

# ANNUAL REPORT 2019

**SAMURAI**<sup>®</sup>  
くろぶし黒武士



**2K**  
In a Can

**SAMURAI 2K AEROSOL LIMITED**  
COMPANY REGISTRATION NO. 201606168C



This Annual Report has been prepared by the Company and its contents have been reviewed by the Sponsor, for compliance with the relevant rules of the SGX-ST Listing Manual Section B: Rules of Catalist (the “Catalist Rules”). The Sponsor has not independently verified the contents of this Annual Report.

This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes 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 person for the Sponsor is Mr Gregory Wee Toon Lee, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

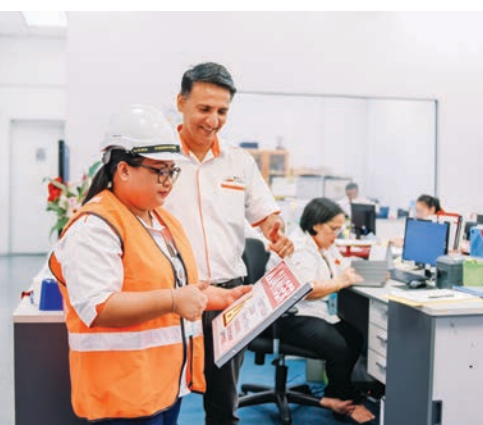


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# CORPORATE PROFILE

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

Samurai 2K Aerosol Limited (“Samurai 2K” or the “Company”, and together with its subsidiaries, the “Group”) is a leading aerosol coating specialist focusing 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, Cambodia, United Kingdom, United States of America, Singapore and India.





# LETTER TO SHAREHOLDERS

**“Innovation and Patents are propelling Samurai 2K into a more dynamic and faster moving World”**

## DEAR SHAREHOLDERS,

I am honoured to present the Annual Report of Samurai 2k Aerosol Limited (the “Company” and its subsidiaries, the “Group”) for the financial year ended 31 March 2019 (“FY2019”).

### BUSINESS AND CORPORATE DEVELOPMENT

During the current financial year, our Group has:

- i. entered into a Sales and Distribution Agreement to sell the Group’s range of products in India, just 6 months after having conducted a market survey in September 2018. Currently our sales and marketing team has already covered the Indian states of Haryana, Delhi, Uttar Pradesh and Bihar.
- ii. successfully patented a unique single head 2K aerosol system in the United States of America (USA), Canada, Singapore, Russia, South Korea, New Zealand and the European Union.

### RESULTS HIGHLIGHT

The Group’s revenue in FY2019 declined by 19% year-on-year from RM90.0 million to RM72.6 million mainly due to lower sales volume. Although revenue from Malaysia and other markets improved in FY2019, exports revenue to Indonesia fell. The FY2019 sales to Indonesia was affected in part to inventory building by buyers in second half of the financial year ended 31 March 2018 (“FY2018”) to hedge against currency volatility and in anticipation of stronger two-wheeler sales. As such, some inventory were carried forward for clearance, slowing some orders for our products in FY2019.

Weighted down by the weaker revenue, net profit attributed to equity holders of the Company also declined in FY2019 but at a more modest rate of 11% year-on-year, to RM10.4 million. Higher gross profit margin in FY2019 due to appreciation of Indonesia Rupiah against Ringgit Malaysia helped to cushion the impact of lower revenue somewhat.

### DIVIDEND

For FY2019, the Board of Directors has recommended a final dividend (one-tier tax exempt) of S\$0.005 per ordinary share, subject to shareholders’ approval at the annual general meeting to be held on 25 July 2019.



### ACKNOWLEDGEMENT AND APPRECIATIONS

On behalf of the Board, I would like to thank our loyal shareholders, customers, suppliers and Samurians for their unwavering support and confidence in our Group, alongside the hard work of our employees and management.

Finally, I would also like to convey our appreciation to Mr. Sia Yeak Hong, who ceased being the Company’s Independent Non-executive Director on 21 May 2019, for his stewardship and contributions.

### Ong Yoke En

*Executive Director and Chief Executive Officer*

# OPERATIONS & FINANCIAL REVIEW

## REVIEW OF INCOME STATEMENT

After a strong FY2018, the Group's revenue declined 19% year-on-year to RM72.6 million in FY2019 due largely to lower sales volume, specifically on weaker exports to Indonesia. Overall, year-on-year sales volume decreased by 3.5 million to 12.3 million cans in FY2019. The FY2019 lower sales to Indonesia was due in part to inventory building by buyers in second half of FY2018 to hedged against currency volatility and in anticipation of stronger new two wheelers sales.

Otherwise, Malaysia along with the Group's other markets in Thailand, Vietnam, Philippines, United Kingdom and Singapore, saw improving revenue in FY2019.

Overall net profit attributable to equity holders of the Company edged down by 11% year-on-year to RM10.4 million as higher gross profit margin, which expanded from 43% in FY2018 to 44%, helped to moderate the impact of lower revenue.

Other income of RM0.7 million was reported in FY2019 instead of an expense of RM3.8 million in FY2018 thanks to the absence of a foreign exchange loss of RM4.1 million incurred in FY2018.

Administrative expenses increased by RM0.9 million mainly on higher depreciation following the completion of a new production plant. Legal and professional fees were also higher in FY2019 on acquisition of new factory and more borrowing facilities offered.

Marketing and distribution expenses dropped by RM1.0 million on slightly slower marketing activity as well as lower sales commission, in line with the weaker revenue.

## REVIEW OF FINANCIAL POSITION

Non-current assets in FY2019 rose by RM7.8 million as a new manufacturing facility was completed in second half of FY2019. Located in Johor, Malaysia this new facility will help strengthen the Group's ability moving forward to meet orders for its new 2K aerosol products as well as adding flexibility to cater to demand from other markets in Asia, North America and Europe.

Current assets increased from RM77.5 million to RM78.9 million. Inventory levels fell year-on-year but trade receivables was RM10.5 million higher in FY2019 compared to previous year as repayment from our distributors was delayed till after the year end. Since the year ended on 31 March 2019, RM9.7 million had been collected up till the end of May 2019.

Non-current liabilities edged up from RM4.9 million to RM5.2 million mainly on higher deferred tax liabilities. Non-current portion of borrowings fell year-on-year.

Current liabilities also rose slightly, by RM0.8 million due largely to bank borrowings which were drawn of additional banker acceptance to finance trade purchases.

## CASH FLOW STATEMENT REVIEW

In FY2019, we recorded net cash used in operating activities of RM4.3 million, arising from operating cash flow before changes in working capital of RM16.0 million offset by changes in net working capital outflow of RM15.8 million, net interest payment of RM0.3 million and income tax payment of RM4.2 million. The working capital outflow was mainly due to increase in trade and other receivables and inventories of RM9.6 million and RM0.5 million respectively offset by decrease in trade and other payables of RM5.6 million.

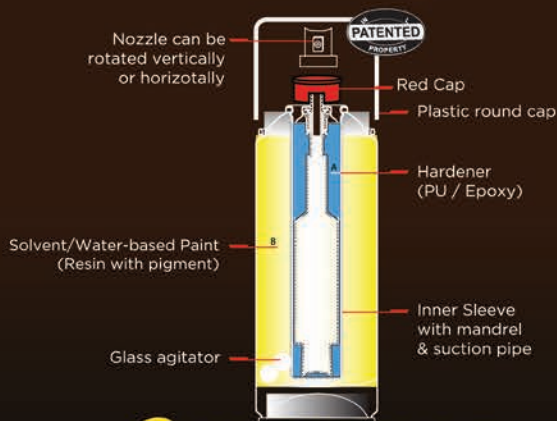
In FY2019, we recorded a net cash outflow from investing activities of approximately RM9.1 million mainly due to acquisition and renovation of new factory as well as plant and machineries to expand the Group's production capacity.

In FY2019, we recorded a net cash inflow from financing activities of approximately RM4.1 million mainly due to net drawdown of bank borrowings of RM6.1 million and offset by dividend of RM2.0 million paid on 13 August 2018.

As at 31 March 2019, the Group's cash and cash equivalents balances stood at RM28.8 million.






# OUR GLOBAL PATENTS



**2-COMPONENT PAINT**  
 NO MORE AIR COMPRESSOR  
 Patent no. US 9,926,129 B2

**Guides :**

-  2K SINGLE HEAD PATENT
-  UTILITY INNOVATION PATENT
-  INDUSTRIAL DESIGN PATENT



# 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 and was last re-elected as Director on 20 July 2017. 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)**

- Natural Cool Holdings Limited.

**Present directorships in listed companies (other than the Company)**

- ISDN Holdings Limited
- Joyas International Holdings Limited
- Beijing Gas 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 and was last re-elected as Director on 20 July 2017. 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 invented our Group's 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. He was also awarded a Special Innovation Award as a recognition of the same invention by The Moroccan Union of Inventors, an affiliate of the International Federation of Inventors' Associations at Toronto 2016. 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 and was last re-elected as Director on 20 July 2017. 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 and was last re-elected as Director on 20 July 2017. 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



# BOARD OF DIRECTORS



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

Dato' Chang Chor Choong was appointed to the Board on 16 December 2016 and was last re-elected as Director on 20 July 2017. 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



**Mr Hau Hock Khun**  
*Independent Director*

Mr Hau Hock Khun was appointed to our Board on 16 December 2016 and was last re-elected as Director on 25 July 2018. Mr Hau has more than 21 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 Lim Chong Huat**  
*Independent Director*

Mr Lim Chong Huat was appointed to our Board on 21 May 2019. Mr Lim has a diverse and strong working experience for more than 20 years in the accounting and audit industry. Over the years, he has also gained experience in the overall management and operations in a number of private accounting companies. Mr Lim is currently an Audit Principal at Milant & Associates LLP and founder of Lim CH & Associates, a certified public accounting firm providing audit services. He also set up a private limited company named CoseClinic Services Pte Ltd which took over businesses of Everich Management Services.

**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 as Chief Financial Officer. In November 2017, she was re-positioned as Chief Process Officer as well as the Acting Chief Financial Officer since July 2018. She was appointed again as Chief Financial Officer in May 2019. Currently, Ms Sia is in charge of Group's financial, management, accounting, treasury, taxation, investor relations and other corporate compliance matters reports to our CEO. 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 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 book keeping business in 2012 where he provided bookkeeping services to small businesses in Malaysia. Currently, Mr Voon has been relocated to our USA subsidiary and is in charge to oversee the business operation, preparation of financial statements and business activity reports of Samurai 2K USA. 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 development of Orientus Industry Sdn. Bhd. as well as the overall business operations and sales performance. Currently, she oversee the business operations and sales performance of PT Samurai Paint.

# KEY MANAGEMENT



**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.



**Parantaman E. Krishnan Naidu**  
*Regional Operation Director*

Mr Parantaman E. Krishnan Naidu joined our Group in 2017 as Factory Manager in charge of monitoring and managing the whole production activities to ensure that our products are meeting the specification, delivery target and company target. He was promoted to Regional Operation Director in June 2019 with responsibilities for commercial and operational excellence over South Asia countries (eg: India, Nepal, Sri Lanka, Bangladesh, and Middle East). Mr Paran has 25 years of manufacturing and safety experience and with last 15 years in middle and senior management roles mainly in Ophthalmic industry, Electronic Management System and Aerosol Competent Safety and Health Officer. Mr Paran graduated from Universiti Kebangsaan Malaysia in Bachelor of Arts (Hons) and he also obtained Masters of Business Administration (MBA) from Heriot Watt University, United Kingdom.



**Mr Chang Chien Fatt**  
*International Sales  
& Marketing Director*

Mr Chang Chien Fatt joined our group in July 2018. Mr Chang has 25 years of sales experience. In our Group, Mr Chang is responsible for the market development and strategy of untapped countries. He graduated from Universiti Kebangsaan Malaysia in Bachelor in Business Administration (Marketing and Finance) with strong upper class and was a dean list student for 6 consecutives semesters.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Mr Lim Siang Kai

(Non-Executive Chairman and Lead Independent Director)

### Mr Ong Yoke En

(Executive Director and Chief Executive Officer)

### Ms Lim Lay Yong

(Executive Director and Chief Operating Officer)

### Dato' Loh Shin Siong

(Non-Executive Director)

### Dato' Chang Chor Choong

(Non-Executive Director)

### Mr Hau Hock Khun

(Independent Director)

### Lim Chong Huat

(Independent Director)

## AUDIT COMMITTEE

Mr Lim Siang Kai (Chairman)

Mr Hau Hock Khun

Lim Chong Huat

## REMUNERATION COMMITTEE

Mr Hau Hock Khun (Chairman)

Mr Lim Siang Kai

Lim Chong Huat

## NOMINATING COMMITTEE

Lim Chong Huat (Chairman)

Mr Hau Hock Khun

Mr Lim Siang Kai

## COMPANY SECRETARIES

Mr Tan Chee How (FCIS)

## REGISTERED OFFICE

133, North Bridge Road,  
#08-03 Chinatown Point,  
Singapore 059413

## 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

### UNITED STATES OF AMERICA

627, Montrose Avenue  
South Plainfield  
New Jersey 07080  
United States of America

## 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 together with 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 2019 (“**FY2019**”), 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.

