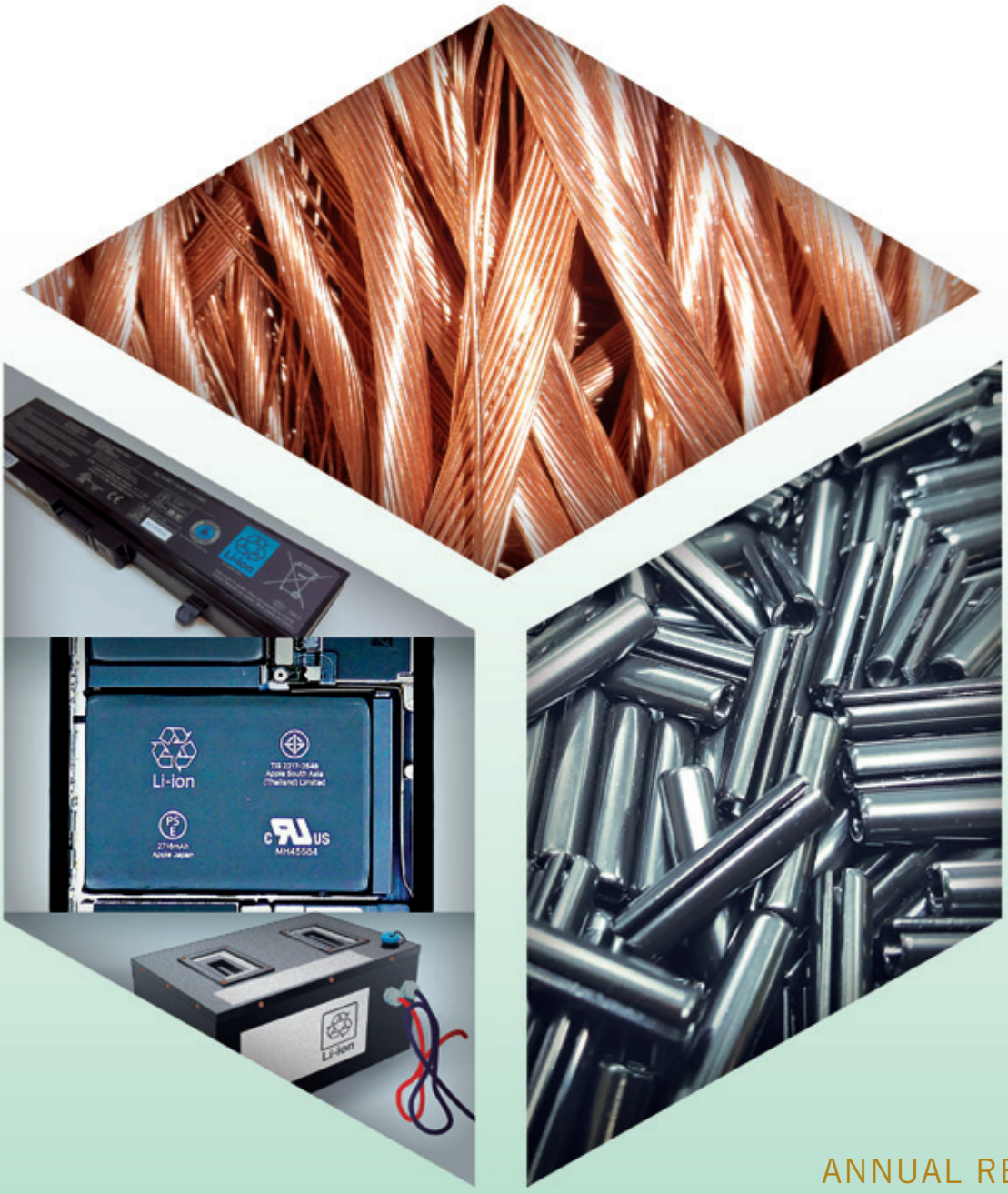
SEN YUE HOLDINGS LIMITED
森跃控股有限公司

EXTENDING OUR EXPERTISE



2018
ANNUAL REPORT

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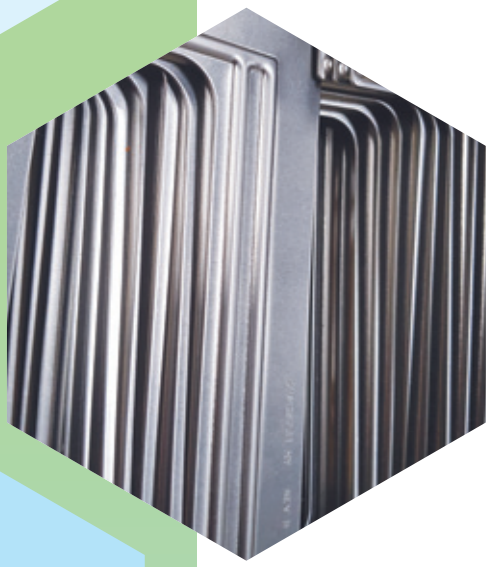
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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the 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 Ms. Keng Yeng Pheng, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay #10-00, Income at Raffles, Singapore 049318, and E-mail: sponsorship@ppcf.com.sg)

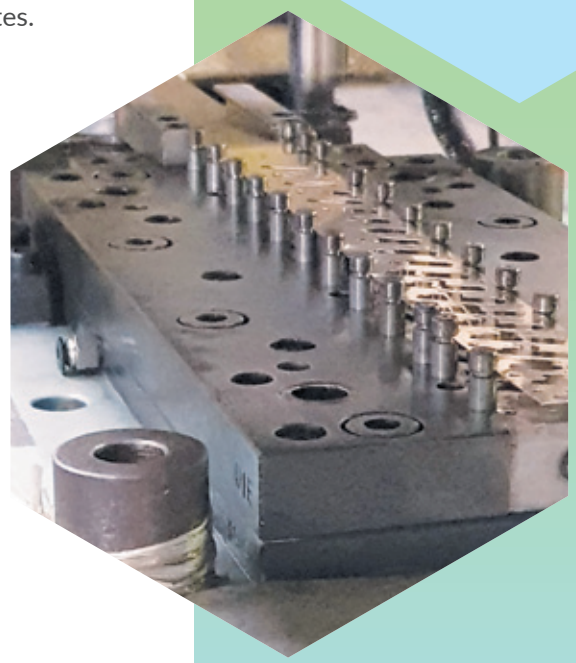
CORPORATE PROFILE

Sen Yue Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**"), commenced operations in 1992 as a tool and die designer and manufacturer; and becoming a specialist Electro Deposition ("**ED**") coating service provider in the subsequent years.

In 2015, the Group expanded its core business activities into the resources industry, i.e. trading of commodities, especially in non-ferrous metals. Specifically, our core businesses now comprise the following:-

- Trading of commodities, including copper, non-ferrous metals and other special alloys;
- Provision of waste management solutions, treatment and recycling of metal scraps, industrial and electronic waste such as lithium-ion batteries (with effect from 2017);
- Trading of moulds used in the manufacture of speaker nets and frames, and other metal components;
- Manufacture and sale of speaker nets and frames, and other metal components; and
- Provision of ED coating, organic coating, powder coating, spray-painting and silk-screening to the manufacturers for automobiles, consumer electronics, motorcycles, bicycle components and iron metal gates.







CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS.

I am pleased to present to shareholders the annual report of Sen Yue Holdings Limited for the financial year ended 30 September 2018 ("**FY2018**")

FY2018 has been a challenging year for us. The ongoing trade situation has affected business sentiments and prospects. Changes made by various governments with regard to the commodities industry have also impacted our subsidiary's trading activities. Earnings per share has declined around 15% in this financial year as compared to FY2017 and margins were affected. However, with efforts contributed by all levels of the Group, from the Board to the management and staff, we have managed to remain profitable as a Group in FY2018.

