Company to offer and grant options from time to time in accordance with the provisions of the Employee Share Option Scheme (the “**Scheme**”), and, pursuant to Section 161 of the Act, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme and any other share based incentive schemes of the Company shall not exceed fifteen percent (15%) of the issued share capital of the Company excluding treasury shares of the Company from time to time, as determined in accordance with the provisions of the Scheme.

*[See Explanatory Note (vi)]*

**(Resolution 14)**

By Order of the Board

Ong Yoke En  
Executive Director and Chief Executive Officer

5 July 2017

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) Mr Lim Siang Kai, upon re-election as a Director of the Company, will remain as the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. Mr Lim Siang Kai is the Non-Executive Chairman and Lead Independent Director. The Board considers Mr Lim Siang Kai to be independent pursuant to Rule 704(7) of the Catalist Rules.
- (ii) Mr Hau Hock Khun upon re-election as a Director of the Company, will remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Mr Hau Hock Khun is an Independent Director of the Company. The Board considers Mr Hau Hock Khun to be independent pursuant to Rule 704(7) of the Catalist Rules.
- (iii) Mr Sia Yeak Hong upon re-election as a Director of the Company, will remain as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Mr Sia Yeak Hong is an Independent Director of the Company. The Board considers Mr Sia Yeak Hong to be independent pursuant to Rule 704(7) of the Catalist Rules.
- (iv) The Ordinary Resolution 12 proposed in item 13 above, if passed, will empower the Directors from the date of this AGM until the date of the next AGM or the date by which the next AGM is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is earlier, to allot and issue Shares and/or convertible securities in the Company. The aggregate number of Shares and/or convertible securities which the Directors may allot and issue under this Resolution shall not exceed one hundred percent (100%) of the total issued Shares excluding treasury shares of which the aggregate number of Shares and/or convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed fifty percent (50%) of the total issued Shares excluding treasury shares at the time of passing of this Resolution.
- (v) The Ordinary Resolution 13 proposed in item 14 above, is to authorise the Directors to allot and issue shares on the vesting of awards under the Plan.
- (vi) The Ordinary Resolution 14 proposed in item 15 above, is to authorise the Directors to offer and grant options under the Scheme and to allot and issue shares pursuant to the exercise of such options under the Scheme.

## Notes:

- (i) A member who is not a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
- (ii) A member who is a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint more than two proxies to attend, speak and vote at the AGM, 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 of the Act.
- (iii) A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
- (iv) The instrument appointing a proxy or proxies must be deposited together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof at the Company's Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte Ltd, either by hand at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623 or by post at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623, not less than forty-eight (48) hours before the time appointed for the AGM in accordance with the instruction stated herein.

## Personal Data Privacy:

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

# Samurai 2K Aerosol Limited

Company Registration No. 201606168C  
(Incorporated in the Republic of Singapore)

## PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the AGM and note (please see note 2 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_ (Name) NRIC/Passport No. \_\_\_\_\_ of

\_\_\_\_\_ (Address)

being a member/members of Samurai 2K Aerosol Limited ("**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her/them, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM to be held at Level 3, Room 308 Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 on 20 July 2017 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The resolutions put to vote at the AGM shall be decided by poll.

**(If you wish to exercise all your votes "For" or "Against", please indicate a cross [X] within the box provided. Alternatively, please indicate the number of votes as appropriate.)**

No.	Resolutions relating to:	For	Against
	<b>Ordinary Business</b>		
1.	Adoption of the Audited Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31 March 2017 together with the Directors' Statement and Independent Auditors' Report		
2.	Re-election of Mr Lim Siang Kai as a Director of the Company		
3.	Re-election of Mr Ong Yoke En as a Director of the Company		
4.	Re-election of Ms Lim Lay Yong as a Director of the Company		
5.	Re-election of Dato' Chang Chor Choong as a Director of the Company		
6.	Re-election of Dato' Loh Shin Siong as a Director of the Company		
7.	Re-election of Mr Hau Hock Khun as a Director of the Company		
8.	Re-election of Mr Sia Yeak Hong as a Director of the Company		
9.	Approval of payment of Director' fees of RM56,580 for the financial year ended 31 March 2017		
10.	Approval of payment of Director' fees up to RM226,320 for the financial year ending 31 March 2018 to be paid quarterly in arrears		
11.	Re-appointment of Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
	<b>Special Business</b>		
12.	Authority to allot and issue new shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		
13.	Authority to allot and issue shares under the Performance Share Plan		
14.	Authority to allot and issue shares under the Employee Share Option Scheme		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

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

\_\_\_\_\_  
Signature(s) of Shareholder(s) or,  
Common Seal of Corporate Shareholder



**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2.
  - (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
  - (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) is entitled to appoint more than two proxies to attend, speak and vote at the AGM, 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.
3. A proxy need not be a member of the Company.
4. The duly completed instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the office of the Company's Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte Ltd, either by hand at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623 or by post at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623, not less than forty-eight (48) hours before the time appointed for the AGM in accordance with the instructions stated herein.
5. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
6. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the AGM.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of 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 the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
9. In the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register seventy-two (72) hours before the time appointed for holding the AGM, as certified by the Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