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

<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>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>(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>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>As at the date of this Annual Report, the Board comprises of seven directors as follows:</p> <table border="1"> <thead> <tr> <th>Name of Director</th> <th>Designation</th> <th>Date appointed</th> </tr> </thead> <tbody> <tr> <td>Mr Lim Siang Kai</td> <td>Non-Executive Chairman and Lead Independent Director</td> <td>3 October 2016</td> </tr> <tr> <td>Mr Ong Yoke En</td> <td>Executive Director and Chief Executive Officer ("CEO")</td> <td>9 March 2016</td> </tr> <tr> <td>Ms Lim Lay Yong</td> <td>Executive Director and Chief Operating Officer ("COO")</td> <td>3 October 2016</td> </tr> <tr> <td>Dato' Loh Shin Siong</td> <td>Non-Executive Director</td> <td>16 December 2016</td> </tr> <tr> <td>Dato' Chang Chor Choong</td> <td>Non-Executive Director</td> <td>16 December 2016</td> </tr> <tr> <td>Mr Hau Hock Khun</td> <td>Independent Director</td> <td>16 December 2016</td> </tr> <tr> <td>Mr Lim Chong Huat</td> <td>Independent Director</td> <td>21 May 2019</td> </tr> </tbody> </table> <p>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>The Board's role is to:</p> <ol style="list-style-type: none"> <li>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>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>review management performance;</li> <li>identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;</li> </ol>	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 Lim Chong Huat	Independent Director	21 May 2019
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# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																
		<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>																
1.2	All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.	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.																
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="815 304 1010 1503"> <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>Lim Chong Huat</td> <td>Hau Hock Khun</td> </tr> <tr> <td>Member</td> <td>Lim Chong Huat</td> <td>Lim Siang Kai</td> <td>Lim Chong Huat</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	Lim Chong Huat	Hau Hock Khun	Member	Lim Chong Huat	Lim Siang Kai	Lim Chong Huat	Member	Hau Hock Khun	Hau Hock Khun	Lim Siang Kai
	AC	NC	RC															
Chairman	Lim Siang Kai	Lim Chong Huat	Hau Hock Khun															
Member	Lim Chong Huat	Lim Siang Kai	Lim Chong Huat															
Member	Hau Hock Khun	Hau Hock Khun	Lim Siang Kai															
1.4	Have the Board and Board Committees met in the last financial year?	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 ("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.																

# 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 FY2019 are set out below:</p> <table border="1" data-bbox="284 304 815 1503"> <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><b>2</b></td> <td><b>2</b></td> <td><b>1</b></td> <td><b>1</b></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>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Ong Yoke En</td> <td>2</td> <td>2*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Lim Lay Yong</td> <td>2</td> <td>2*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Hau Hock Khun</td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Sia Yeak Hong <sup>(1)</sup></td> <td>2</td> <td>2</td> <td>1</td> <td>1</td> </tr> <tr> <td>Lim Chong Huat <sup>(2)</sup></td> <td>NA</td> <td>NA</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>Dato' Loh Shin Siong</td> <td>1</td> <td>1*</td> <td>1*</td> <td>1*</td> </tr> <tr> <td>Dato' Chang Chor Choong</td> <td>2</td> <td>2*</td> <td>1*</td> <td>1*</td> </tr> </tbody> </table> <p>* by invitation            (1) Mr Sia Yeak Hong resigned as Independent Non-Executive Directors on 21 May 2019.            (2) Mr Lim Chong Huat appointed as Independent Non-Executive Directors on 21 May 2019.</p>		Board	AC	NC	RC	<b>Number of meetings held</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>Name of director</b>					Lim Siang Kai	2	2	1	1	Ong Yoke En	2	2*	1*	1*	Lim Lay Yong	2	2*	1*	1*	Hau Hock Khun	2	2	1	1	Sia Yeak Hong <sup>(1)</sup>	2	2	1	1	Lim Chong Huat <sup>(2)</sup>	NA	NA	NA	NA	Dato' Loh Shin Siong	1	1*	1*	1*	Dato' Chang Chor Choong	2	2*	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.</p>
1.7	<p>Upon appointment of each director, has the company should provide a formal letter to the director, setting out the director's duties and obligations?</p>	<p>Formal letters of appointment will be 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 2.2 3.3	<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>
2.3 4.3	<p>Has the independence of the Independent Directors been reviewed in the last financial year?</p> <p>(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.</p>	<p>The NC had reviewed and is of the view that Mr Lim Siang Kai, Mr Lim Chong Huat and Mr Hau Hock Khun are independent. The Independent Directors had also confirmed their independence in accordance with the Code during the NC meeting held on 23 May 2019 and all the Independent Directors have provided their independence declaration.</p> <p>The Independent Directors do not have any relationship as stated in the Code that would otherwise deem any of them not to be independent.</p>



# CORPORATE GOVERNANCE REPORT

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	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.																						
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	None of the Independent Directors had served beyond nine years from the date of his appointment.																					
2.5	Has the Board examine its size and decide on what it considers an appropriate size for the Board, which facilitates effective decision making?	The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's businesses, and the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity without interfering with efficient decision-making.																					
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 Board and the NC 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="1098 309 1433 1496"> <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>
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	Have the Non-Executive Directors/Independent Directors met in the absence of key management personnel in the last financial year?	<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 one time respectively in the absence of key management personnel in FY2019.</p>
<b>Chairman and Chief Executive Officer</b>		
3.1 3.2	Are the duties between Chairman and CEO segregated?	<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>

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		<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, as well 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 care the lead in ensuring compliance with the Code.</p> <p>The responsibilities of Mr Ong Yoke En, the Executive Director and CEO, encompass managing the day-to-day business activities of the Group, developing and executing the Group's strategies, reporting back to the Board on the performance of the Group, and providing guidance to the Group's employees. The CEO also encourages constructive communication between Management and the Board.</p>
		<p><b>Board Membership</b></p> <p>4.1 4.2</p> <p>What are the duties of the NC?</p> <p>The NC comprises the Independent Directors, Mr Lim Siang Kai, Mr Hau Hock Khun and Mr Lim Chong Huat. The Chairman of the NC is Mr Lim Chong Huat.</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, inter alia:</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> </ul>



# CORPORATE GOVERNANCE REPORT

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		<p>(e) deciding whether or not a Director of the Company is able to and has been adequately carrying out his duties as a director;</p> <p>(f) to decide 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;</p> <p>(g) reviewing and approving the employment of persons related to the Directors, Executive Officers or Substantial Shareholders and the proposed terms of their employment;</p> <p>(h) reviewing the succession plans for the Executive Directors and Executive Officers; and</p> <p>(i) reviewing the training and professional development programmes for the Board.</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 its Board Committees, 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>
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>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> <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>

# CORPORATE GOVERNANCE REPORT

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	(c) What are the specific considerations in deciding on the capacity of directors?	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.												
4.5	(d) Have the Directors adequately discharged their duties?	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 FY2019.												
4.6	Are there alternate Directors?	The Company does not have any alternate directors.												
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="544 1151 970 1503"> <tbody> <tr> <td data-bbox="544 1151 683 1503">1. Determination of selection criteria</td> <td data-bbox="683 1151 970 1503">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="683 1151 788 1503">2. Search for suitable candidates</td> <td data-bbox="788 1151 893 1503">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="788 1151 893 1503">3. Assessment of shortlisted candidates</td> <td data-bbox="893 1151 970 1503">The NC would meet and interview the shortlisted candidates to assess their suitability.</td> </tr> <tr> <td data-bbox="893 1151 970 1503">4. Appointment of director</td> <td data-bbox="970 1151 1070 1503">The NC would recommend the selected candidate to the Board for consideration and approval.</td> </tr> </tbody> </table> <p>The following table sets out the process for the re-electing directors:</p> <table border="1" data-bbox="1054 1151 1359 1503"> <tbody> <tr> <td data-bbox="1054 1151 1251 1503">1. Assessment of director</td> <td data-bbox="1251 1151 1359 1503">                     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="1054 1503 1251 1908">2. Re-appointment of director</td> <td data-bbox="1251 1503 1359 1908">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> </tbody> </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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		<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>Directors who will be retiring at the forthcoming AGM pursuant to Regulation 104 of the Company's Constitution and are to be nominated for re-election, stated in the Notice of AGM set out on page 102 of this annual report.</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> <li>● Directors or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments;</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 12 of this annual report.</p> <p>The shareholdings of the individual directors of the Company are set out on page 39. 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 25 July 2019 are stated in the Notice of AGM set out on pages 102 of this Annual Report.</p>



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	<ul style="list-style-type: none"> <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>NC established a process for assessing the effectiveness of the Board as a whole and its Board Committees 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> <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 FY2019 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>

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		<p>The performance criteria for the individual director cover the following areas:</p> <ul style="list-style-type: none"> <li>a) Attendance in meetings</li> <li>b) Adequacy of preparation for meetings</li> <li>c) Participation in discussions</li> <li>d) Contribution in own specialist relevant area</li> <li>e) Area of expertise</li> </ul>																		
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>For FY2019, the NC had conducted the assessment via a questionnaire which is completed by each Director for the evaluation of the Board and Board Committees. The Company Secretary compiles Directors' responses into a consolidated summary report which was circulated to the Board via email. Each Director also completed a self-assessment form to assess each Director's contributions to the Board's effectiveness. The criteria for assessment include performance of principal functions and fiduciary duties, level of participation at meetings and individual attendance record.</p>																		
	(b) Has the Board met its performance objectives?	<p>The NC has assessed the current Board's performance to-date and is of the view that the Board has met its performance objectives.</p>																		
<p><b>Access to Information</b></p> <p>6.1 6.2 10.3</p>	<p>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>The following table sets out the type and information provided by key management personnel to Independent Directors for FY2019:</p> <table border="1" data-bbox="826 300 1142 1503"> <thead> <tr> <th data-bbox="826 300 874 528"></th> <th data-bbox="826 528 874 1335">Information</th> <th data-bbox="826 1335 874 1503">Frequency</th> </tr> </thead> <tbody> <tr> <td data-bbox="874 300 951 528">1</td> <td data-bbox="874 528 951 1335">Board papers and half yearly financial position, included the explanatory on the variances</td> <td data-bbox="874 1335 951 1503">Half yearly</td> </tr> <tr> <td data-bbox="951 300 999 528">2</td> <td data-bbox="951 528 999 1335">Budget and forecast included the explanatory on the variances</td> <td data-bbox="951 1335 999 1503">Half yearly</td> </tr> <tr> <td data-bbox="999 300 1046 528">3</td> <td data-bbox="999 528 1046 1335">Report on on-going or planned corporate activity</td> <td data-bbox="999 1335 1046 1503">Half yearly</td> </tr> <tr> <td data-bbox="1046 300 1094 528">4</td> <td data-bbox="1046 528 1094 1335">Internal Auditors' ("IA") report</td> <td data-bbox="1046 1335 1094 1503">Yearly</td> </tr> <tr> <td data-bbox="1094 300 1142 528">5</td> <td data-bbox="1094 528 1142 1335">Shareholding statistics</td> <td data-bbox="1094 1335 1142 1503">Yearly</td> </tr> </tbody> </table> <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>		Information	Frequency	1	Board papers and half yearly financial position, 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	Internal Auditors' ("IA") report	Yearly	5	Shareholding statistics	Yearly
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4	Internal Auditors' ("IA") report	Yearly																		
5	Shareholding statistics	Yearly																		

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
6.3 6.4	What is the role of the Company Secretary?	<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 Committee 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 Lim Chong Huat. 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> <p>If necessary, the RC may seek expert advice outside the Company on remuneration of the Directors and key executives. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.</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 FY2019.
<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 were adopted since 16 December 2016. Further details about the PSP and ESOS are set out on page 46 of this annual report.
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 misstatement of financial results, or of misconduct resulting in financial loss to the company?	<p>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.</p> <p>Further, Executive Directors owe fiduciary duty to the Company. The Company shall be able to avail itself to remedies against the Executive Directors in the event of the breach of fiduciary duties. Notwithstanding, the foregoing, the RC does not rule out the implementation of such contractual provision in future and will review and monitor the situation regularly.</p>
<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 so as to align with the Group's long-term business strategy, objectives, values and interest as well create value for the shareholders.