In FY2017, our subsidiary SMC Industrial Pte Ltd ("**SMC**") has relocated to its new premises at 3 Jalan Pesawat. While the larger premises have provided the space for potential expansion, operations in the subsidiary were affected by the global business sentiments as well as the new measures taken by various countries to regulate in the import/export of commodities. We have upgraded the premises and have also made some capital expenditure in the waste management segment. The capital investments in the recycling of lithium ion batteries will place the Company and Group in a good position to leverage on opportunities in this recycling business. For FY2019, we hope to improve our operations and productivity for the battery recycling business.

Our operations in Malaysia have achieved a moderate increase in revenue and profits in FY2018. While the businesses in our Malaysian subsidiaries have remained relatively stable and resilient, we expect FY2019 to continue to be a challenging year. We will continue to provide good service to our existing customers and make additional efforts to acquire new customers. The Indonesian markets have also remained stable despite the weakening of the Rupiah. We will continue to exercise prudent financial management in these overseas subsidiaries.

For FY2019, we intend to continue to strengthen our fundamentals, especially in our capabilities in the waste management business. We also intend to further improve our productivity with the aim of achieving better margins in SMC. The better foundation in SMC will position us to leverage on potential opportunities in the market.

For our Malaysian operations, we will strive to maintain our productivity amidst the changing business environment.

APPRECIATION

On behalf of the board, I would like to take this opportunity to thank all the stakeholders that have supported us in this challenging financial year. I would like to thank the board of directors for the valuable time and meaningful insights, and providing guidance to the Group. Many thanks to our dedicated and loyal staff, who are always ready to make sacrifices.

I would also like to thank our suppliers and customers, who have been our most reliable business partners.

We would also like to thank our bankers, professional parties who have also extended their support generously.

We look forward to your continued support. Thank you!

Koh Mia Seng
Executive Chairman

BUSINESS OPERATION & FINANCIAL REVIEW

REVIEW OF INCOME STATEMENT

The Group recorded revenue, profit before tax and profit after tax of $240.8 million, $2.6 million, and $1.9 million respectively.

The Group's revenue increased by $33.6 million or 16.2% mainly due to the increase of revenue across all segments with a significant increase in commodities segment, which included maiden revenue generated from e-waste management business in the recycling of lithium-ion batteries.

Cost of sales increased by $33.9 million or 17.6% due to increase in material costs for non-ferrous activity and cost allocated from the initial set-up of the new lithium-ion battery recycling activity in FY2018.

Gross profit decreased by $0.3 million or 1.9% due to increase in cost of sales in FY2018.

Other operating income increased by $0.6 million or 65.3% in FY2018 mainly due to rental income received and services provided by ED coating and commodities segments.

Other operating expenses increased by $0.2 million in FY2018 due to foreign exchange loss.

Finance cost increased by $0.6 million from $1.5 million in FY2017 to $2.1 million in FY2018 due to additional trade financing in relation to higher sales in FY2018.

As a result of the foregoing, the Group registered a profit after tax of $1.9 million in FY2018 as compared to $2.6 million in FY2017.

Moving forward, the commodities segment will include the contribution from e-waste management business, on top of trading of non-ferrous activity.

STATEMENT OF FINANCIAL POSITION

The Group's current assets amounted to $84.0 million in FY2018, comprising cash and cash equivalents of $18.1 million, trade and other receivables of $46.9 million and inventories of $19.0 million.

The decrease in trade and other receivables of $5.6 million was mainly due to decrease in trade debtors by $2.9 million as a result of improved collection and receipt of $3.0 million as full settlement from Jurong Town Corporation for disposal of old premise at 16 Tuas Avenue 20.

The increase in inventories of $13.2 million was mainly due to expansion of e-waste management business in FY2018. Additional production lead time is required for additional processes to improve the quality of the output from recycled batteries, resulting in the increase in inventories as at 30 September 2018.

The increase in property, plant and equipment from $27.3 million as at 30 September 2017 to $29.1 million as at 30 September 2018 was mainly due to addition of new assets of $4.1 million including the lithium-ion battery recycling line, trucks and renovation cost incurred by one of the Singapore subsidiaries, and upward revaluation of premise at 3 Jalan Pesawat of $0.6 million. The increase has been partially offset by depreciation charges of $2.9 million.

Insurance assets amounting to $4.0 million as at 30 September 2018 relates to the cash surrender value of key-man life insurance policies purchased by one of the subsidiaries for the Executive Chairman and Executive Director of the Company and a Key Management Personnel of a subsidiary, with the subsidiary being the beneficiary of the policies. These policies are pledged to banks as collaterals for banking facilities related to working capital purposes.

BUSINESS OPERATION & FINANCIAL REVIEW

The Group's current liabilities amounted to $71.7 million as at 30 September 2018, comprising trade and other payables of $14.5 million, bank overdrafts, loans and trade bills of $56.5 million, finance leases of $0.3 million and income tax payable of $0.4 million.

Bank overdrafts, loans and trade bills increased by $13.5 million as more banking facilities were drawn down to finance the increase of trading volume for the commodities segment.

Trade and other payables increased by $4.6 million mainly due to an increase in purchases under the commodities segment.

Income tax payable decreased by $0.2 million mainly due to tax credit and availability of capital allowances brought forward from previous financial years to offset against the estimated chargeable income.

The Group had a positive working capital of $12.4 million as at 30 September 2018, as compared to $13.1 million as at 30 September 2017.

The Group's non-current liabilities of $5.4 million as at 30 September 2018, as compared to $6.2 million as at 30 September 2017.

CASH FLOW ANALYSIS

In FY2018, the Group generated net cash from operating activities of $12.2 million due to profit before income tax of $2.6 million, adjustments for interest expense and depreciation of property, plant and equipment of $2.1 million and $2.9 million respectively, and changes in working capital of $5.9 million, and offset adjustment for interest income of $0.1 million and income taxes paid of $1.1 million.

Net cash used in investing activities amounted to $1.0 million in FY2018 mainly arising from purchases of plant and equipment including the lithium-ion battery recycling line, trucks and renovation cost incurred by one of the Singapore subsidiaries. This is offset by the receipt of proceeds from disposal of a property amounting to $3.0 million.

Net cash used in financing activities of $11.8 million in FY2018 is due to interest paid of $2.1 million, repayment of borrowings and finance leases of $1.6 million, and increase in pledged deposits with financial institutions of $8.1 million, which was to secure additional banking facilities for the commodities segment.

BOARD OF DIRECTORS

Mr. Koh Mia Seng is the Company's Executive Director and Executive Chairman, first appointed as an Executive Director on 3 March 2015. He was re-elected as a Director of the Company and appointed as Executive Chairman on 25 January 2016. Mr. Koh founded SMC Industrial Pte Ltd back in the 1980s. Prior to that, he operated a sole-proprietorship dealing with the trading of commodities, including copper, iron and other metallic commodities. Mr. Koh has an in-depth understanding of the business requirements in the commodities and resources industry, and is familiar with the international trends and the environmental concerns of the different countries in the region. Mr. Koh has also guided the growth of the Company to ensure that it complies with safety, environmental and other regulations. With more than 20 years of experience in the resources industry, Mr. Koh has grown and expanded the Group in the resources segment.