**SAMURAI**<sup>®</sup>

くろぶし 黒武士

**KHAMELEON**<sup>®</sup>  
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JAPAN FORMULATIONS

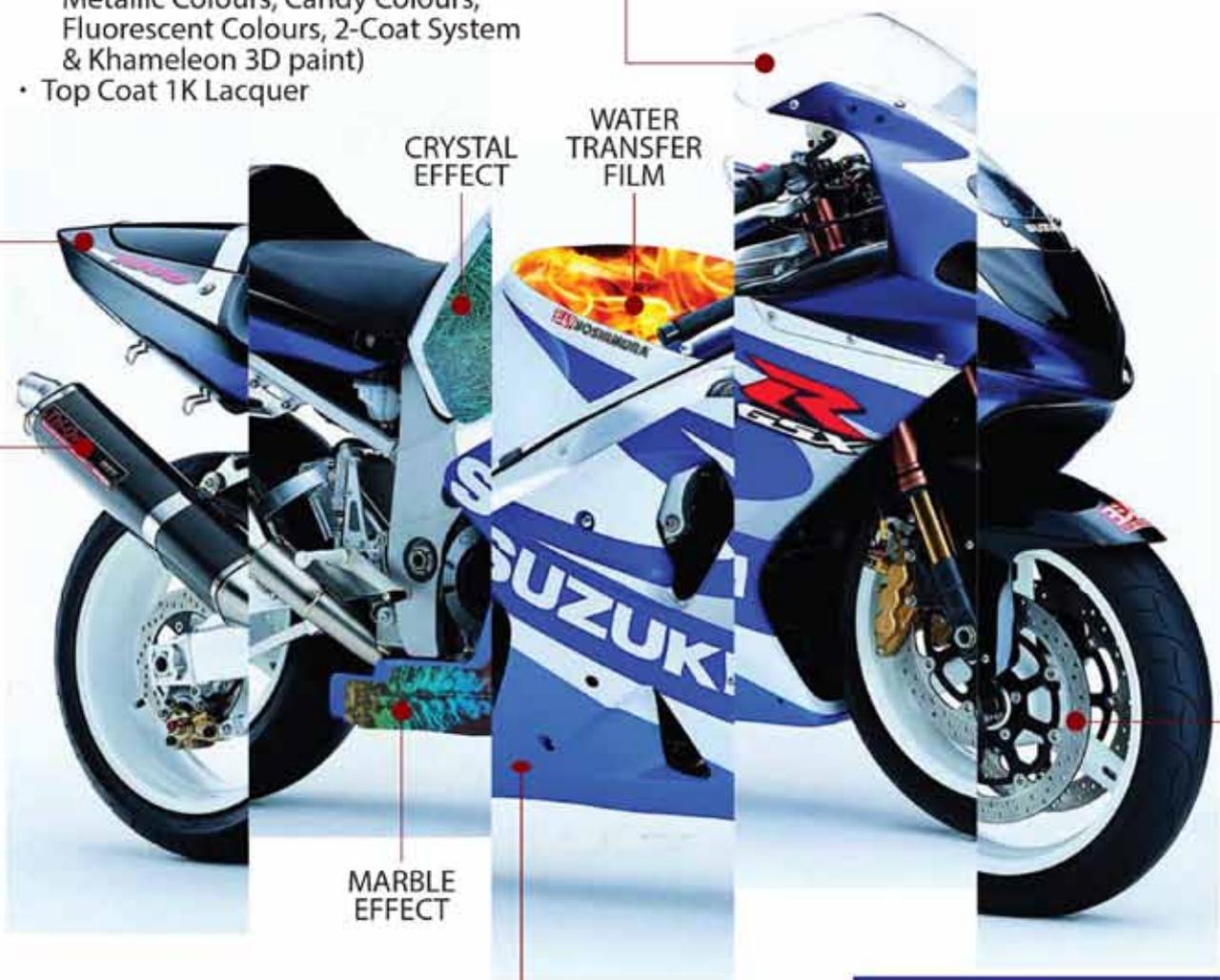
**AEROSOL PAINT**

- Plastic Primer
- Putty Primer
- Paint Remover
- Sticker Remover
- Undercoat
- Colour Coat (Standard Colours, Metallic Colours, Candy Colours, Fluorescent Colours, 2-Coat System & Kameleon 3D paint)
- Top Coat 1K Lacquer

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げいぎ 芸者

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- Tire Shine
- Metal Polish
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EFFECT

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- Brake Cleaner
- Gasket Cleaner
- Engine Degreaser
- Spray Grease
- Chain Oil



**SAMURAI**

くろぶし 黒武士

*SAMURAI is not only selling paint, but more importantly we introduce a living lifestyle that is more unique, creative and enjoyable.*

**SAMURAI 2K AEROSOL LIMITED**

(Incorporated in Singapore on 9 March 2016)

(Company Registration No.201606168C)

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