# CORPORATE GOVERNANCE REPORT

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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 such 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 \$250,000.</p> <p>The breakdown for the remuneration (in percentage terms) of the Directors for FY2019 is as follows:</p> <table border="1" data-bbox="445 452 1046 1503"> <thead> <tr> <th>Name of Director</th> <th>Base Salary</th> <th>Bonus</th> <th>Allowance</th> <th>Director Fees</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>Lim Siang Kai</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>Hau Hock Khun</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>Sia Yeak Hong <sup>(1)</sup></td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>Lim Chong Huat <sup>(2)</sup></td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Dato' Loh Shin Siong</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>100%</td> </tr> <tr> <td>Dato' Chang Chor Choong</td> <td>-</td> <td>-</td> <td>-</td> <td>100%</td> <td>100%</td> </tr> <tr> <td><b>Below S\$250,000 - S\$500,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Lim Lay Yong</td> <td>45%</td> <td>53%</td> <td>2%</td> <td>-</td> <td>100%</td> </tr> <tr> <td><b>Below S\$500,000 - S\$750,000</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ong Yoke En</td> <td>49%</td> <td>45%</td> <td>6%</td> <td>-</td> <td>100%</td> </tr> </tbody> </table> <p><b>Note:</b></p> <p>(1) Mr Sia Yeak Hong resigned as Independent Non-Executive Director on 21 May 2019.</p> <p>(2) Mr Lim Chong Huat appointed as Independent Non-Executive Director on 21 May 2019.</p> <p>The Directors' fees, as a lump sum, will be subject to the approval by shareholders at the forthcoming AGM.</p> <p>There were no termination or retirement benefits, as well as post-employment benefits granted to the Directors.</p>	Name of Director	Base Salary	Bonus	Allowance	Director Fees	Total	<b>Below S\$250,000</b>						Lim Siang Kai	-	-	-	100%	100%	Hau Hock Khun	-	-	-	100%	100%	Sia Yeak Hong <sup>(1)</sup>	-	-	-	100%	100%	Lim Chong Huat <sup>(2)</sup>	-	-	-	-	-	Dato' Loh Shin Siong	-	-	-	100%	100%	Dato' Chang Chor Choong	-	-	-	100%	100%	<b>Below S\$250,000 - S\$500,000</b>						Lim Lay Yong	45%	53%	2%	-	100%	<b>Below S\$500,000 - S\$750,000</b>						Ong Yoke En	49%	45%	6%	-	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 FY2019, the Group only had five top key management personnel (who are not also Directors of the Company). Subsequent to Mr Soo Chong Siong's resignation as CFO, the Group had on 31 July 2018 appointed Ms Sia Shu Yee as Acting CFO and redesignated as CFO on 21 May 2019.</p> <p>The breakdown for the remuneration of the Company's key management personnel) during FY2019 is as follows:</p> <table border="1" data-bbox="391 300 810 1503"> <thead> <tr> <th>Name of Key Executive</th> <th>Base Salary</th> <th>Bonus</th> <th>Allowance and Incentive</th> <th>Company's contribution on Employees' Provident Fund</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Below S\$250,000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Soo Choong Siong <sup>(1)</sup></td> <td>79%</td> <td>5%</td> <td>6%</td> <td>10%</td> <td>100%</td> </tr> <tr> <td>Sia Shu Yee <sup>(2)</sup></td> <td>62%</td> <td>15%</td> <td>15%</td> <td>8%</td> <td>100%</td> </tr> <tr> <td>Puah Thye Lay</td> <td>54%</td> <td>21%</td> <td>12%</td> <td>13%</td> <td>100%</td> </tr> <tr> <td>Lee Siong Kim</td> <td>50%</td> <td>39%</td> <td>3%</td> <td>8%</td> <td>100%</td> </tr> <tr> <td>Voon Kian Woon</td> <td>87%</td> <td>5%</td> <td>5%</td> <td>3%</td> <td>100%</td> </tr> </tbody> </table> <p>Note:</p> <p>(1) Mr Soo Choong Siong resigned as CFO on 31 July 2018.</p> <p>(2) Ms Sia Shu Yee appointed as Acting CFO on 31 July 2018 and subsequently redesignated as CFO on 21 May 2019. She was appointed as Chief Process Officer ("CPO") in November 2017 to May 2019, and the above disclosure included her salary for her role as CPO.</p> <p>There were no termination or retirement benefits, as well as post-employment benefits granted to the key executives.</p>	Name of Key Executive	Base Salary	Bonus	Allowance and Incentive	Company's contribution on Employees' Provident Fund	Total	Below S\$250,000						Soo Choong Siong <sup>(1)</sup>	79%	5%	6%	10%	100%	Sia Shu Yee <sup>(2)</sup>	62%	15%	15%	8%	100%	Puah Thye Lay	54%	21%	12%	13%	100%	Lee Siong Kim	50%	39%	3%	8%	100%	Voon Kian Woon	87%	5%	5%	3%	100%
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	<p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</p>	<p>The total remuneration paid to the top five (5) key management personnel for FY2019 was S\$396,718.</p>																																										

# CORPORATE GOVERNANCE REPORT

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9.4	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>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.</p> <table border="1" data-bbox="316 300 491 1505"> <thead> <tr> <th data-bbox="316 1191 395 1505">Name</th> <th data-bbox="316 1057 395 1191">Salary</th> <th data-bbox="316 922 395 1057">Bonus</th> <th data-bbox="316 788 395 922">Allowance and Incentive</th> <th data-bbox="316 654 395 788">Company EPF contribution</th> <th data-bbox="316 519 395 654">Total</th> </tr> </thead> <tbody> <tr> <td data-bbox="395 1191 443 1505">Below S\$50,000</td> <td data-bbox="395 1057 443 1191"></td> <td data-bbox="395 922 443 1057"></td> <td data-bbox="395 788 443 922"></td> <td data-bbox="395 654 443 788"></td> <td data-bbox="395 519 443 654"></td> </tr> <tr> <td data-bbox="443 1191 491 1505">Ong How En</td> <td data-bbox="443 1057 491 1191">64%</td> <td data-bbox="443 922 491 1057">5%</td> <td data-bbox="443 788 491 922">19%</td> <td data-bbox="443 654 491 788">12%</td> <td data-bbox="443 519 491 654">100%</td> </tr> </tbody> </table>	Name	Salary	Bonus	Allowance and Incentive	Company EPF contribution	Total	Below S\$50,000						Ong How En	64%	5%	19%	12%	100%
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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.</p> <p>Further details of the ESOS and PSP are set out in page 46 of this Annual Report.</p>																		
9.6	(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	<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 FY2019. 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>																		
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	<p>The performance criteria used to assess the remuneration of Executive Directors and key management personnel is based on the following 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, i.e., PBT of at least RM7.5 million</li> </ol>																		
	(c) Were all of these performance conditions met? If not, what were the reasons?	<p>The RC has reviewed and is satisfied that the performance conditions were met in FY2019.</p>																		

# CORPORATE GOVERNANCE REPORT

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<b>ACCOUNTABILITY AND AUDIT</b>		
<b>Accountability</b>		
10.1 10.2	The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.	<p>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.</p> <p>The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Catalyst 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.</p> <p>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.</p>
<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>
11.2 11.4	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>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>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 with the concurrence of the AC, 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 FY2019.</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 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; and</li> <li>● An external audit was performed by the independent auditors and control gaps in financial controls were highlighted to the AC and key management personnel were properly addressed.</li> </ul>
(b)	<p>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 FY2019.</p> <p>The Board has relied on the independent auditors' 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 operations and finances.</p> <p>The Board has additionally relied on yearly review done by internal auditors' reports to ensure that the Group's risk management and internal control systems are effective and adequate.</p>

# CORPORATE GOVERNANCE REPORT

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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 Catalist 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> <li>(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 IA;</li> </ul>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation						
		<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 the relevant accounting and related financial management expertise and experience to discharge their responsibilities. They are Mr Lim Siang Kai and Mr Lim Chong Huat.						
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 in FY2019.						
12.6	Has the AC reviewed the independence of the EA?	The AC has reviewed the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditors, and has recommended the re-appointment of the external auditors at the forthcoming AGM.						
	(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>The table below sets out the audit and non-audit fees paid for FY2019:</p> <table border="1" data-bbox="1259 804 1433 1500"> <tbody> <tr> <td data-bbox="1259 1153 1307 1500"></td> <td data-bbox="1259 804 1307 1153" style="text-align: right;"><b>S\$</b></td> </tr> <tr> <td data-bbox="1307 1153 1355 1500">Audit fees</td> <td data-bbox="1307 804 1355 1153" style="text-align: right;">55,000</td> </tr> <tr> <td data-bbox="1355 1153 1433 1500">Non-audit fee - Tax compliance</td> <td data-bbox="1355 804 1433 1153" style="text-align: right;">1,200</td> </tr> </tbody> </table>		<b>S\$</b>	Audit fees	55,000	Non-audit fee - Tax compliance	1,200
	<b>S\$</b>							
Audit fees	55,000							
Non-audit fee - Tax compliance	1,200							

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(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.	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.
12.7	Does the Company have a whistle-blowing policy?	<p>The Group has established a whistleblowing 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 the any of AC members via the following <a href="mailto:whistleblow@samuraipaint.jp">whistleblow@samuraipaint.jp</a>.</p> <p>There were no whistleblowing reports received in FY2019.</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?	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.
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?	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.
<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.	<p>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.</p> <p>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.</p>



# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<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 Time 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 conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, are explained by the scrutineers at such general meetings.
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.	The Company's Constitution allows an individual Shareholder to appoint not more than two proxies to attend and vote on his or her behalf at the general meetings.  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.
<b>SHAREHOLDER RIGHTS AND RESPONSIBILITIES</b>		
<b>Communication with Shareholders</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 Companies 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.

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
15.2 15.3 15.4	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website <a href="http://www.samurai2kaerosol.com">www.samurai2kaerosol.com</a>.</p>
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 is proposing a first and final (one-tier tax exempt) cash dividend ("<b>Proposed Dividend</b>") of S\$0.005 per ordinary share in the capital of the Company in respect of FY2019. The Proposed Dividend are subject to the shareholders' approval at the upcoming Annual General Meeting.</p>

# CORPORATE GOVERNANCE REPORT

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<b>CONDUCT OF SHAREHOLDER MEETINGS</b>		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	<p>The Company's Constitution allows all shareholders to appoint proxies to attend general meeting and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.</p> <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>
<b>COMPLIANCE WITH APPLICABLE CATALIST RULES</b>		
<b>Catalist Rule</b>	<b>Rule Description</b>	<b>Company's Compliance or Explanation</b>
711A	Sustainability Report	The Company will issue its Sustainability Report for FY2019 by August 2019 and will upload it on the SGXNET.
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	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 FY2019 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, compliance and information technology 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>

# CORPORATE GOVERNANCE REPORT

<b>COMPLIANCE WITH APPLICABLE CATALIST RULES</b>	
1204(10C)	<p>ARC's comment on Internal Audit Function</p> <p>The AC is satisfied that the Company's internal audit function is</p> <ul style="list-style-type: none"> <li>● sufficiently independent to carry out its role;</li> <li>● conducted effectively as Management has provided full co-operation to enable IA to perform its function;</li> <li>● adequately resourced to perform the work for the Group; and</li> <li>● has the appropriate standing within the Company</li> </ul> <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. There were no interested person transactions of S\$100,000 or more transacted during FY2019.</p>
1204(17)	<p>Interested Persons Transaction ("IPT")</p> <p>The Company has adopted an internal policy which prohibits the Company, its 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> <p>The Company will be required to announce its unaudited financial results on a quarterly basis with effect from quarter ended 30 June 2019.</p> <p>As such, the Company, its Directors and officers are prohibited from dealing in Company's securities during the period commencing two weeks from the announcement of the Group's quarterly financial results and one month before the announcement of the Group's full-year financial results, and ending on the date of the announcement of the relevant results.</p>
1204(19)	<p>Dealing in Securities</p> <p>No non-sponsor fees were paid to the Company's sponsor, UOB Kay Hian Private Limited for FY2019.</p>
1204(21)	<p>Non-sponsor fees</p>



# CORPORATE GOVERNANCE REPORT

<b>COMPLIANCE WITH APPLICABLE CATALIST RULES</b>																													
1204(22)	<p data-bbox="197 1411 343 2096">Use of IPO Proceeds</p> <p data-bbox="197 277 343 1411">Pursuant to the Company's initial public offering ("IPO") and the Placement exercise completed on 15 December 2017 ("Placement"), the Company received net proceeds from the IPO and Placement of approximately S\$ 2.35 million and S\$ 9.60 million respectively (the "Net Proceeds"). Please refer to the Company's offer document dated 9 January 2017 ("Offer Document") and announcement on the Placement dated 27 November 2017 for further details.</p> <p data-bbox="367 277 391 1411">As at 25 June 2019, the Net Proceeds have been utilised as follows:</p> <table border="1" data-bbox="414 277 798 1411"> <thead> <tr> <th data-bbox="414 277 550 772"><b>Use of Proceeds</b></th> <th data-bbox="414 772 550 1008"><b>Estimated amount allocated (\$'000)</b></th> <th data-bbox="414 1008 550 1243"><b>Amount utilised as at the date of this announcement (\$'000)</b></th> <th data-bbox="414 1243 550 1411"><b>Balance as at the date of this announcement (\$'000)</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="566 277 590 772">Net IPO Proceeds</td> <td data-bbox="566 772 590 1008">1,200</td> <td data-bbox="566 1008 590 1243">(1,200)</td> <td data-bbox="566 1243 590 1411">-</td> </tr> <tr> <td data-bbox="606 277 630 772">Expansion of production facilities</td> <td data-bbox="606 772 630 1008">1,150</td> <td data-bbox="606 1008 630 1243">(776)<sup>(1)</sup></td> <td data-bbox="606 1243 630 1411">374</td> </tr> <tr> <td data-bbox="646 277 670 772">General working capital</td> <td data-bbox="646 772 670 1008"></td> <td data-bbox="646 1008 670 1243"></td> <td data-bbox="646 1243 670 1411"></td> </tr> <tr> <td data-bbox="686 277 710 772">Net Placement Proceeds</td> <td data-bbox="686 772 710 1008">9,600</td> <td data-bbox="686 1008 710 1243">(4,634)</td> <td data-bbox="686 1243 710 1411">4,966</td> </tr> <tr> <td data-bbox="726 277 750 772">Business development and expansion</td> <td data-bbox="726 772 750 1008">11,950</td> <td data-bbox="726 1008 750 1243">(6,610)</td> <td data-bbox="726 1243 750 1411">5,240</td> </tr> <tr> <td data-bbox="766 277 790 772">Total</td> <td data-bbox="766 772 790 1008"></td> <td data-bbox="766 1008 790 1243"></td> <td data-bbox="766 1243 790 1411"></td> </tr> </tbody> </table> <p data-bbox="813 277 837 1411"><b>Note</b></p> <p data-bbox="853 277 909 1411">(1) Utilised for the payment of operating expenses incurred by the Company's wholly-owned subsidiary, Samurai 2K USA Inc.</p> <p data-bbox="933 277 989 1411">The above utilisations of proceeds are in line with the intended use of proceeds as set out in the Offer Document and the Placement announcement dated 27 November 2017.</p>	<b>Use of Proceeds</b>	<b>Estimated amount allocated (\$'000)</b>	<b>Amount utilised as at the date of this announcement (\$'000)</b>	<b>Balance as at the date of this announcement (\$'000)</b>	Net IPO Proceeds	1,200	(1,200)	-	Expansion of production facilities	1,150	(776) <sup>(1)</sup>	374	General working capital				Net Placement Proceeds	9,600	(4,634)	4,966	Business development and expansion	11,950	(6,610)	5,240	Total			
<b>Use of Proceeds</b>	<b>Estimated amount allocated (\$'000)</b>	<b>Amount utilised as at the date of this announcement (\$'000)</b>	<b>Balance as at the date of this announcement (\$'000)</b>																										
Net IPO Proceeds	1,200	(1,200)	-																										
Expansion of production facilities	1,150	(776) <sup>(1)</sup>	374																										
General working capital																													
Net Placement Proceeds	9,600	(4,634)	4,966																										
Business development and expansion	11,950	(6,610)	5,240																										
Total																													

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Dato Loh Shin Siong, Dato Chang Chor Choong and Mr Lim Chong Huat are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 25 July 2019 (“**AGM**”) (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”).