Mr. Neo Gim Kiong is the Company's Executive Director and Chief Executive Officer, appointed since 27 April 2015 and was re-elected as a Director of the Company on 25 January 2016. Mr. Neo is responsible for the strategic growth of the company and exploring of new opportunities of growth for the Group. He is also the founding director of Dollar Tree Inc Pte Ltd, a business advisory firm incorporated in Singapore in 2004. Mr. Neo is the lead independent director of International Press Softcom Limited, independent director of Ban Leong Technologies Ltd, independent non-executive chairman of Astaka Holdings Ltd and independent non-executive chairman of Acesian Partners Limited. In addition, he is a board member of both P.R.China Guangdong Province Overseas Exchange Association and Ningxia Autonomous Region Overseas Exchange Association. He was formerly an independent director of Universal Resources and Services Ltd and Trek 2000 International Ltd. He holds a Bachelor of Science Degree in Mathematics with Honours from the National University of Singapore.

Mr. Liew Nyok Wah is the Company's Executive Director, appointed on 3 September 2014 and was re-elected as a Director of the Company on 22 January 2018. Mr. Liew is the founder and managing director of Jackspeed Automobile (S) Pte. Ltd., the first company to bring in ABS (Anti-Lock Braking System) back in the 1980s and also the first company that actively promotes the use of cyclone, an additive which promotes better engine efficiency. In 1993, he co-founded Jackspeed Leather Special (S) Pte. Ltd., a company which subsequently listed on SGX Mainboard in 2003. Mr. Liew is actively involved in exploring new business opportunities and expansion possibilities for the Group.

Mr. Chim Suan Kit Mark is the Company's Lead Independent Non-Executive Director, appointed on 19 April 2018. He has more than 25 years of experience working in the Asia Pacific region, primarily engaged in the marketing and distribution of international lifestyle brands in the footwear, carry wear and sportswear categories. His experience also extends to negotiations with brand owners for distribution and franchising rights as well as brand licensing rights to manufacture products in Asia. He is the Managing Director of Primer International Management Ltd. (Hong Kong)/ Primer International Management Pte. Ltd. (Singapore) and director of Primer Holdings Inc. (Philippines) and Primer Seawood Investments Pte. Ltd. He is also the Managing Partner of Practical Support LLP. Mr. Chim has attained a Master of Business (International Marketing) and a Master of Accounting from the Curtin University of Technology, Australia and a Bachelor of Commerce (Economics) from the University of Newcastle, Australia. He is a full member of CPA Australia and Singapore Institute of Directors. In recent times, he completed the INSEAD International Directors Program held in Singapore and France.

BOARD OF DIRECTORS

Mdm. Yu Lihong is the Company's Independent Non-Executive Director, appointed on 3 September 2014 and was re-elected as a Director of the company on 23 January 2017. She started her career as a journalist at Mediacorp and moved on subsequently to an investment analyst position with Kim Eng Securities Singapore in 2000. In 2012, Mdm. Yu found Gifted & Talented Education Group which specialises in providing early learning support to gifted children in Singapore and the region. Mdm. Yu graduated from the National University of Singapore, faculty of Business Administration (major in finance) with First Class Honours. She is a fellow of the Association of Chartered Certified Accountants (ACCA, UK), a non-practising member of the Institute of Singapore Chartered Accountants (ISCA, Singapore), and a member of Chartered Financial Analyst (CFA, US).

Mr. Low Ka Choon Kevin is the Company's Independent Non-Executive Director, appointed on 9 April 2015 and was re-elected as a Director of the Company on 22 January 2018. Mr. Low is also the managing director/chief executive officer of International Press Softcom Limited. Prior to 1995, Mr. Low worked as a lawyer in a law firm in Singapore. He holds a Bachelor of Laws (Hons.) degree from the National University of Singapore.

KEY MANAGEMENT

Mr. Foo Say Kit is the Divisional Managing Director who is responsible for the overall performance, engineering and technical support of the business units in Peninsular Malaysia & Indonesia. He joined the Group in 2004, where his responsibilities included the exploration and business development with suppliers. Prior to joining the subsidiary, Mr. Foo worked in the HDDs (Hard Disk Drives) related industries such as ED (Electro-Deposition) coating, precision machining and aluminium die casting. Mr. Foo holds a Diploma in Mechanical Engineering and an Advance Diploma in Industrial Engineering from Singapore Polytechnic.

Mr. Lim Soon Wah is the Director and Operations Manager of PT PNE Indonesia, a subsidiary located in Indonesia. He joined one of the Group's subsidiaries in 2000 and has more than 20 years' experience in the metal surface finishing industry, specialising in powder and Electro-Deposition coating process. He oversees PT PNE Indonesia's marketing, day-to-day operations and is responsible for overall performance of the business unit in Indonesia.

Mr. Pua Kai Chek is the General Manager of the Company's subsidiary in Malaysia who is responsible for the overall performance of the central and northern Peninsular Malaysia business units. He oversees the subsidiaries' marketing, business development activities and daily operations. He has more than 10 years' experience in the metal surface finishing industry. Mr. Pua started his career with a manufacturer of HDDs as a Process Engineer before joining one of the Group's subsidiaries in 2003 as Head of the Engineering Process Department. Mr. Pua graduated from the University of Technology Malaysia in 2002 with an Honours in Bachelor of Chemical Engineering (Bioprocess Engineering).

Mr. Goh Leng Chye is the General Manager of the Company's principal subsidiary in Singapore, SMC Industrial Pte Ltd, who is responsible for the overall performance of the subsidiary, including daily operations, marketing and procurement functions. Mr Goh joined the subsidiary in 2005 and has more than 10 years' experience in dealing with the trading of commodities and in-depth understanding of the business requirements in the metallic commodities industry, as well as extensive technical knowledge in reclaiming, processing and recycling of the metallic and related products.

CORPORATE INFORMATION

AUDIT COMMITTEE

Chim Suan Kit Mark, Chairman
Yu Lihong
Low Ka Choon Kevin

NOMINATING COMMITTEE

Low Ka Choon Kevin, Chairman
Yu Lihong
Chim Suan Kit Mark

REMUNERATION COMMITTEE

Yu Lihong, Chairman
Chim Suan Kit Mark
Koh Mia Seng
Low Ka Choon Kevin

REGISTERED OFFICE

3 Jalan Pesawat
Singapore 619361
Tel (65) 6268 9593
Fax (65) 6264 0508

COMPANY SECRETARY

Wee Woon Hong

SHARE REGISTRARS

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

EXTERNAL AUDITORS

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way, OUE Downtown 2 #33-00
Singapore 068809
Tsia Chee Wah
(With effect from financial year ended
30 September 2015)

PRINCIPAL BANKERS

CIMB Bank Berhad
Citibank, N.A.
DBS Bank Ltd
Malayan Banking Berhad
Standard Chartered Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

CONTINUING SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay #10-00
Income at Raffles
Singapore 049318



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CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of Sen Yue Holdings Limited (the "**Company**") are committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**").

This report outlines the Company's main corporate governance practices that were in place through the financial year ended 30 September 2018 ("**FY2018**") with reference to the principles set out in 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 Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and the Guide.

Guidelines of the Code	Sen Yue Corporate Governance Practices

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1
Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

1.1 The Board's role is to:

(a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;

(b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets;

(c) review management performance;

(d) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation;

(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

(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The principal functions of the Board, apart from its statutory and fiduciary responsibilities, include:-

- protecting and enhancing shareholders' value;
- overseeing the Management of the Group. The Board meets regularly to discharge this obligation;
- determining the overall strategies of the Group as well as policies covering various matters with an emphasis on values, standards, internal controls, budget, financial performance, half yearly reporting and risk management procedures, as well as environmental issues; and
- reviewing and approving all major investment and divestment proposals, acquisitions and disposal of assets and interested person transactions, if any.