Pursuant to Rule 720(5) of the SGX-ST Catalyst Rules, the information as set out in Appendix 7F relating to the above Retiring Directors to be put forward for re-election at the forthcoming Annual General Meeting is disclosed below:

	<b>DATO LOH SHIN SIONG</b>	<b>DATO CHANG CHOR CHOONG</b>	<b>MR LIM CHONG HUAT</b>
Date of Appointment	16 December 2016	16 December 2016	21 May 2019
Date of last re-appointment	20 July 2017	20 July 2017	NA
Age	52	45	49
Country of principal residence	Malaysia	Malaysia	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of Nominating Committee (“ <b>NC</b> ”) and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Dato Loh Shin Siong for re-appointment as Non-Executive Director of the Company. The Board has reviewed and concluded Dato Loh Shin Siong possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Dato Chang Chor Choong for re-appointment as Non-Executive Director of the Company. The Board has reviewed and concluded that Dato Chang Chor Choong possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Lim Choong Huat for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Lim Choong Huat possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g.) Lead ID, AC Chairman, AC Member etc.)	Non-executive Director,	Non-executive Director	Independent Director, Chairman of the Nominating Committee, Member of the Audit Committee and Remuneration Committee
Professional qualifications	Not Applicable	Not Applicable	Certified Public Accountant

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>DATO LOH SHIN SIONG</b>	<b>DATO CHANG CHOR CHOONG</b>	<b>MR LIM CHONG HUAT</b>
Working experience and occupation(s) during the past 10 years	04/2007 - 01/2014 - Matang Express Services Sdn. Bhd. 2011 - Present - Fossil Food & Beverage Sdn. Bhd. 2011 - 2016 - Exbe Marketing Sdn Bhd 2013 - Present - LSS F&B Trading (M) Sdn. Bhd. 2014 - Present - Pembinaan Silih Kasih Sdn Bhd 2014 - Present Master Natual Herbal Sdn. Bhd 2016 - Present - Diamond Star Global Sdn. Bhd.	10/2012 - Present - SBL Worldwide Trading Pte Ltd 09/2012 - Present - Rejo Beverage Pte Ltd 07/2014 - Present - Pembinaan Silih Kasih Sdn Bhd 11/2013 - Present Otachi Holdings Sdn Bhd 10/2013 - Present - LSS F&B Trading (M) Sdn Bhd 06/2010 - Present - Deluxe Percent Sdn. Bhd. 09/2009 - Present - Wisdom Power Sdn Bhd 10/2011 - Present - Fossil Food & Beverage Sdn. Bhd. 06/2011 - 01/2016 - Exbe Marketing Sdn Bhd	05/1997 - Present - Sole Proprietor, Everich Management Services 06/2002 - Present - Sole Proprietor, Lim CH & Associates 08/2008 - Present - Partner, Milant & Associate LLP 06/2016 - Present - Director, CoSeclinic Services Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	4,250,000 ordinary shares	4,250,000 ordinary shares	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries.	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years)	Nil	Nil	Bizwiz Advisors Pte Ltd H2 & ML Jason Pte Ltd Capital Training Pte Ltd Powercap Limited Aagol (Singapore) Pte Ltd Master of Capital (S) Pte Ltd Immanual Group Pte Ltd Bon Global Networks (Singapore) Pte Ltd CoSeclinic Wealth Creations Pte Ltd

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DATO LOH SHIN SIONG	DATO CHANG CHOR CHOONG	MR LIM CHONG HUAT
Present	Nil	Nil	CoSeclinic Services Pte Ltd De Northstar Pte Ltd Wealthy Eight Pte Ltd Origin Mart Pte Ltd G&H Online Pte Ltd Kouso Bio Trading Pte Ltd Coseclinic Ebiz Pte Ltd Ilim Bruxism Care Pte Ltd Semra (SEA) Pte Ltd Everich Management Service One-Stop Business Centre Group Vegetarian Delivery D'llesell Milant & Associates LLP Lim CH & Associates
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b>			
a) Whether at any time during the last 10 years, an application or petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or any time within 2 years from the date he ceased to be a partner?	No	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or whether that entity is the trustee of a business trust, that business trust, on the group of insolvency?	No	No	No

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>DATO LOH SHIN SIONG</b>	<b>DATO CHANG CHOR CHOONG</b>	<b>MR LIM CHONG HUAT</b>
c) Whether there is any unsatisfied judgement against him?	No	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud of dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law of regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation of dishonesty on his part?	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No



# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>DATO LOH SHIN SIONG</b>	<b>DATO CHANG CHOR CHOONG</b>	<b>MR LIM CHONG HUAT</b>
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-  i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or  ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or  iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DATO LOH SHIN SIONG	DATO CHANG CHOR CHOONG	MR LIM CHONG HUAT
<p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>			
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
<b>Disclosure applicable to the appointment of Director only.</b>			
Any prior experience as a director of an issuer listed on the Exchange?  If Yes, Please provide details of prior experience	Not applicable	Not applicable	Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Not applicable	Not applicable	Not applicable

# 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") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2019.

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 99 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 2019 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); 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	
Lim Siang Kai	
Dato' Chang Chor Choong	
Hau Hock Khun	
Dato' Loh Shin Siong	
Lim Chong Huat	(Appointed on 21 May 2019)
Sia Yeak Hong	(Resigned on 21 May 2019)

## 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' 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 Act except as follows:

	Number of ordinary shares Shareholdings registered in the name of directors	
	At 1.4.2018	At 31.3.2019
<b>The Company</b>		
Ong Yoke En	50,384,000	46,384,000
Lim Lay Yong	15,000,000	15,000,000
Dato' Chang Chor Choong	4,250,000	4,250,000
Dato' Loh Shin Siong	4,250,000	4,250,000

# DIRECTORS' STATEMENT

## Directors' interest in shares or debentures (cont'd)

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 1.4.2018	At 31.3.2019
PT Samurai Paint	2,010	2,010

The directors' interest in the ordinary shares of the Company as at 21 April 2019 were the same as those as at 31 March 2019.

## 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 Lim Chong Huat. 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.

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 report are:

Lim Siang Kai	(Chairman)
Hau Hock Khun	
Lim Chong Huat	(Appointed on 21 May 2019)

# DIRECTORS' STATEMENT

## **Audit Committee (cont'd)**

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act. Their functions are detailed in the Report on Corporate Governance.

The Audit Committee also:

- (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 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 2019 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 independent auditor and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

## **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

28 June 2019



# INDEPENDENT AUDITOR'S REPORT

To The Members of Samurai 2K Aerosol Limited

## 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 99, which comprise the statements of financial position of the Group and the Company as at 31 March 2019, 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 and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

### Basis for Opinion

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

### Key Audit Matter

Key audit matters are those matter 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.

#### Allowance for expected credit losses of trade receivables

The assessment of allowance for expected credit losses ("ECL") of trade receivables is considered a key audit matter as it requires the application of significant estimates and assumptions by management and trade receivables is significant to the Group's total assets.

As at 31 March 2019, trade receivables amount to RM35,611,000 (2018: RM25,147,000) which represents approximately 35% (2018: 27%) of the Group's total assets. Trade receivables comprise three debtors (2018: one debtor) that represent approximately 91% (2018: 74%) of the total trade receivables balance.

The Group determines the ECL of trade receivables by applying the simplified approach and using the provision matrix to measure the lifetime ECL for trade receivables. The Group categorises its trade receivables by its past due status and segregates debtors regarded as credit-impaired where one or more credit impairment events have occurred. The ECL rates for each category of debtors are estimated based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

The significant judgements and assumptions applied in the calculation of loss allowance and details of ECL measurement are disclosed in Note 3 and Note 24(b) to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

To The Members of Samurai 2K Aerosol Limited

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

### Key Audit Matter (cont'd)

#### Allowance for expected credit losses of trade receivables (cont'd)

##### *Our procedures to address the key audit matter*

We obtained an understanding of the Group's credit policy and credit assessment procedures, and the Group's ECL assessment for trade receivables. We assessed the reasonableness of management's judgement and assumptions applied in the ECL model including management's determination of historical credit loss rates, debtors regarded as credit-impaired and management's consideration of current conditions and forecast economic conditions specific to its trade receivables.

We have also 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 but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT

To The Members of Samurai 2K Aerosol Limited

## 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

## **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

28 June 2019

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

	Note	2019 RM'000	2018 RM'000
<b>Revenue</b>	4	<b>72,605</b>	90,014
Cost of sales		<b>(40,922)</b>	(51,341)
Gross profit		<b>31,683</b>	38,673
Other income/(expenses)	5	<b>709</b>	(3,787)
Administrative expenses		<b>(12,457)</b>	(11,550)
Marketing and distribution expenses		<b>(6,222)</b>	(7,214)
Finance costs	6	<b>(493)</b>	(487)
<b>Profit before tax</b>	7	<b>13,220</b>	15,635
Tax expense	9	<b>(3,082)</b>	(3,726)
<b>Profit for the year</b>		<b>10,138</b>	11,909
<b>Other comprehensive loss:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation		<b>(14)</b>	(146)
<b>Total comprehensive income for the year</b>		<b>10,124</b>	11,763
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company		<b>10,441</b>	11,703
Non-controlling interest		<b>(303)</b>	206
<b>Profit for the year</b>		<b>10,138</b>	11,909
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		<b>10,423</b>	11,567
Non-controlling interest		<b>(299)</b>	196
		<b>10,124</b>	11,763
<b>Earnings per share for profit attributable to equity holders of the Company (RM sen per share)</b>			
Basic and diluted	10	<b>9.50</b>	11.4

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



# STATEMENTS OF FINANCIAL POSITION

As at 31 March 2019

	Note	Group			Company		
		(Restated)		(Restated)			
		31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Non-current assets</b>							
Property, plant and equipment	11	<b>23,085</b>	16,117	10,859	-	-	-
Intangible assets	12	<b>549</b>	168	18	-	-	-
Investment in subsidiaries	13	-	-	-	<b>10,124</b>	10,451	12,650
Other receivables	14	-	-	261	-	-	-
Deferred tax assets	15	<b>542</b>	74	45	-	-	-
<b>Total non-current assets</b>		<b>24,176</b>	16,359	11,183	<b>10,124</b>	10,451	12,650
<b>Current assets</b>							
Inventories	16	<b>8,088</b>	8,263	6,388	-	-	-
Trade and other receivables	14	<b>40,876</b>	29,925	5,188	<b>27,159</b>	20,170	342
Cash and bank balances	17	<b>29,973</b>	39,290	19,922	<b>19,624</b>	28,454	8,576
<b>Total current assets</b>		<b>78,937</b>	77,478	31,498	<b>46,783</b>	48,624	8,918
<b>Total assets</b>		<b>103,113</b>	93,837	42,681	<b>56,907</b>	59,075	21,568
<b>Non-current liabilities</b>							
Borrowings	18	<b>3,812</b>	4,178	5,128	-	-	-
Deferred tax liabilities	15	<b>1,074</b>	483	591	-	-	-
Other payables	19	<b>279</b>	272	176	-	-	-
<b>Total non-current liabilities</b>		<b>5,165</b>	4,933	5,895	-	-	-
<b>Current liabilities</b>							
Trade and other payables	19	<b>13,328</b>	18,843	7,020	<b>2,307</b>	2,445	3,220
Borrowings	18	<b>10,009</b>	3,631	4,668	-	-	-
Tax payable		<b>545</b>	522	319	-	-	-
<b>Total current liabilities</b>		<b>23,882</b>	22,996	12,007	<b>2,307</b>	2,445	3,220
<b>Total liabilities</b>		<b>29,047</b>	27,929	17,902	<b>2,307</b>	2,445	3,220
<b>Net assets</b>		<b>74,066</b>	65,908	24,779	<b>54,600</b>	56,630	18,348
<b>Equity</b>							
Share capital	20	<b>52,653</b>	52,653	23,287	<b>52,653</b>	52,653	23,287
Retained earnings/ (accumulated losses)		<b>32,305</b>	23,830	12,875	<b>1,947</b>	3,977	(4,939)
Currency translation reserve		<b>(254)</b>	(236)	-	-	-	-
Merger reserve	21	<b>(10,497)</b>	(10,497)	(11,345)	-	-	-
Equity attributable to equity holders of the Company		<b>74,207</b>	65,750	24,817	<b>54,600</b>	56,630	18,348
Non-controlling interest		<b>(141)</b>	158	(38)	-	-	-
<b>Total equity</b>		<b>74,066</b>	65,908	24,779	<b>54,600</b>	56,630	18,348

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

	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>							
Balance at 1 April 2018 as previously stated	52,653	23,540	54	(10,497)	65,750	158	65,908
Impact on adoption of SFRS(I) 1 (Note 2(a))	-	290	(290)	-	-	-	-
Balance at 1 April 2018 as restated	52,653	23,830	(236)	(10,497)	65,750	158	65,908
Profit for the year	-	10,441	-	-	10,441	(303)	10,138
<i>Other comprehensive loss for the year</i>							
Currency translation differences arising from consolidation	-	-	(18)	-	(18)	4	(14)
Total comprehensive income/(loss) for the year	-	10,441	(18)	-	10,423	(299)	10,124
Dividend paid (Note 22)	-	(1,966)	-	-	(1,966)	-	(1,966)
<b>Balance at 31 March 2019</b>	<b>52,653</b>	<b>32,305</b>	<b>(254)</b>	<b>(10,497)</b>	<b>74,207</b>	<b>(141)</b>	<b>74,066</b>

	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>							
Balance at 1 April 2017	23,287	12,585	290	(11,345)	24,817	(38)	24,779
Impact on adoption of SFRS(I) 1 (Note 2(a))	-	290	(290)	-	-	-	-
Balance at 1 April 2017 as restated	23,287	12,875	-	(11,345)	24,817	(38)	24,779
Profit for the year	-	11,703	-	-	11,703	206	11,909
<i>Other comprehensive loss for the year</i>							
Currency translation differences arising from consolidation	-	-	(136)	-	(136)	(10)	(146)
Total comprehensive income/(loss) for the year	-	11,703	(136)	-	11,567	196	11,763
Issuance of ordinary shares pursuant to share placement	30,258	-	-	-	30,258	-	30,258
Capitalisation of share issuance expenses	(892)	-	-	-	(892)	-	(892)
Strike off of subsidiary	-	(748)	(100)	848	-	-	-
Balance at 31 March 2018 (Restated)	52,653	23,830	(236)	(10,497)	65,750	158	65,908

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

# STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

	Share capital RM'000	Retained earnings/ (Accumulated losses) RM'000	Total equity RM'000
<b>Company</b>			
Balance at 1 April 2018	52,653	3,977	56,630
Loss for the financial year	-	(64)	(64)
Dividend paid (Note 22)	-	(1,966)	(1,966)
<b>Balance at 31 March 2019</b>	<b>52,653</b>	<b>1,947</b>	<b>54,600</b>
Balance at 1 April 2017	23,287	(4,939)	18,348
Profit for the financial year	-	8,916	8,916
Issuance of ordinary shares pursuant to share placement	30,258	-	30,258
Capitalisation of share issuance expenses	(892)	-	(892)
Balance at 31 March 2018	52,653	3,977	56,630

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	2019 RM'000	2018 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	13,220	15,635
Adjustments for:		
Depreciation of property, plant and equipment	1,654	1,090
Amortisation of intangible asset	53	5
Property, plant and equipment written off	-	13
Interest expenses	493	484
Interest income	(233)	(175)
Loss/(gain) on disposal of property, plant and equipment	57	(11)
Inventories written off	319	-
Inventories written down	388	-
Operating cash flows before working capital change	15,951	17,041
Changes in operating assets and liabilities		
Inventories	(517)	(1,932)
Receivables	(9,647)	(24,668)
Payables	(5,631)	12,645
Currency translation adjustments	6	(239)
Cash generated from operations	162	2,847
Income tax paid	(4,220)	(3,900)
Interest income	233	175
Interest expenses	(493)	(484)
<b>Net cash used in operating activities</b>	<b>(4,318)</b>	<b>(1,362)</b>
<b>Cash flow from investing activities</b>		
Purchase of intangible asset	(367)	(155)
Proceeds from disposal of property, plant and equipment	98	25
Purchase of property, plant and equipment	(8,832)	(6,166)
<b>Net cash used in investing activities</b>	<b>(9,101)</b>	<b>(6,296)</b>
<b>Cash flow from financing activities</b>		
Decrease/(increase) in fixed deposits pledged	98	(39)
Proceed from issuance of ordinary shares	-	30,258
Dividend paid	(1,966)	-
Repayment of obligations under finance lease	(116)	(129)
Proceeds from bank borrowings	6,623	-
Repayment of bank borrowings	(495)	(1,858)
Share issuance expenses	-	(892)
<b>Net cash generated from financing activities</b>	<b>4,144</b>	<b>27,340</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,275)</b>	<b>19,682</b>
Cash and cash equivalents at beginning of the financial year	38,068	18,739
Effects of exchange rate changes on cash and cash equivalents	56	(353)
<b>Cash and cash equivalents at end of the financial year (Note 17)</b>	<b>28,849</b>	<b>38,068</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

## 1 Corporate information

Samurai 2K Aerosol Limited (the “Company”) (Co. Reg. No. 201606168C) is incorporated as a private limited company and domiciled in Singapore on 9 March 2016. It was converted into a public company limited by shares on 16 December 2016 and is listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office of the Company is at 133 North Bridge Road, #08-03 Chinatown Point, Singapore 059413. The principal place of business of the Company is located at No.4, Jalan Dato Yunus 1, Kawasan Perindustrian Dato Yunus Sulaiman, Lima Kedai, 81120 Skudai, Johor, Malaysia.

The principal activity of the Company is an investment holding company. The principal activities of the subsidiaries are disclosed in Note 13.

## 2 Summary of significant accounting policies

### a) Basis of preparation

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

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

The preparation of financial statements in conformity with SFRS(I) 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.

#### *Use of estimates and judgements*

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

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

The carrying amounts of cash and 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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

#### *New and revised standards*

In December 2017, the Accounting Standards Council (“ASC”) issued the Singapore Financial Reporting Standards (International) (“SFRS(I)”). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of Singapore Exchange (“SGX”), the Group has adopted SFRS(I) on 1 April 2018. These financial statements for the financial year ended 31 March 2019 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group’s previously issued financial statements for periods up to and including the financial year ended 31 March 2018 were prepared in accordance with Singapore Financial Reporting Standards (“SFRS”).

In adopting SFRS(I) on 1 April 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 March 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group has also presented statement of financial position as at 1 April 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations (“SFRS(I) INT”) that are effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or financial position of the Group and the Company.

#### **Summary of quantitative impact**

The following reconciliations summarise the impacts on initial application of SFRS(I) on the Group’s financial position as at 1 April 2017, 31 March 2018 and 1 April 2018. There were no material adjustments to the Group’s consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 March 2018 arising on transition to SFRS(I).

#### **Statements of financial position**

##### **Group**

	Note	FRS framework RM’000	SFRS(I) 1 RM’000	SFRS(I) framework RM’000
<b>Equity</b>				
31 March 2018				
Currency translation reserve	A	54	(290)	(236)
Retained earnings	A	23,540	290	23,830
1 April 2017				
Currency translation reserve	A	290	(290)	-
Retained earnings	A	12,585	290	12,875

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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

*New and revised standards (cont'd)*

#### A. First time adoption of SFRS(I)

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) with 1 April 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. Except as described below, the application of SFRS(I) did not have any significant impact on the financial statements.

*Foreign currency translation reserve*

The Group elected the optional exemption to reset its cumulative foreign currency translation reserve for all foreign operations to nil at the date of transition on 1 April 2017. As a result, the foreign currency translation reserve of RM290,000, determined in accordance with FRSs as at 1 April 2017, was reclassified to retained earnings as at 1 April 2017. Subsequent to the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the cumulative foreign currency translation reserve decreased by RM290,000 and Retained earnings increased by the same amount as at 31 March 2018.

#### B. SFRS(I) 15

SFRS(I) 15 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. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SFRS(I) 15 using the full retrospective approach. The Group has elected the practical expedient to apply the standard to contracts that are not completed at the date of initial application. Updates to the Group's accounting policy have been made as required.

The application of SFRS(I) 15 did not have any significant impact on these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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

*New and revised standards (cont'd)*

### C. SFRS(I) 9

SFRS(I) 9 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 April 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on expected credit loss model and replace FRS 39 incurred loss model.

The Group and the Company applied SFRS(I) 9 using a modified retrospective approach, with date of initial application on 1 April 2018. The Group and the Company have not restated the comparative information, which continues to be reported under FRS 39. Differences arising from the adoption of SFRS(I) 9 have been recognised directly in retained earnings and other components of equity as at 1 April 2018.

The impact upon adoption of SFRS(I) 9 as at 1 April 2018 was as follows:

#### i) *Classification and measurement*

Under SFRS(I) 9, the Group and the Company classify their financial assets based on their business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The following were the changes in classification and measurement arising from adopting SFRS(I) 9:

- Loans and receivables (including trade and other receivables (excluding prepayments and tax recoverable) and cash and bank balances) as at 31 March 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 April 2018.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

#### (ii) *Impairment*

SFRS(I) 9 requires the Group and Company to record expected credit losses on all of its financial assets at amortised cost, either on a 12-month or lifetime basis. Upon adoption of SFRS(I) 9, there is no additional impairment required on the Group's financial assets at amortised cost.

At the date of initial application and 31 March 2019, the Group and the Company have assessed that the adoption of SFRS(I) 9 does not have any material impact to the financial position and results of the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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

#### *New and revised standards (cont'd)*

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 March 2019 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 follows:

#### **SFRS(I) 16 Leases**

SFRS(I) 16 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 statements 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), within limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of assets and liabilities resulting from the adoption of SFRS(I) 16 at the date of initial application in the opening retained earnings as at 1 April 2019. Right-of-use assets are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 April 2019. The standard will affect primarily the accounting for the Group’s operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RM448,000 (Note 23). The Group expects to recognise right-of-use assets of approximately RM430,000 and lease liabilities of approximately RM430,000 on 1 April 2019.

The lessor’s accounting under SFRS(I) 16 remains largely unchanged from SFRS 17 and the Group’s activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required in the financial statements upon adoption of the standard.

### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. 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, 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 group restructuring exercise, any 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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

### 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:

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

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.

Plant and machinery in the course of construction for production are carried at cost, less any recognised impairment loss until construction is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

### 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.

### g) Financial assets

The accounting policy for financial assets before 1 April 2018 are as follows:

#### **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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

### g) Financial assets (cont'd)

The accounting policy for financial assets before 1 April 2018 are as follows (cont'd):

#### ***Classification (cont'd)***

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.

The accounting policy for financial assets from 1 April 2018 onwards are as follows:

#### ***Recognition and derecognition***

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

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

### g) Financial assets (cont'd)

The accounting policy for financial assets from 1 April 2018 onwards are as follows (cont'd):

#### ***Classification and measurement***

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies loans and receivables as amortised cost.

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

#### ***Subsequent measurement***

##### Debt instruments

Debt instruments include cash and bank balances, trade and other receivables (excluding advance payment to suppliers, prepayments, net goods and services tax receivables and tax recoverable). The subsequent measurement category depends on the Group's business model for managing the asset and cash flow characteristics of the asset:

##### *Amortised cost*

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

#### ***Impairment***

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

### g) Financial assets (cont'd)

The accounting policy for financial assets from 1 April 2018 onwards are as follows (cont'd):

#### ***Impairment (cont'd)***

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

#### ***Offset***

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

### 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

### 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

#### *Sale of aerosol spray paint*

The Group manufactures and sell aerosol spray paints. Sales is recognised when the goods has been delivered and control of the goods has been transferred to its customer. Revenue from these sales is recognised based on the price specified in the contract. In the normal course of business, the Group provides trade discounts and volume rebates to customers which give rise to variable considerations under SFRS(I) 15 which will be required to be estimated at contract inception. Revenue is only recognised to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved. During the financial year ended 31 March 2019, the volume rebates are discontinued. No element of financing is deemed present as the sales are made with a credit term of 30 to 120 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### *Interest income*

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

#### *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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

### n) Leases (cont'd)

When a Group entity is the lessee (cont'd):

#### *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 charged as expenses in the periods in which they are incurred.

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

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.

#### *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 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

### q) Income taxes (cont'd)

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.

#### *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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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

*Translation of Group entities' financial statements (cont'd)*

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.

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

In the process of applying the Group's accounting policies, which are described in Note 2, 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.

*Allowance for expected credit losses of trade and other receivables*

Management determines the expected credit losses ("ECL") of trade receivables by applying the simplified approach and using the provision matrix to measure the lifetime ECL for trade receivables. The Group categorises its trade receivables by its past due status and segregates debtors regarded as credit-impaired where one or more credit impairment events have occurred. The ECL rates for each category of debtors are estimated based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

As the calculation of loss allowance on trade and other receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables. Details of ECL measurement and carrying amount of trade and other receivables at 31 March 2019 are disclosed in Notes 14 and 24.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

### *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.

When value in use calculations are undertaken, management is required to estimate the expected future cash flow from the business and a suitable growth rate and discount rate, in order to determine the present value of those cash flows. The carrying amount of investment in subsidiaries is disclosed in Note 13.