Please refer to Table A set out on page 45 to page 47 of this Annual Report for the composition and primary functions of the Board.

Guidelines of the Code		Sen Yue Corporate Governance Practices
1.2	All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company.	Every Director, in the course of carrying out his or her duties, acts in good faith and considers at all times, the interests of the Group.
1.3	The Board may delegate the authority to make decisions to any Board Committee but without abdicating its responsibility. Any such delegation should be disclosed.	The Board delegates the implementation of business policies and day-to-day operations to the Chief Executive Officer ("**CEO**"), Mr. Neo Gim Kiong and the Group's Management team. The Board has established a Nominating Committee ("**NC**"), a Remuneration Committee ("**RC**") and an Audit Committee ("**AC**") (collectively, the "**Board Committees**") to facilitate the discharge of their respective responsibilities. The Board Committees, which operate within clearly defined terms of reference, are actively engaged and play an important role in ensuring good corporate governance of the Group. All recommendations of the Board Committees are subsequently reviewed by the Board. Please refer to Table A set out on page 45 to page 47 of this Annual Report for the composition and primary functions of the Board Committees.
1.4	The Board should meet regularly and as warranted by particular circumstances, as deemed appropriate by the board members. Companies are encouraged to amend their Articles of Association (or other constitutive documents) to provide for telephonic and video-conference meetings. The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every board member at these meetings, should be disclosed in the company's Annual Report.	The Board meets regularly on a half-yearly basis. Additional meetings are also held from time to time as may be required to address any significant matters that may arise. The number of Board and Board Committee meetings and the record of attendance of each Director during FY2018 are set out in Table B at page 48 of this Annual Report. The Company's constitution (the "**Constitution**") provides for meetings of the Directors to be held by means of telephone conference or other simultaneous communication methods. The Board may conduct conference calls to expedite the decision-making process for critical matters. The Board and Board Committees also approve transactions by way of written resolutions, which are circulated to the Board together with all relevant information regarding the proposed transaction.

CORPORATE GOVERNANCE

Guidelines of the Code	Sen Yue Corporate Governance Practices
	Dates of Board meetings, Board Committee meetings and annual general meetings are scheduled in advance in consultation with all of the Directors. A Director who is unable to attend the meeting in person is invited to participate in the meeting via telephone or video conference.
1.5 Every company should prepare a document with guidelines setting forth: (a) the matters reserved for the Board's decision; and (b) clear directions to Management on matters that must be approved by the Board. The types of material transactions that require board approval under such guidelines should be disclosed in the company's Annual Report.	The matters which specifically require the Board's approval or guidance are those involving:- • material acquisitions and disposals of assets exceeding S$250,000; • material new investments; • borrowings, corporate or financial restructuring; • capital expenditures exceeding S$250,000; • material interested person transactions; • share issuances, dividends and other returns to shareholders; • establishment of strategies and objectives; • setting the Group's budget and financial plans; • monitoring financial and management performances; • authorising executive compensation; • evaluating internal controls and risk management; • approving half-yearly and year-end financial results announcements; and • commitments to banking facilities granted by financial institutions and overseeing corporate governance. The Company documents the materiality threshold(s) and matters reserved for board approval in its Financial Accounting Policy.

Guidelines of the Code	Sen Yue Corporate Governance Practices
1.6 Incoming directors should receive comprehensive and tailored induction on joining the Board. This should include his duties as a director and how to discharge those duties, and an orientation program to ensure that they are familiar with the company's business and governance practices. The company should provide training for first-time director in areas such as accounting, legal and industry-specific knowledge as appropriate. It is equally important that all directors should receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time. The company should be responsible for arranging and funding the training of directors. The Board should also disclose in the company's Annual Report the induction, orientation and training provided to new and existing directors.	All newly appointed Directors will undergo an orientation program to get them familiarised with the Group's business, organisation structure, policies and corporate governance practices to facilitate the effective discharge of their duties. The Directors continuously update themselves on new laws, regulations and changing commercial risks. Every Director is also invited and encouraged to seek additional training to further their skills in performing their duties, including attending classes and/or events organised by the Singapore Institute of Directors ("**SID**"). Directors are also informed of upcoming conferences or seminars relevant to their roles as Directors of the Company. Such training by all newly appointed and existing Directors are funded by the Company. The Company Secretary (or her representatives) also briefs the Directors on key regulatory changes, while Deloitte & Touche LLP, the Company's external auditors (the "**External Auditors**") briefs the AC on key amendments to the accounting standards. Mr Chim Suan Kit Mark was appointed as Lead Independent Non-Executive Director on 19 April 2018. During his appointment, Mr Chim Suan Kit Mark confirmed that he has attended training courses organised by SID on the roles and responsibilities of a director of Singapore listed company and he is a member of SID. During FY2018, some Directors attended seminars on capital business model, finance game changer and listed entity directors essentials, organised by TSF Academy, SMU Academy and SID. The Directors may, at any time, visit the Group's production facilities or attend trade shows and customer activities to gain a better understanding of the Group's business. In FY2018, the Directors visited the Group's new recycling lines at the new premises. If regulatory changes have a material impact on either the Group or the Directors, the Management will update the Directors during the Board meetings.
1.7 Upon appointment of each director, the company should provide a formal letter to the director, setting out the director's duties and obligations.	The Company has issued a formal appointment letter and service agreement, to all non-executive directors and executive directors, respectively.

CORPORATE GOVERNANCE

Guidelines of the Code	Sen Yue Corporate Governance Practices

Board Composition and Guidance

Principle 2
There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

2.1	There should be a strong and independent element on the Board, with independent directors making up at least one-third of the Board.	During FY2018, the Board consisted of one Executive Chairman, two Executive Directors and three Independent Non-Executive Directors. The Board is able to exercise objective judgement on corporate affairs independently and constructively challenge key decisions, taking into consideration the long-term interests of the Group and its shareholders, as Independent Non-Executive Directors comprise 50% of the Board. Further, all Board Committees are chaired by Independent Non-Executive Directors and a majority of the members of the Board Committees are Independent Non-Executive Directors. Please refer to Table A set out on page 45 to page 47 of this Annual Report for the composition of the Board and Board Committees.
2.2	The independent directors should make up at least half of the Board where: (a) the Chairman of the Board (the "**Chairman**") and the Chief Executive Officer (or equivalent) (the "**CEO**") is the same person; (b) the Chairman and the CEO are immediate family members; (c) the Chairman is part of the management team; or (d) the Chairman is not an independent director.	As the Chairman of the Board is part of the Management team and is not an Independent Non-Executive Director, the Company has complied and ensured that at least half of the Board comprises Independent Non-Executive Directors.

Guidelines of the Code	Sen Yue Corporate Governance Practices
2.3 An "independent" director is one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. The Board should identify in the company's Annual Report each director it considers to be independent. The Board should determine, taking into account the views of the Nominating Committee ("**NC**"), whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. If the Board wishes, in spite of the existence of one or more of these relationships, to consider the director as independent, it should disclose in full the nature of the director's relationship and bear responsibility for explaining why he should be considered independent.	The NC is responsible for reviewing the independence of each Director based on the guidelines set out in the Code. The NC conducts the review annually and requires each Independent Non-Executive Director to submit a confirmation of independence based on the guidelines provided in the Code. Based on the confirmation of independence submitted by the Independent Non-Executive Directors and the results of the NC's review, the NC was of the view that each Independent Non-Executive Director is independent in accordance with the Code and Catalist Rule 406(3) as the Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past three financial years; or (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the Remuneration Committee. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship in the Code that would otherwise deem him/her not to be independent.
2.4 The independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.	As at 30 September 2018, no Independent Non-Executive Directors on the Board had served for more than nine years from the date of his/her initial appointment.