### *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 16.

### *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.

## 4 Revenue

	<b>Group</b>	
	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
<b>Timing of revenue recognition</b>		
Sale of goods - At a point in time	<b>72,605</b>	90,014

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 5 Other income/(expenses)

	Group	
	2019 RM'000	2018 RM'000
Foreign exchange gain/(loss), net	363	(4,115)
Interest income	233	175
Rental income	45	84
Others	68	69
	<b>709</b>	<b>(3,787)</b>

## 6 Finance costs

	Group	
	2019 RM'000	2018 RM'000
Interest expenses:		
- finance lease	13	20
- term loans	207	284
- banker's acceptance	273	180
Bank charges	-	3
	<b>493</b>	<b>487</b>

## 7 Profit before tax

	Group	
	2019 RM'000	2018 RM'000
This is arrived at after charging/(crediting):		
Audit fees paid/payable to:		
- auditor of the Company	165	156
- other auditors	47	57
Fees for non-audit services paid/payable to:		
- auditor of the Company	3	5
- other auditors	5	6
Depreciation of property, plant and equipment (Note 11)	1,654	1,090
Write off of property, plant and equipment	-	13
Loss/(gain) on disposal of property, plant and equipment	57	(11)
Amortisation of intangible assets (Note 12)	53	5
Inventories written off	319	15
Inventories written down	388	-
Rental expenses	572	542
Personnel expenses (Note 8)	<b>10,989</b>	<b>10,141</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 8 Personnel expenses

	Group	
	2019	2018
	RM'000	RM'000
<i>Key management personnel</i>		
- Salaries, bonus and other benefits	<b>3,840</b>	4,261
- Defined contribution plan	-	117
	<b>3,840</b>	4,378
<i>Other personnel</i>		
- Salaries, bonus and other benefits	<b>6,596</b>	5,206
- Defined contribution plan	<b>553</b>	557
	<b>7,149</b>	5,763
	<b>10,989</b>	10,141

## 9 Tax expense

	Group	
	2019	2018
	RM'000	RM'000
Income tax:		
- Current year	<b>3,139</b>	3,743
- (Over)/under provision in respect of previous years	<b>(182)</b>	106
	<b>2,957</b>	3,849
Deferred tax (Note 15):		
- Current year	<b>98</b>	(76)
- Under/(over) provision in respect of previous years	<b>27</b>	(47)
	<b>125</b>	(123)
	<b>3,082</b>	3,726



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 9 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	
	2019 RM'000	2018 RM'000
Profit before tax	13,220	15,635
Tax at the domestic rates applicable to profit/loss in the countries where the Group operates	3,396	2,846
Effect of tax incentive	(1,184)	(790)
Expenses not deductible for tax purposes	1,019	1,726
Non-taxable income	(78)	(105)
(Over)/under provision of income tax in previous years	(182)	106
Under/(over) provision of deferred taxation in previous years	27	(47)
Others	84	(10)
	<b>3,082</b>	<b>3,726</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% (2018:17%) and 16.5% to 25% (2018: 16.5% to 25%) respectively for the financial year ended 31 March 2019.

## 10 Earnings per share

The Company did not hold any dilutive potential ordinary shares during the financial year (2018: 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	
	2019	2018
Profit for the year attributable to equity holders of the Company (RM'000)	10,441	11,703
Weighted average number of ordinary shares ('000)	109,921	102,881
Earnings per share (RM sen per share)		
- Basic and diluted	<b>9.50</b>	11.4

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 11 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	Capital- Work- in-progress RM'000	Total RM'000
<b>Group</b>								
<b>2019</b>								
<b>Cost</b>								
At 1 April 2018	3,510	3,270	454	1,204	9,101	2,506	67	20,112
Additions	1,661	1,709	315	50	2,821	2,276	-	8,832
Disposals	-	-	(218)	(134)	-	(40)	-	(392)
Reclassification	-	-	-	-	-	-	(67)	(67)
Currency translation differences	-	-	13	7	3	4	-	27
<b>At 31 March 2019</b>	<b>5,171</b>	<b>4,979</b>	<b>564</b>	<b>1,127</b>	<b>11,925</b>	<b>4,746</b>	<b>-</b>	<b>28,512</b>
<b>Accumulated depreciation</b>								
At 1 April 2018	-	243	199	354	2,795	404	-	3,995
Depreciation charge	-	66	127	109	965	387	-	1,654
Disposals	-	-	(196)	(15)	-	(26)	-	(237)
Currency translation differences	-	-	10	2	-	3	-	15
<b>At 31 March 2019</b>	<b>-</b>	<b>309</b>	<b>140</b>	<b>450</b>	<b>3,760</b>	<b>768</b>	<b>-</b>	<b>5,427</b>
<b>Net carrying value</b>								
<b>At 31 March 2019</b>	<b>5,171</b>	<b>4,670</b>	<b>424</b>	<b>677</b>	<b>8,165</b>	<b>3,978</b>	<b>-</b>	<b>23,085</b>
<b>2018</b>								
<b>Cost</b>								
At 1 April 2017	3,510	3,040	344	1,055	4,781	1,183	-	13,913
Additions	-	230	148	219	4,376	1,380	67	6,420
Disposals	-	-	-	(49)	-	-	-	(49)
Write off	-	-	(3)	-	(50)	(48)	-	(101)
Currency translation differences	-	-	(35)	(21)	(6)	(9)	-	(71)
At 31 March 2018	3,510	3,270	454	1,204	9,101	2,506	67	20,112
<b>Accumulated depreciation</b>								
At 1 April 2017	-	175	146	271	2,166	296	-	3,054
Depreciation charge	-	68	73	122	674	153	-	1,090
Disposals	-	-	-	(35)	-	-	-	(35)
Write off	-	-	(2)	-	(45)	(41)	-	(88)
Currency translation differences	-	-	(18)	(4)	-	(4)	-	(26)
At 31 March 2018	-	243	199	354	2,795	404	-	3,995
<b>Net carrying value</b>								
At 1 April 2017	3,510	2,865	198	784	2,615	887	-	10,859
At 31 March 2018	3,510	3,027	255	850	6,306	2,102	67	16,117

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 11 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 RM8,832,000 (31 March 2018: RM6,420,000, 1 April 2017: RM6,512,000) of which RM Nil (31 March 2018: RM Nil; 1 April 2017: RM100,000) was acquired by means of finance lease and RM Nil (31 March 2018: RM254,000, 1 April 2017: RM560,000) was paid and recorded as other receivables as at 31 March 2018 (31 March 2018: 31 March 2017, 1 April 2017: 31 March 2016). Cash payments of RM8,832,000 (31 March 2018: RM6,166,000, 1 April 2017: RM5,852,000) were made to purchase property, plant and equipment of which RM Nil (31 March 2018: RM Nil; 1 April 2017: RM4,563,000) 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 RM1,129,000 (31 March 2018: RM1,342,000, 1 April 2017: RM1,556,000).

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 RM9,841,000 (2018: RM6,537,000) are pledged to secure the Group's borrowings (Note 18).

## 12 Intangible assets

	<b>31.3.2019</b>	<b>Group</b>	
	<b>RM'000</b>	31.3.2018	1.4.2017
		RM'000	RM'000
<b>Cost</b>			
At 1 April	<b>531</b>	376	376
Additions	<b>367</b>	155	-
Reclassification	<b>67</b>	-	-
At 31 March	<b>965</b>	531	376
<b>Amortisation</b>			
At 1 April	<b>363</b>	358	353
Amortisation charge	<b>53</b>	5	5
At 31 March	<b>416</b>	363	358
<b>Net carrying value</b>	<b>549</b>	168	18

## 13 Investment in subsidiaries

	<b>31.3.2019</b>	<b>Company</b>	
	<b>RM'000</b>	31.3.2018	1.4.2017
		RM'000	RM'000
<b>Unquoted shares, at cost</b>			
Balance at beginning of financial year	<b>11,998</b>	12,850	-
Strike off of subsidiary	<b>-</b>	(853)	-
Issuance of shares for acquisition of subsidiaries pursuant to the Restructuring Exercise	<b>-</b>	-	12,407
Investment in a new subsidiary	<b>-</b>	-	443
	<b>11,998</b>	11,998	12,850
Less: Allowance for impairment loss	<b>(1,874)</b>	(1,546)	(200)
Balance at end of financial year	<b>10,124</b>	10,451	12,650

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 13 Investment in subsidiaries (cont'd)

	Company		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
<b>Allowance for impairment loss</b>			
Balance at beginning of financial year	1,546	200	-
Additions	328	1,346	200
Balance at end of financial year	<b>1,874</b>	1,546	200

(i) Details of the subsidiaries are:

Name of subsidiary	Principal place of business	Principal business activities	Proportion of ownership interest		
			31.3.2019 %	31.3.2018 %	1.4.2017 %
<i>Held by the Company</i>					
Orientus Industry Sdn Bhd <sup>(1)</sup>	Malaysia	Manufacturing and trading of aerosol spray paints	100	100	100
Creative Paint Marketing Sdn Bhd <sup>(1)</sup>	Malaysia	Dormant	100	100	100
PT Samurai Paint <sup>(1)</sup>	Indonesia	Import trading and distribution	67	67	67
Samurai 2K USA Inc <sup>(2)</sup>	United States of America	Import aerosol paint products and wholesales	100	100	100
Supreme Wish Holdings Limited <sup>(3)</sup>	Hong Kong	Dormant	-	-	100

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

<sup>(2)</sup> Not required to be audited for the financial year ended 31 March 2019 by law of country of incorporation.

<sup>(3)</sup> Deregistered from the Companies Registry of Hong Kong during the financial year ended 31 March 2018.

(ii) At 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.

(iii) During the financial year, the management performed the impairment tests for the investment in PT Samurai Paint (31 March 2018: PT Samurai Paint and Creative Paint Marketing Sdn Bhd, 1 April 2017: Creative Paint Marketing Sdn Bhd). Total impairment loss of RM328,000 (31 March 2018: RM1,346,000, 1 April 2017: RM200,000) was recognised for the financial year ended 31 March 2019 to write down PT Samurai Paint (31 March 2018: PT Samurai Paint and Creative Paint Marketing Sdn Bhd, 1 April 2017: Creative Paint Marketing Sdn Bhd) to its recoverable amount of RM Nil (31 March 2018: RM328,000 and RM Nil respectively, 1 April 2017: RM929,000). The Group has no business plans for PT Samurai Paint. Accordingly, the investment cost was fully written down during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 14 Trade and other receivables

	Group			Company		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Trade receivables	35,611	25,147	2,887	-	-	-
Advance payment to suppliers	1,016	1,282	149	-	-	-
Amount due from subsidiaries	-	-	-	26,928	19,906	8
Deposits	373	201	62	-	-	-
Other receivables	1,088	1,860	580	-	-	55
Prepayments	1,232	1,160	1,171	231	264	279
Tax recoverable	1,556	275	339	-	-	-
	<b>40,876</b>	<b>29,925</b>	<b>5,188</b>	<b>27,159</b>	<b>20,170</b>	<b>342</b>
Non-current						
Deposit for purchase of property, plant and equipment and rental	-	-	261	-	-	-

Amount due from subsidiaries is interest-free, non-trade in nature, unsecured and repayable on demand.

## 15 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		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
At 1 April	409	546	277	-	-	-
Tax charge to statement of profit or loss and other comprehensive income (Note 9)	125	(123)	269	-	-	-
Currency translation difference	(2)	(14)	-	-	-	-
At 31 March	<b>532</b>	<b>409</b>	<b>546</b>	<b>-</b>	<b>-</b>	<b>-</b>
Representing:						
Deferred tax assets	(542)	(74)	(45)	-	-	-
Deferred tax liabilities	1,074	483	591	-	-	-
	<b>532</b>	<b>409</b>	<b>546</b>	<b>-</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 15 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</b>	<b>Tax losses</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 April 2017	546	-	546
Tax credit to profit or loss	(123)	-	(123)
Currency translation difference	(14)	-	(14)
At 31 March 2018	409	-	409
Tax charge/(credit) to profit or loss	665	(540)	125
Currency translation difference	-	(2)	(2)
At 31 March 2019	<b>1,074</b>	<b>(542)</b>	<b>532</b>

At the balance sheet date, the Group has unutilized tax losses of RM2,540,000 (31 March 2018: RM1,200,000, 1 April 2017: RM Nil) that are available for carry forward to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation to the respective countries in which companies operate. Deferred tax assets has been recognised in respect of RM542,000 (31 March 2018: RM Nil, 1 April 2017: RM Nil) of such losses. Unutilised tax losses are available for carry forward up to 7 years from the year of loss to offset against future taxable income of the subsidiaries.

## 16 Inventories

	<b>31.3.2019</b>	<b>Group</b>	
	<b>RM'000</b>	31.3.2018	1.4.2017
		RM'000	RM'000
Raw materials	<b>3,693</b>	2,764	1,325
Packaging materials	<b>2,943</b>	3,469	1,719
Finished goods	<b>1,452</b>	2,030	3,344
	<b>8,088</b>	8,263	6,388

The cost of inventories recognised as an expense in cost of sales amounted to RM40,922,000 (31 March 2018: RM51,341,000, 1 April 2017: RM21,585,000) included an amount of RM319,000 (31 March 2018: RM Nil, 1 April 2017: RM Nil) and RM388,000 (31 March 2018: RM15,000, 1 April 2017: RM63,000) in respect of write off of inventories and written down of inventories to net realisable value respectively.

## 17 Cash and bank balances

	<b>Group</b>			<b>Company</b>		
	<b>31.3.2019</b>	31.3.2018	1.4.2017	<b>31.3.2019</b>	31.3.2018	1.4.2017
	<b>RM'000</b>	RM'000	RM'000	<b>RM'000</b>	RM'000	RM'000
Cash in hand and at bank	<b>27,849</b>	34,068	18,739	<b>19,624</b>	28,454	8,576
Bank deposits	<b>2,124</b>	5,222	1,183	-	-	-
Cash and bank balances	<b>29,973</b>	39,290	19,722	<b>19,624</b>	28,454	8,576



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 17 Cash and bank balances (cont'd)

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

	<b>31.3.2019</b>	<b>Group</b>	
	<b>RM'000</b>	31.3.2018	1.4.2017
		RM'000	RM'000
Cash and bank balances	<b>29,973</b>	39,290	19,922
Less: pledged bank deposits	<b>(1,124)</b>	(1,222)	(1,183)
Cash and cash equivalents	<b>28,849</b>	38,068	18,739

Bank deposits amounting to RM1,124,000 (31 March 2018: RM1,222,000, 1 April 2017: RM1,183,000) are pledged to banks as collateral for banking facilities granted (Note 18). Fixed deposits bear interest rates ranging from 3.00% to 4.15% (31 March 2018: 3.10% to 4.15%, 1 April 2017: 3.15% to 3.45%) per annum.

## 18 Borrowings

		<b>31.3.2019</b>	<b>Group</b>	
		<b>RM'000</b>	31.3.2018	1.4.2017
			RM'000	RM'000
	<b>Repayment period</b>			
<i>Non-current</i>				
Loan 1 - 1.5% per annum below bank Base Lend Rate ("BLR")	117 monthly instalments from August 2009	-	-	110
Loan 2 - 12.5% per annum	60 monthly instalments from September 2014	-	-	258
Loan 3 - 1.2% per annum above BLR	36 monthly instalments from April 2016	-	30	275
Loan 4 - 2.1% per annum below BLR	180 monthly instalments from August 2016	<b>1,820</b>	1,940	2,050
Loan 5 - 2.1% per annum below BLR	180 monthly instalments from August 2016	<b>1,820</b>	1,940	2,050
Loan 6 - 0.5% per annum above BLR	180 monthly instalments from August 2016	<b>70</b>	76	78
Obligations under finance lease		<b>102</b>	192	307
		<b>3,812</b>	4,178	5,128

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 18 Borrowings (cont'd)

	Repayment period	Group		
		31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
<i>Current</i>				
Loan 1 - 1.5% per annum below bank Base Lend Rate ("BLR")	117 monthly instalments from August 2009	-	-	84
Loan 2 - 12.5% per annum	60 monthly instalments from September 2014	-	-	157
Loan 3 - 1.2% per annum above BLR	36 monthly instalments from April 2016	14	245	229
Loan 4 - 2.1% per annum below BLR	180 monthly instalments from August 2016	123	117	111
Loan 5 - 2.1% per annum below BLR	180 monthly instalments from August 2016	123	117	111
Loan 6 - 0.5% per annum above BLR	180 monthly instalments from August 2016	3	3	3
Banker's acceptance - 3.7% to 5.66% per annum		9,656	3,033	3,843
Obligations under finance lease		90	116	130
		<b>10,009</b>	3,631	4,668
		<b>13,821</b>	7,809	9,796

The loans and banker's acceptance are secured by:

- (i) Fixed deposits placed with the bank (Note 17);
- (ii) Freehold land and properties of the Group (Note 11);
- (iii) Corporate guarantee by the Company;
- (iv) 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 18 Borrowings (cont'd)

*Obligations under finance lease*

	Minimum lease payments			Present value of minimum lease payments		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Within 1 financial year	<b>98</b>	129	150	<b>90</b>	116	130
Within 2 to 5 financial years	<b>106</b>	204	332	<b>102</b>	192	307
Total minimum lease payments	<b>204</b>	333	482	<b>192</b>	308	437
Less: future finance charges	<b>(12)</b>	(25)	(45)	<b>-</b>	-	-
	<b>192</b>	308	437	<b>192</b>	308	437

The obligations under finance lease bear interest rates ranging from 2.35% to 3.81% (31 March 2018: 2.35% to 3.81%, 1 April 2017: 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 11.

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.

*Reconciliation movement of liabilities to cash flow arising from financing activities:*

	Bank borrowings RM'000	Obligations under finance lease RM'000	Total RM'000
Balance at 1 April 2017	9,359	437	9,796
Changes from financing cash flows:			
- Repayments	(1,858)	(129)	(1,987)
- Interest paid	(464)	(20)	(484)
Non-cash changes:			
- Interest expenses	464	20	484
Balance at 31 March 2018	7,501	308	7,809
Changes from financing cash flows:			
- Drawdown	6,623	-	6,623
- Repayments	(495)	(116)	(611)
- Interest paid	(480)	(13)	(493)
Non-cash changes:			
- Interest expenses	480	13	493
Balance at 31 March 2019	<b>13,629</b>	<b>192</b>	<b>13,821</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 19 Trade and other payables

	Group			Company		
	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
<i>Current</i>						
Trade payables						
- third parties	<b>10,923</b>	15,802	5,593	-	-	-
Other payables						
- third parties	<b>236</b>	305	646	<b>221</b>	-	-
- subsidiaries	-	-	-	-	474	3,046
Accrued expenses	<b>2,169</b>	2,736	761	<b>2,086</b>	1,971	174
Advances from customer						
- third parties	-	-	20	-	-	-
	<b>13,328</b>	18,843	7,020	<b>2,307</b>	2,445	3,220
<i>Non-current</i>						
Other payables	<b>279</b>	272	176	-	-	-

The amounts due to subsidiaries were interest-free, non-trade in nature, unsecured and payable on demand. The amounts were fully repaid during the year.

## 20 Share capital

	2019		2018	
	No. of shares '000	RM'000	No. of shares '000	RM'000
<b>Group and Company</b>				
At 1 April	<b>109,921</b>	<b>52,653</b>	100,000	23,287
Issuance of ordinary shares pursuant to share placement	-	-	9,921	30,258
Capitalisation of share issuance expenses	-	-	-	(892)
At 31 March	<b>109,921</b>	<b>52,653</b>	109,921	52,653

All issued shares are fully paid ordinary shares with no par value.

On 15 December 2017, the Company issued 9,921,000 ordinary shares for RM30,258,000 upon completion of share placement.

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.

## 21 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 2019

## 22 Dividend

	<b>Group and Company</b>	
	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
Final exempt dividend of S\$0.006 (2018: S\$Nil) per share paid in respect of the previous financial year ended 31 March 2018	<b>1,966</b>	-

## 23 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:

	<b>31.3.2019</b>	<b>Group</b>	
	<b>RM'000</b>	31.3.2018	1.4.2017
		RM'000	RM'000
Not later than one financial year	<b>192</b>	60	180
Later than one financial year but not later than five financial years	<b>256</b>	-	60
	<b>448</b>	60	240

*Where the Group is a lessor*

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

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

	<b>31.3.2019</b>	<b>Group</b>	
	<b>RM'000</b>	31.3.2018	1.4.2017
		RM'000	RM'000
Not later than one financial year	<b>180</b>	-	-
Later than one financial year but not later than five financial years	<b>315</b>	-	-
	<b>495</b>	-	-

### b) Capital commitments

Capital commitments not provided for in the financial statements:

	<b>31.3.2019</b>	<b>Group</b>	
	<b>RM'000</b>	31.3.2018	1.4.2017
		RM'000	RM'000
Capital commitments in respect of purchase of property, plant and equipment	-	170	1,603

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 23 Commitments (cont'd)

### c) Banker's guarantee

At 31 March 2019, banker's guarantee of RM17,000 (31 March 2018: RM47,000, 1 April 2017: RM30,000) were issued in lieu of utilities deposit.

### d) Guarantee

The Company has provided corporate guarantees of RM39,531,000 (31 March 2018 and 1 April 2017: RM Nil) to banks for bank borrowings of RM13,629,000 (31 March 2018 and 1 April 2017: RM Nil) drawn down by its subsidiary at the end of the reporting period.

## 24 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		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Financial assets</i>						
Loan and receivables	-	64,655	22,941	-	48,360	8,639
Financial assets at amortised cost	<b>66,106</b>	-	-	<b>46,552</b>	-	-
	<b>66,106</b>	64,655	22,941	<b>46,552</b>	48,360	8,639
<i>Financial liabilities</i>						
At amortised cost	<b>27,149</b>	26,652	16,796	<b>2,307</b>	2,445	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").

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 24 Financial instruments (cont'd)

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

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

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	IDR RM'000	SGD RM'000
<b>Group</b>			
<b>2019</b>			
Financial assets			
Trade and other receivables	3,424	30,570	-
Cash and bank balances	3,265	-	17,491
	6,689	30,570	17,491
Financial liabilities			
Trade and other payables	1,801	487	-
Net financial assets denominated in foreign currencies	<b>4,888</b>	<b>30,083</b>	<b>17,491</b>
<b>2018</b>			
Financial assets			
Trade and other receivables	2,078	22,417	3,408
Cash and bank balances	1,290	298	28,612
	3,368	22,715	32,020
Financial liabilities			
Trade and other payables	4,223	851	-
Net financial (liabilities)/assets denominated in foreign currencies	(855)	21,864	32,020
<b>Company</b>			
<b>2019</b>			
Financial assets			
Trade and other receivables	2,449	-	-
Cash and bank balances	3,265	-	16,359
	5,714	-	16,359
Financial liabilities			
Trade and other payables	-	-	-
Net financial assets denominated in foreign currencies	<b>5,714</b>	<b>-</b>	<b>16,359</b>
<b>2018</b>			
Financial assets			
Trade and other receivables	2,022	-	3,408
Cash and bank balances	4	-	28,450
	2,026	-	31,858
Financial liabilities			
Trade and other payables	-	474	-
Net financial assets/(liabilities) denominated in foreign currencies	2,026	(474)	31,858

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 24 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 IDR 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:

	Group	
	Increase/(decrease) in profit after tax	
	2019	2018
	RM'000	RM'000
SGD/RM		
- strengthened 10% (2018: 10%)	1,452	2,657
- weakened 10% (2018: 10%)	(1,452)	(2,657)
IDR/RM		
- strengthened 10% (2018: 10%)	2,497	1,741
- weakened 10% (2018: 10%)	(2,497)	(1,741)

#### Company

If the SGD exchange rate against RM strengthened/weakened by 10%, with all other variables held constant, the Company's profit after tax will be higher/lower by RM1,358,000 (2018: RM2,644,000).

The sensitivity analysis for the other foreign currencies is not disclosed as the impact on the Group's and the Company's profit 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 (2018: 50) basis points with all other variables including tax rate being held constant, the profit after tax of the Group will be lower/higher by RM56,000 (2018: RM32,000) as a result of higher/lower interest expense on these borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 24 Financial instruments (cont'd)

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

#### *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group had credit policies in place and the exposure to credit risk is monitored on an on-going basis by the management. The Group's exposure to credit risk arises primarily from trade and other receivables. Cash and bank balances are placed with banks with high credit-ratings.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 120 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

#### *Significant increase in credit risk*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 24 Financial instruments (cont'd)

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

#### *Credit risk (cont'd)*

##### *Significant increase in credit risk (cont'd)*

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

##### *Definition of default*

The Group has determined the default events on a financial asset to be when there is evidence that the borrower is experiencing liquidity issues or when there is a breach of contract, such as a default of payment.

The Group considers the above as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

##### *Estimation techniques and significant assumptions*

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 24 Financial instruments (cont'd)

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

#### Credit risk (cont'd)

##### Maximum exposure and concentration of credit risk

At the end of the reporting period, the Group's trade receivables comprise 3 debtors (31 March 2018: 1 debtor, 1 April 2017: 1 debtor) that individually represented 91% (31 March 2018: 74%, 1 April 2017: 27%) of the trade receivables.

As the Group and the Company do 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.

##### Trade receivables

The Group applies the simplified approach to measure the expected credit loss ("ECL") allowance for trade receivables. Under the simplified approach, for trade receivables that do not contain a significant financing component, the loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

Group	12-month or lifetime ECL	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
Trade receivables	Lifetime	35,611	-	35,611
Other receivables	12-month	149	-	149
Deposits	Not applicable (Exposure limited)	373	-	373
Cash and bank balances	Not applicable (Exposure limited)	29,973	-	29,973

Company	12-month or lifetime ECL	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
Amount due from subsidiaries	12-month	26,928	-	26,928
Cash and bank balances	Not applicable (Exposure limited)	19,624	-	19,624

##### Amount due from subsidiaries and other receivables

For the amount due from subsidiaries and other receivables where impairment loss allowance is measured using 12 months ECL, the Group and the Company assessed the latest performance and financial position of the respective counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 24 Financial instruments (cont'd)

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

#### *Credit risk (cont'd)*

##### **Financial guarantee**

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

##### **Previous accounting policy for impairment of financial assets**

#### *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	
	31.3.2018	1.4.2017
	RM'000	RM'000
Past due 1 to 30 days	539	509
Past due 31 to 60 days	50	215
Past due 61 to 90 days	20	229
Past due over 90 days	4	66
	<u>613</u>	<u>1,019</u>

#### **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 18).



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 24 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>31.3.2019</b>				
Trade and other payables	13,328	-	-	13,328
Borrowings	10,210	1,809	3,017	15,036
	<b>23,538</b>	<b>1,809</b>	<b>3,017</b>	<b>28,364</b>
<b>31.3.2018</b>				
Trade and other payables	18,843	-	-	18,843
Borrowings	3,847	1,937	3,443	9,227
	<b>22,690</b>	<b>1,937</b>	<b>3,443</b>	<b>28,070</b>
<b>1.4.2017</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>Company</b>				
<b>31.3.2019</b>				
Trade and other payables	<b>2,307</b>	-	-	<b>2,307</b>
Financial guarantee contracts*	<b>13,629</b>	-	-	<b>13,629</b>
<b>31.3.2018</b>				
Trade and other payables	2,445	-	-	2,445
<b>1.4.2017</b>				
Trade and other payables	3,220	-	-	3,220

\* At the end of the reporting period, the maximum exposure of the Company in respect of the intragroup financial guarantee (Note 23(d)) based on facilities drawn down by the subsidiary is RM13,629,000 (31 March 2018 and 1 April 2017: RM Nil). The Company does not consider it probable that a claim will be made against the Company under intragroup financial guarantee.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 25 Fair values of assets and liabilities

### 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 2019 and 2018.

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.