CORPORATE GOVERNANCE

Guidelines of the Code	Sen Yue Corporate Governance Practices
2.5 The Board should examine its size and, with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the Board, which facilitates effective decision making. The Board should take into account the scope and nature of the operations of the company, 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 should not be so large as to be unwieldy.	The Board and the NC regularly examine the Board's size and, with a view to determine the impact of the number upon effectiveness, decide on an appropriate size for the Board, taking into account the scope and nature of the Group's operations. The Board and NC take into account, *inter alia*, the Directors' contributions, areas of expertise and scope of work on an annual basis in evaluating whether the Board's composition is adequate. The Board and NC are satisfied that the current Board's size and composition are appropriate for the Group.
2.6 The Board and its Board Committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company. They should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.	The NC periodically reviews the existing attributes and competencies of the Board in order to determine the desired expertise or experience required to strengthen or supplement the Board. This assists the NC in identifying and nominating suitable candidates for appointment to the Board. The NC is satisfied that the Board has the appropriate mix of expertise to lead and govern the Group effectively as the Board's three Independent Non-Executive Directors are respected individuals drawn from a broad spectrum of expertise which enables them, in their collective wisdom, to contribute effectively and provide a balance of views at both Board and Board Committee meetings. Each Director has been appointed based on his/her calibre and experience and is expected to bring his/her knowledge and experience in his/her field of expertise to contribute to the development of the Group's strategy and the performance of its business. The Board comprises 1 female and 5 male directors with diverse backgrounds such as accounting, finance, manufacturing and business management. Details of the Directors' academic and professional qualifications and other appointments are set out on page 5 and page 6 of this Annual Report.
2.7 Non-executive directors should: (a) constructively challenge and help develop proposals on strategy; and (b) review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance	The Independent Non-Executive Directors confer regularly with the Executive Directors and Management to develop strategies for the Group, review the performance of Management, assess remuneration and discuss corporate governance matters.

Guidelines of the Code	Sen Yue Corporate Governance Practices
2.8 To facilitate a more effective check on management, non-executive directors are encouraged to meet regularly without the presence of Management.	The Group's Independent Non-Executive Directors held periodic meetings without the presence of Management in FY2018.

Chairman and Chief Executive Officer

Principle 3
There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

3.1 The Chairman and the CEO should in principle be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the Chairman and the CEO should be clearly established, set out in writing and agreed by the Board. In addition, the Board should disclose the relationship between the Chairman and the CEO if they are immediate family members.	The role of the Chairman is separate from that of the CEO and there is a clear division of responsibilities between the Chairman and CEO. This is to ensure an appropriate balance of power, increased accountability and greater capacity for the Board in terms of independent decision making. The Board is of the view that there is adequate accountability and transparency as Independent Non-Executive Directors make up 50% of the Board. The Board is able to exercise its power objectively and independently from Management. No individual or small group of individuals dominates the Board's decision making.
3.2 The Chairman should: (a) lead the Board to ensure its effectiveness on all aspects of its role; (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; (c) promote a culture of openness and debate at the Board; (d) ensure that the directors receive complete, adequate and timely information; (e) ensure effective communication with shareholders; (f) encourage constructive relations within the Board and between the Board and Management;	The Chairman plays a key role in promoting high standards of corporate governance, scheduling meetings that enable the Board to perform its duties, establishing the agenda for the Board meetings in consultation with the CEO and ensuring that the Board reviews and approves the Group's key strategies and policies. The Chairman also participates in communicating with key stakeholders, including shareholders and senior management employees. The CEO's responsibilities 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 relations between Management and the Board.

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(g) facilitate the effective contribution of non-executive directors in particular; and (h) promote high standards of corporate governance.	
3.3 Every company should appoint an independent director to be the lead independent director where: (a) the Chairman and the CEO is the same person; (b) the Chairman and the CEO are immediate family members; (c) the Chairman is part of the management team; or (d) the Chairman is not an independent director. The lead independent director (if appointed) should be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the Chief Financial Officer (or equivalent) (the "**CFO**") has failed to resolve or is inappropriate.	Mr. Chim Suan Kit Mark is the Lead Independent Non-Executive Director of the Company as Mr. Koh Mia Seng, the Executive Chairman of the Board, is part of the Management team and is not considered independent according to the Code. The Lead Independent Non-Executive Director avails himself to address shareholders' concerns and acts as a counterbalance in the decision making process. Where necessary, the Lead Independent Non-Executive Director will chair meetings without involvement of the Executive Directors and provide feedback to the Chairman of the Board, to aid and facilitate well-balanced viewpoints on the Board.
3.4 Led by the lead independent director, the independent directors should meet periodically without the presence of the other directors, and the lead independent director should provide feedback to the Chairman after such meetings.	The Lead Independent Non-Executive Director met up with the Independent Non-Executive Directors twice in FY2018 before the Board meetings, for discussions in the absence of the Executive Directors.
Board Membership **Principle 4** **There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.**	
4.1 The Board should establish a NC to make recommendations to the Board on all board appointments, with written terms of reference which clearly set out its authority and duties. The NC should comprise at least three directors, the majority of whom, including the NC Chairman, should be independent. The lead independent director, if any, should be a member of the NC. The Board should disclose in the company's Annual Report the names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board.	The NC, which terms of reference are approved by the Board, comprises three Independent Non-Executive Directors. The NC meets at least once a year. Please refer to Table A set out on page 45 to page 47 of this Annual Report for the composition and responsibilities of the NC, based on written terms of reference. The Chairman and members of the NC are independent.

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4.2 The NC should make recommendations to the Board on relevant matters relating to: (a) the review of board succession plans for directors, in particular, the Chairman and the CEO; (b) the development of a process for evaluation of the performance of the Board, its Board Committees and directors; (c) the review of training and professional development programs for the Board; and (d) the appointment and re-appointment of directors (including alternate directors, if applicable). Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director. All directors should be required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.	The NC makes recommendations to the Board on all Board appointments and on the composition of Executive and Independent Non-Executive Directors of the Board. It is also charged with re-nominating directors who are retiring by rotation as well as determining annually whether or not a director is independent. In accordance with the Company's Constitution, one-third of the Directors (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at every annual general meeting of the Company. All Directors submit themselves for re-nomination and re-appointment at least once every 3 years. Any Director appointed by the Board during the financial year shall hold office only until the next annual general meeting. A retiring Director shall be eligible for re-election. The details of the Directors seeking re-election are found in Table C set out on page 48 to page 54 of this Annual Report. The Board recognises the contribution of its Directors who over time have developed deep insight into the Group's operations and industry and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for any of its Directors. Guideline 2.4 of the Code provides that the independence of Independent Non-Executive Directors serving for more than 9 years should be rigorously reviewed. The Board will take Guideline 2.4 of the Code into account when determining the re-appointment of the Independent Non-Executive Directors.
4.3 The NC is charged with the responsibility of determining annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in Guidelines 2.3 and 2.4 and any other salient factors. If the NC considers that a director who has one or more of the relationships mentioned therein can be considered independent, it shall provide its views to the Board for the Board's consideration. Conversely, the NC has the discretion to consider that a director is not independent even if he does not fall under the circumstances set forth in Guideline 2.3 or Guideline 2.4, and should similarly provide its views to the Board for the Board's consideration.	A Director who has no relationship with the Company, its related corporation, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement, is considered to be independent. The NC conducts an annual review of Directors' independence based on the guidelines set forth in the Code and is of the view that Mr. Chim Suan Kit Mark, Mdm. Yu Lihong and Mr. Low Ka Choon Kevin are independent.

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4.4 When a director has multiple board representations, he must ensure that sufficient time and attention is given to the affairs of each company. The NC should decide if a director is able to and has been adequately carrying out his duties as a director of the company, taking into consideration the director's number of listed company board representations and other principal commitments. Guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple boards. The Board should determine the maximum number of listed company board representations which any director may hold, and disclose this in the company's Annual Report.	All Directors declare their board memberships as and when practicable. The NC has reviewed and is satisfied that all Directors have devoted sufficient time and attention to the affairs of the Group to adequately perform their duties as Directors of the Group. 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. The NC is satisfied that the Directors are able to and have adequately carried out their duties as Directors of the Company after taking into consideration the number of listed company Board representations and their principal commitments. Currently, the NC will conduct a rigorous review if any of the Directors hold more than 6 listed company board representations. The Board and the NC will review the requirement to determine the maximum number of listed Board representations as and when they deem fit.
4.5 Boards should generally avoid approving the appointment of alternate directors. Alternate directors should only be appointed for limited periods in exceptional cases such as when a director has a medical emergency. If an alternate director is appointed, the alternate director should be familiar with the company affairs, and be appropriately qualified. If a person is proposed to be appointed as an alternate director to an independent director, the NC and the Board should review and conclude that the person would similarly qualify as an independent director, before his appointment as an alternate director. Alternate directors bear all the duties and responsibilities of a director.	The Company does not have any alternate directors.

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4.6 A description of the process for the selection, appointment and re-appointment of directors to the Board should be disclosed in the company's Annual Report. This should include disclosure on the search and nomination process.	When the need for a new director is identified, either to replace a retiring director or to enhance the Board's capabilities, the NC will make recommendations to the Board regarding the identification and selection of suitable candidates based on the desired qualifications, skill sets, competencies and experience, which are required to supplement the Board's existing attributes. If need be, the NC may seek assistance from external search consultants for the selection of potential candidates. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration. The NC, after completing its assessment, meets with the short-listed candidates to assess their suitability, before submiting the appropriate recommendations to the Board for approval. For the board nomination process for re-electing incumbent Directors, please refer to Guideline 5.3.
4.7 Key information regarding directors, such as academic and professional qualifications, shareholding in the company and its related corporations, Board Committees served on (as a member or Chairman), date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding three years in other listed companies, and other principal commitments, should be disclosed in the company's Annual Report. In addition, the company's annual disclosure on corporate governance should indicate which directors are executive, non-executive or considered by the NC to be independent. The names of the directors submitted for appointment or re-appointment should also be accompanied by details and information to enable shareholders to make informed decisions. Such information, which should also accompany the relevant resolution, would include: (a) any relationships including immediate family relationships between the candidate and the directors, the company or its 10% shareholders; (b) a separate list of all current directorships in other listed companies; and (c) details of other principal commitments.	Details of the Directors' academic and professional qualifications, date of first appointment and other relevant information are set out on page 5 and page 6 of this Annual Report and, in respect of the Directors standing for re-election, in Table C, on page 48 to page 54 of this Annual Report.

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Board Performance

Principle 5
There should be a formal annual assessment of the efectiveness of the Board as a whole and its Board Committees and the contribution by each director to the efectiveness of the Board.

5.1	Every Board should 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 the Chairman and each individual director to the effectiveness of the Board. The Board should state in the company's Annual Report how the assessment of the Board, its Board Committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report.	The NC assesses the effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director to the effectiveness of the Board on an annual basis. Objective performance criteria used to assess the performance of the Board include both quantitative and qualitative criteria. 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 Directors. No external facilitator was engaged by the Company in FY2018.
5.2	The NC should decide how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, should be approved by the Board and address how the Board has enhanced long-term shareholder value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify this decision.	The NC had conducted the Board's performance evaluation as a whole for FY2018 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:- 1. Board Composition and Structure; 2. Conduct of Meetings; 3. Corporate Strategy and Planning; 4. Risk Management and Internal Control; 5. Measuring and Monitoring Performance; 6. Training and Recruitment; 7. Compensation and Financial Reporting; 8. Chairman of the Board; 9. Board Committees; and 10. Communication with Shareholders.

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	The abovementioned performance criteria do not change from year to year. The NC Chairman has completed the Board and Board Committees' evaluation forms mentioned above. The completed forms were circulated to the members of NC for their review, comments and discussion. All NC members have abstained from the voting or review process of any matters in connection with the assessment of his/her performance and/or re-nomination as a Director. The NC is satisfied that the Board as a whole and Board Committees had met its performance objectives for FY2018.
5.3 Individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the Board and Board Committees, and any other duties). The Chairman should act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.	The assessment parameters for each Director include their knowledge and abilities, attendance records at the meetings of the Board and Board Committees, and the intensity and quality of participation at meetings. The NC and the Board have relied on the abovementioned parameters to evaluate the Directors' contribution individually and have taken such evaluation into consideration for the re-nomination of the Directors. The replacement of a Director, when it occurs, does not necessarily reflect the Director's performance, but may be driven by the need to align the Board with the needs of the Group.

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Access to Information

Principle 6
In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

6.1	Management has an obligation to supply the Board with complete, adequate information in a timely manner. Relying purely on what is volunteered by Management is unlikely to be enough in all circumstances and further enquiries may be required if the particular director is to fulfil his duties properly. Hence, the Board should have separate and independent access to Management. Directors are entitled to request from Management and should be provided with such additional information as needed to make informed decisions. Management shall provide the same in a timely manner.	The Directors have separate and independent access to the Management and all the Group's records at all times in carrying out their duties. Detailed Board papers and files are prepared and circulated in advance for each meeting. This is to give Directors sufficient time to review the matters to be discussed so that discussions can be more meaningful and productive. Any other matters may also be tabled at the Board meeting and discussed without papers being distributed. The Board papers and files include sufficient information from the Management on financial, operating and corporate issues for Directors to decide on issues presented at the Board and Board Committee meetings. Such information may also be in the form of presentations made by Management in attendance at the meetings, or given by external advisors and consultants engaged on specific projects. The Management provides the Board updates on the developments of the business on a half yearly basis, with financial information, the explanations on the financial information, and the rationale for the key decisions taken by Management.
6.2	Information provided should include board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.	The Directors are regularly provided with complete, adequate and timely information prior to Board meetings to enable them to fulfil their duties. The Management provides the Board with half-yearly management accounts, as well as half yearly summary data comparing key financial metrics relative to the budget and results from prior periods. In respect of budgets and financial results, any material variance between the projections and actual results are disclosed and explained.

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6.3 Directors should have separate and independent access to the company secretary. The role of the company secretary should be clearly defined and should include responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the company secretary's responsibilities include ensuring good information flows within the Board and its Board Committees and between Management and non-executive directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The company secretary should attend all board meetings.	The Directors have separate and independent access to the Company Secretary. The Company Secretary ensures that applicable rules and regulations are complied with and assists the Board in implementing corporate governance practices. The Company Secretary also prepares minutes for all Board meetings and assists the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings in ensuring good information flows within the Board and its Board Committees and between Management and Non-Executive Directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development, if required. In addition, the Company Secretary (or her representatives), had attended all Board and Board Committee meetings of the Company in FY2018, save for one NC meeting called at short notice.
6.4 The appointment and the removal of the company secretary should be a matter for the Board as a whole.	The appointment and the removal of the Company Secretary are subject to the Board's approval.
6.5 The Board should have a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, and at the company's expense.	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.

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REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his/her own remuneration.