## 26 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 2018 and 2019.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 March 2018 and 2019.

## 27 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 2019

## 27 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 2019</b>				
<b>Segment revenue</b>				
Sales to external customers	37,439	34,292	874	72,605
<b>Segment profit</b>				
	5,416	7,793	271	13,480
<b>Other segment information</b>				
Depreciation of property, plant and equipment	936	654	64	1,654
<b>Segment assets</b>				
Unallocated assets	50,995	46,707	1,189	98,891
- Deferred tax assets				542
- Fixed deposits				2,124
- Tax recoverable				1,556
Total assets				103,113
<b>Segment assets include:</b>				
Additions to non-current assets	4,744	4,344	111	9,199
<b>Segment liabilities</b>				
Unallocated liabilities	7,016	6,427	164	13,607
- Deferred tax liabilities				1,074
- Borrowings				13,821
- Tax payable				545
Total liabilities				29,047

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27 Segment information (cont'd)

The segment information provided to management for the reportable segments are as follows (cont'd):

	Paint - Standard RM'000	Paint - Premium RM'000	Maintenance and others RM'000	Group RM'000
<b>31 March 2018</b>				
<b>Segment revenue</b>				
Sales to external customers	53,448	35,094	1,472	90,014
<b>Segment profit</b>				
	7,124	8,531	292	15,947
<b>Other segment information</b>				
Depreciation of property, plant and equipment	720	349	21	1,090
<b>Segment assets</b>				
Unallocated assets	52,411	34,413	1,442	88,266
- Deferred tax assets				74
- Fixed deposits				5,222
- Tax recoverable				275
Total assets				93,837
<b>Segment assets include:</b>				
Additions to non-current assets	3,904	2,563	108	6,575
<b>Segment liabilities</b>				
Unallocated liabilities	11,351	7,453	311	19,115
- Deferred tax liabilities				483
- Borrowings				7,809
- Tax payable				522
Total liabilities				27,929

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27 Segment information (cont'd)

The segment information provided to management for the reportable segments are as follows (cont'd):

	Paint - Standard RM'000	Paint - Premium RM'000	Maintenance and others RM'000	Group RM'000
<b>1 April 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
<b>Segment results</b>				

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 consolidated 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:

	2019 RM'000	2018 RM'000
Segment profit	13,480	15,947
Interest income	233	175
Finance costs	(493)	(487)
Profit before tax	13,220	15,635

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## 27 Segment information (cont'd)

### 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.

### 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		
	2019 RM'000	2018 RM'000	31.3.2019 RM'000	31.3.2018 RM'000	1.4.2017 RM'000
Malaysia	<b>24,738</b>	24,514	<b>23,515</b>	15,948	10,714
Indonesia	<b>38,948</b>	57,858	-	212	163
Others	<b>8,919</b>	7,642	<b>119</b>	125	-
	<b>72,605</b>	90,014	<b>23,634</b>	16,285	10,877

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 4 (2018: 2) customers who individually contributed 10% or more of the Group's revenue which are attributable to the paint-standard, paint-premium and maintenance and others segments are as detailed below:

	Group	
	2019 RM'000	2018 RM'000
Customer 1	<b>23,208</b>	42,065
Customer 2	<b>11,131</b>	9,016
Customer 3	<b>11,394</b>	-
Customer 4	<b>8,591</b>	-



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

## **28 Subsequent event**

On 30 May 2019, the Board of Directors has proposed a first and final exempt dividend for the financial year ended 31 March 2019 of SGD0.005 per share amounting to a total of SGD550,000 (equivalent to RM1,671,965). These financial statements do not reflect this dividend payable, which will be accounted for in the shareholder's equity as an appropriation of retained earnings in the year ending 31 March 2020.

## **29 Authorisation of financial statements**

The financial statements of the Group for the financial year ended 31 March 2019 and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors dated 28 June 2019.

# STATISTICS OF SHAREHOLDINGS

As at 21 June 2019

NUMBER OF ISSUED SHARES	:	109,921,000
ISSUED AND FULLY PAID-UP CAPITAL	:	S\$18,000,368
CLASS OF SHARES	:	Ordinary Shares
TREASURY SHARES	:	Nil
VOTING RIGHTS	:	1 vote for each Ordinary Share held

## DISTRIBUTION OF SHAREHOLDINGS AS AT 21 JUNE 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
100 - 1,000	14	6.36	8,200	0.01
1,001 - 10,000	63	28.64	342,300	0.31
10,001 - 1,000,000	129	58.64	16,281,400	14.81
1,000,001 AND ABOVE	14	6.36	93,289,110	84.87
TOTAL	220	100.00	109,921,000	100.00

## TOP 20 SHAREHOLDERS AS AT 21 JUNE 2019

NO.	NAME	NO. OF SHARES	%
1	ONG YOKE EN	46,384,000	42.20
2	LIM LAY YONG	15,000,000	13.65
3	CHANG CHOR CHOONG	4,250,000	3.87
4	LOH SHIN SIONG	4,250,000	3.87
5	OCBC SECURITIES PRIVATE LIMITED	3,847,500	3.50
6	UOB KAY HIAN PRIVATE LIMITED	3,461,700	3.15
7	KONG HEE SIONG	2,779,800	2.53
8	CHAI FOOK CHOY	2,540,200	2.31
9	ONG YICK SING	2,448,000	2.23
10	ONG HOW EN	2,008,000	1.83
11	PANG HANG HIN	1,985,200	1.81
12	PHILLIP SECURITIES PTE LTD	1,665,900	1.52
13	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,360,800	1.24
14	ONG YOKE HOI	1,308,000	1.19
15	RHB SECURITIES SINGAPORE PTE. LTD.	998,200	0.91
16	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	992,000	0.90
17	CITIBANK NOMINEES SINGAPORE PTE LTD	784,700	0.71
18	TAY WUU YEAN	550,000	0.50
19	CHAI MIN YEW	508,000	0.46
20	HUON CHEK SENG	496,000	0.45
	TOTAL	97,618,000	88.83

# STATISTICS OF SHAREHOLDINGS

As at 21 June 2019

## SUBSTANTIAL SHAREHOLDERS AS AT 21 JUNE 2019

<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	46,384,000	-	46,384,000	42.20
LIM LAY YONG	15,000,000	-	15,000,000	13.65

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information provided and to the best knowledge of the Directors, approximately 33.41% 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 21 June 2019. 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 of Samurai 2K Aerosol Limited the “**Company**”) will be held at Raffles Marina, Bridge Room, Level 2, 10 Tuas West Drive, Singapore 638404 on Thursday, 25 July 2019 at 2.00 p.m. for the purpose of transacting the following businesses:

## 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 2019 together with the Directors’ Statement and Independent Auditors’ Report. **(Resolution 1)**
2. To declare a first and final exempt (one-tier) dividend of SGD 0.005 per share for the financial year ended 31 March 2019. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to the Company’s Articles of Association:

Dato Loh Shin Siong	(Regulation 98) <b>(See Explanatory Note 1)</b>	<b>(Resolution 3)</b>
Dato Chang Chor Choong	(Regulation 98) <b>(See Explanatory Note 2)</b>	<b>(Resolution 4)</b>
Mr Lim Chong Huat	(Regulation 104) <b>(See Explanatory Note 3)</b>	<b>(Resolution 5)</b>
4. To approve the payment of Directors’ Fees of RM291,125 for the financial year ending 31 March 2020, to be paid quarterly in arrears. **(Resolution 6)**
5. To re-appoint Baker Tilly TFW LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## As Special Business:

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

### 7. 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 “**Companies Act**”) and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”), authority be and is hereby given to the Directors of the Company to:

- (A) (i) allot and issue shares in 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) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company shall 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:
  - (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the 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 per cent. (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as at the time of passing of this Resolution);

# NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above on a pro-rata basis, the percentage of the total number of issued Shares (excluding treasury shares) in the capital of the Company shall be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
  - (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares.
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules as amended from time to time (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
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier.”

**(See Explanatory Note 4)**

**(Resolution 8)**

## **8. 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 5)**

**(Resolution 9)**

## **9. 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 6)**

**(Resolution 10)**

By Order of the Board

Ong Yoke En  
Executive Director and Chief Executive Officer  
Singapore, 10 July 2019

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

1. Dato Loh Shin Siong upon re-election as a Director of the Company, will remain as the Non-Executive Director of the Company.
2. Dato Chang Chor Choong upon re-election as a Director of the Company, will remain as the Non-Executive Director of the Company.
3. Mr Lim Chong Huat 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 Lim Chong Huat is an Independent Director of the Company. The Board considers Mr Lim Chong Huat to be independent pursuant to Rule 704(7) of the Catalyst Rules.
4. The Ordinary Resolution 8 proposed in item 7 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.
5. The Ordinary Resolution 9 proposed in item 8 above, is to authorise the Directors to allot and issue shares on the vesting of awards under the Plan.
6. The Ordinary Resolution 10 proposed in item 9 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 seventy-two (72) hours before the time appointed for the AGM in accordance with the instruction stated herein.

## Personal Data Privacy

By submitting a proxy form 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 No. 201606168C  
(Incorporated in the Republic of Singapore)

## ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

### IMPORTANT:

1. For investors who have used their CPF/SRS monies to buy the Company's shares, this Circular is forwarded to them at the request of their CPF/SRS Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and SRS investors 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 (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Meeting as \*my/our proxy/proxies to vote for \*me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held on Thursday, 25 July 2019 at 2.00 p.m. at Raffles Marina, Bridge Room, Level 2, 10 Tuas West Drive, Singapore 638404. and at any adjournment thereof. \*I/We direct \*my/our proxy/proxies to vote on the business before the AGM as indicated hereunder. If no specific direction as to voting is given, the \*proxy/proxies will vote or abstain from voting at \*his/her/their discretion, as \*he/she/they will on any other matter arising at the AGM and at any adjournment thereof. All 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
1.	Adoption of the Audited Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31 March 2019 together with the Directors' Statement and Independent Auditors' Report		
2.	To approve the payment of first and final (one-tier tax exempt) dividend of S\$0.005 per share for the financial year ended 31 March 2019.		
3.	Re-election of Dato Loh Shin Siong as a Director		
4.	Re-election of Dato Chang Chor Choong as a Director		
5.	Re-election of Mr Lim Chong Huat as a Director		
6.	Approval of the payment of Directors' Fees of RM291,125 for the financial year ending 31 March 2020 to be paid quarterly in arrears		
7.	Re-appointment of Baker Tilly TFW LLP as Auditors		
8.	Authority to allot and issue new shares under Section 161 of the Companies Act, Cap 50		
9.	Authority to allot and issue shares under the Performance Share Plan		
10.	Authority to allot and issues shares under the Employee Share Option Scheme		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

### TOTAL NUMBER OF SHARES IN:

(a) CDP Register	
(b) Register of Members	

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

**IMPORTANT: PLEASE READ NOTES OVERLEAF**





**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of 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 seventy-two (72) 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.

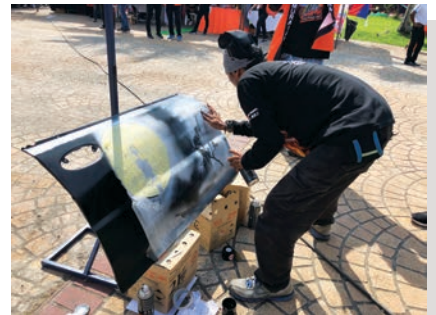
くろぶし 黒武士  
**SAMURAIAN  
WORLD PARTY**  
2018



**SAMURAIAN WORLD PARTY 2018**

The Group organized a “Samuraian World Party 2018” for its fans across the world. Held in Stadium Malawati Shah Alam, Malaysia, the 2-day party gathered more than 5000 like-minded fans and end users of Samurai spray paint products together. The main highlight of the event was the spray-painting competition among the six Southeast Asia countries including Malaysia, Indonesia, Thailand, Philippines, Vietnam and Cambodia, which served as a platform for talented participants to showcase their creativity and innovative. The purpose of this event is to educate our fans throughout the World through our continuous training sessions, demonstrations, and motorcycle restorations.

**“This party for our international fans promotes Malaysia to the World, as well as bring our fans together, where they can exchange ideas and tips on restoring their motorcycles. This is the first of many, more exciting “Samuraian World Party” to come, not only in Malaysia, but and possibly in the other parts of the World,”** Mr Ong added.





**SAMURAI**<sup>®</sup>

くろぶし黒武士

**[www.samurai2kaerosol.com](http://www.samurai2kaerosol.com)**

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