7.1 The Board should establish a Remuneration Committee ("**RC**") with written terms of reference which clearly set out its authority and duties. The RC should comprise at least three directors, the majority of whom, including the RC Chairman, should be independent. All of the members of the RC should be non-executive directors. This is to minimise the risk of any potential conflict of interest. The Board should disclose in the company's Annual Report the names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board.

The RC, which terms of reference are approved by the Board, comprises three Independent Non-Executive Directors and one Executive Director. The majority of the members, including the Chairman of the RC, are independent. It meets at least once a year. The RC does not comprise wholly Non-Executive Directors as recommended by the Code, as the Board is of the view that the inclusion of an Executive Director in the RC will facilitate the flow of information between the RC and the Company, when required.

Please refer to Table A set out on page 45 to page 47 for the composition and functions of the RC.

7.2 The RC should review and recommend to the Board a general framework of remuneration for the Board and key management personnel. The RC should also review and recommend to the Board the specific remuneration packages for each director as well as for the key management personnel. The RC's recommendations should be submitted for endorsement by the entire Board.

The RC should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.

The RC reviews and makes recommendations to the Board on the framework of remuneration packages and policies applicable to the Executive Chairman, CEO, Directors and key management personnel.

The RC reviews the remuneration packages and employment contracts of the Executive Chairman, CEO, Directors and key management personnel in order to attract and retain capable executives through competitive compensation. The RC recommends for the Board's endorsement, a framework of compensation that covers aspects of remuneration including Directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for the Executive Chairman, CEO, Directors and key management personnel.

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7.3 If necessary, the RC should seek expert advice inside and/or outside the company on remuneration of all directors. The RC should ensure that existing relationships, if any, between the company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The company should also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the company.	No remuneration consultants were engaged by the Company during FY2018. The RC and the Board were of the view that the Company does not need to engage remuneration consultants as the remuneration for Executive Directors and the key management personnel are based on their respective existing service agreements. The RC may consider utilising external expert advice and data, as and when necessary, to assist in the evaluation of its compensation recommendations. None of the RC members or Directors is involved in deliberations in respect of any remuneration, compensation or any form of benefit to be granted to him/her or someone related to him/her.
7.4 The RC should review the company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance.	The RC reviews the Company's obligations arising from termination clauses and termination processes in relation to the Executive Directors' and key management personnel's contracts of service to ensure that such clauses and processes are fair and reasonable.

Level and Mix of Remuneration

Principle 8
The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

8.1 A significant and appropriate proportion of executive directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance. Such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the company. It should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing executive directors' and key management personnel's performance.	In reviewing and determining the remuneration packages of the Executive Directors and 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. An appropriate proportion of their remuneration is linked to individual and corporate performance and is aligned with the interests of Shareholders. The performance criteria for the Executive Directors and key management personnel have been met for FY2018.

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8.2 Long-term incentive schemes are generally encouraged for executive directors and key management personnel. The RC should review whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Executive directors and key management personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.	The Company had no long-term incentive schemes in place during FY2018.
8.3 The remuneration of non-executive directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the directors. Non-executive directors should not be over-compensated to the extent that their independence may be compromised. The RC should also consider implementing schemes to encourage non-executive directors to hold shares in the company so as to better align the interests of such non-executive directors with the interests of shareholders.	No Independent Non-Executive Directors have service agreements with the Company. 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 Independent Non-Executive Directors are subject to approval by Shareholders at each AGM thereby ensuring that their independence is not compromised. Each member of the RC abstains from deliberating on or making recommendations in respect of any proposed amounts to be paid by the Company to him/her. Please see Table D set out on page 55 to page 56 for the annual fees bands for Independent Non-Executive Directors being proposed to Shareholders.
8.4 Companies are encouraged to consider the use of 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.	There are currently no incentive schemes on share options or share related payments for the Executive Directors and key management personnel. The Board uses contractual provisions or other measures to reclaim any approved bonuses or other payments from the parties involved should there be any misstatements of financial results, or of misconduct resulting in financial loss to the Group.

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Disclosure on Remuneration

Principle 9
Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

9.1	The company should report to the shareholders each year on the remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. This annual remuneration report should form part of, or be annexed to the company's annual report of its directors. It should be the main means through which the company reports to shareholders on remuneration matters. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO).	Please refer to Table D set out on page 55 to page 56 for remuneration bands for the Directors and top four key management personnel. The Group has only four key management personnel.
9.2	The company should fully disclose the remuneration of each individual director and the CEO on a named basis. There should be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through 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	Please refer to Table D set out on page 55 to page 56 for remuneration details of the Directors and the CEO. The Board, taking into consideration the competitive business environment, decided not to disclose the exact details of the remuneration of each individual director. The Company is of the view that detailed disclosure of such information is sensitive and not in the best interest of the Company as it may have negative impact on talent attraction and retention.

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9.3 The company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through 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. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are encouraged to fully disclose the remuneration of the said top five key management personnel.	Please refer to Table D set out on page 55 to page 56 for remuneration bands and details for the top four key management personnel. The Company has only 4 key management personnel. The Board believes that it is for the benefit of the Company and the Group that the remuneration of key management personnel (who are not Directors of the Company) be kept confidential, due to its sensitive nature and concerns of poaching. As a company with a small and tightly-knit team, such disclosure would be disadvantageous to the Company in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing amongst the employees of the Company.
9.4 For transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000. The company need only show the applicable bands.	Please refer to Table D set out on page 55 to page 56 for remuneration bands and details of employees who are immediate family members of a Director or the CEO and whose remuneration exceeded S$50,000 during FY2018.
9.5 The annual remuneration report should also contain details of employee share schemes to enable their shareholders to assess the benefits and potential cost to the companies. The important terms of the share schemes should be disclosed, including the potential size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant, market price on the date of exercise, the vesting schedule, and the justifications for the terms adopted.	The Company had no employee share schemes in place during FY2018.

Guidelines of the Code	Sen Yue Corporate Governance Practices
9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met.	The Company's remuneration policy is one that seeks to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate the Executive Directors and key management personnel to achieve the Company's business vision and create sustainable value for its stakeholders. The remuneration policy adopted by the Group comprises a fixed component and a performance-related variable component. The fixed component is in the form of a base salary. The variable component is in the form of a bonus and depends on the relative performance of the Company and the performance of each individual Executive Director and key management personnel, allowing for the alignment of their interests with that of Shareholders. The Executive Directors do not receive additional Directors' fees. The performance criteria used to assess the remuneration of Executive Directors and key management personnel is based on the profitability of the Group, leadership, as well as the Executive Directors' and key management personnel's compliance in all audit matters. There are currently no long term incentives for the Executive Directors and key management personnel. The Executive Directors' and key management personnel's short term incentives (namely the performance-related variable component) are recommended by the RC and approved by the Board. For FY2018, the Executive Directors and key management personnel have met the relevant performance conditions. Please refer to Guideline 8.1 and 8.2 for further details regarding the Executive Directors' and key management personnel's remuneration. The Independent Non-Executive Directors receive Directors' fees, in accordance with their contributions, taking into account factors such as effort, time spent and the individual responsibilities of the respective Directors.

CORPORATE GOVERNANCE

Guidelines of the Code	Sen Yue Corporate Governance Practices

ACCOUNTABILITY AND AUDIT

Accountability

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

10.1	The Board's responsibility to provide a balanced and understandable assessment of the company's performance, position and prospects extends to interim and other price sensitive public reports, and reports to regulators (if required).	The Board provides a balanced and understandable assessment of the Group's performance, position and prospects in its annual financial statements and half-yearly and full year results announcements to Shareholders.
10.2	The Board should take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, for instance, by establishing written policies where appropriate.	The Board reviews compliance issues, if any, with Management on a half-yearly basis and as and when required.
10.3	Management should provide all members of the Board with management accounts and such explanation and information on a monthly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the company's performance, position and prospects.	Management provides the Executive Directors with the management accounts on a monthly basis and Independent Non-Executive Directors are updated on half-yearly basis. The Board is of the opinion that the Management provides relevant information on a timely basis, comprehensive half yearly financial statements and analysis of the results so that the Board can make a balanced and informed assessment of the Company's performance, position and prospects. The Board also provides a negative assurance statement to the Shareholders in respect of the interim financial statements. During FY2018, the CEO and the Group Finance Manager ("**GFM**") have provided assurance to the Board on the integrity of the Group's half yearly financial statements.

Guidelines of the Code	Sen Yue Corporate Governance Practices

Risk Management and Internal Controls

Principle 11
The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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.	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. 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.
11.2	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.	The statutory auditors carry out statutory audits annually in accordance with their audit plan. Control observations noted during their audits and the auditors' recommendations are reported to the AC. The internal audit function is outsourced to an external organisation, Foo Kon Tan Advisory Services Pte Ltd, for FY2018. They performed their work according to the agreed internal audit scope and making appropriate recommendations for improvements to the Group. The internal controls of the Group provide reasonable but not absolute assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board also recognises that no system of internal control or risk management can provide absolute assurance against the occurrence of errors, poor judgement in decision-making, losses, frauds or other irregularities.

CORPORATE GOVERNANCE

Guidelines of the Code	Sen Yue Corporate Governance Practices
11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report. The Board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment in the company's Annual Report on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.	Based on internal controls established and maintained by the Group, the works performed by the Internal Auditors and External Auditors, and the reviews performed by Management and the AC, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective during FY 2018. The Board met 2 times in FY2018 and have continuously updated the AC on the developments of the Company. The finance team is led by the GFM and the Finance Manager ("**FM**"). Both report directly to the CEO. The GFM is responsible for the finance matters of the Group, Company and its Malaysian subsidiaries, while the FM is responsible for the finance matters of the Singapore subsidiaries. The CEO and the GFM together with the FM, have also assured the Board that internal controls are in place and updated the Board on the internal controls measures taken during FY2018. Discussion between Internal Auditors, External Auditors and the AC in the absence of the Management have also further reassured the AC that for FY2018, the internal controls established are maintained for the operations of the business. The Board has also received assurance from the GFM and CEO in FY2018 that :- (a) The financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) The Company's risk management and internal control systems are effective.
11.4 The Board may establish a separate board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the company's risk management framework and policies.	The Company manages risks under an overall strategy determined by the Board and supported by the AC, RC and NC. The Company sets acceptable risk management standards and periodically reviews the risks that the Group is subject to.

Guidelines of the Code	Sen Yue Corporate Governance Practices

Audit Committee

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

12.1	The AC should comprise at least three directors, the majority of whom, including the AC Chairman, should be independent. All of the members of the AC should be non-executive directors.	The AC comprises three members, all of whom are Independent Non-Executive Directors. The AC members are appropriately qualified to discharge their responsibilities and functions under the terms of reference approved by the Board.
	The Board should disclose in the company's Annual Report the names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board.	Please refer to Table A set out on page 45 to page 47 for the composition and the main functions of the AC.
12.2	The Board should ensure that the members of the AC are appropriately qualified to discharge their responsibilities. At least two members, including the AC Chairman, should have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.	The Board is satisfied that the members of the AC are appropriately qualified to discharge their responsibilities. The Chairman Mr. Chim Suan Kit Mark, Mdm. Yu Lihong and Mr. Low Ka Choon Kevin are trained in accounting and financial management.
12.3	The AC should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.	The AC has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation of the Management and full discretion to invite any Director or key management personnel to attend its meetings. The AC has reasonable resources to enable it to discharge its duties properly.

CORPORATE GOVERNANCE

Guidelines of the Code		Sen Yue Corporate Governance Practices
12.4	The duties of the AC should include:	
	(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;	The AC meets at least on a half yearly basis to review the half yearly and full year results of the Group and the audited annual financial statements, SGXNET announcements and all related disclosures to shareholders before recommending the same to the Board for approval. In the process, the AC reviews the basis and reasoning of the Management in the preparation of the financial statements, critical accounting policies and any significant changes that would have an impact on the Company's financials.
	(b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the company's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);	The AC evaluates on a yearly basis the adequacy and effectiveness of the internal controls including financial, operational, compliance and information technology controls and regulatory compliance of the Group through discussion with Management and its Internal and External Auditors.
	(c) reviewing the effectiveness of the company's internal audit function;	Please refer to Guidelines 13.1 and 13.2.
	(d) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and	The AC reviews the scope of the External Auditors' audit plan and the effectiveness of the results from the independent audit. The AC also reviews the independence and objectivity of the External Auditors as well as the Group's compliance with Section B: Rules of the Catalist of the SGX-ST (the "**Catalist Rules**"), the Code, as well as interested person transactions and whistleblowing reports, if any.
	(e) making 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.	The AC recommends to the Board the appointment, re-appointment and removal of External Auditors, and approves the remuneration and terms of engagement of the External Auditors.
12.5	The AC should meet (a) with the external auditors, and (b) with the internal auditors, in each case without the presence of Management, at least annually.	The AC meets with the Internal Auditors and External Auditors separately, at least once a year, without the presence of the Management to review any matters that might have arisen. The AC met with the External Auditors and Internal Auditors once without the presence of Management in FY2018.

Guidelines of the Code	Sen Yue Corporate Governance Practices
12.6 The AC should review the independence of the external auditors annually and should state (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the company's Annual Report. Where the external auditors also supply a substantial volume of non-audit services to the company, the AC should keep the nature and extent of such services under review, seeking to maintain objectivity.	In FY2018, total audit fees were approximately S$227,000 and there was no non-audit fee paid to the Company's External Auditors, Deloitte & Touche LLP. In compliance with Rule 1204(6)(b) of the Catalist 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, if any. 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, and has recommended the re-appointment of the External Auditors at the forthcoming AGM. Deloitte & Touche LLP and its member firms are the auditors of all the Company's Singapore incorporated subsidiaries and foreign-incorporated subsidiaries except PT. PNE Indonesia, which is audited by Tjahjadi & Tamara, an independent member firm of Morison International. The Board and AC are of the view that the Company has complied with Catalist Rules 712 and 715 in relation to its External Auditors.
12.7 The AC should review the policy and arrangements by which staff of the company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The existence of a whistle-blowing policy should be disclosed in the company's Annual Report, and procedures for raising such concerns should be publicly disclosed as appropriate.	The Group has established a whistleblowing policy which provides the channel for employees of the Group and external parties to raise their concerns about improprieties in financial reporting or other matters to the AC Chairman or CEO, in good faith and in confidence, sending their mails directly to the Company's registered address, if any. There were no whistleblowing reports received in FY2018. The procedures for whistle blowing are displayed clearly on the notice boards of the Company and its subsidiaries where staff can call or email the CEO directly on all matters not related to the CEO, and they have access to the Lead Independent Non-Executive Director for matters relating to the CEO or as they deem appropriate. The follow up procedures regarding matters raised are also stated and whistleblowers are assured that all actions in good faith will not affect them in their work and staff appraisals.
12.8 The Board should disclose a summary of all the AC's activities in the company's Annual Report. The Board should also disclose in the company's Annual Report measures taken by the AC members to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.	Please refer to the Group's practices in Guidelines 1.6 and 12.4.

Guidelines of the Code	Sen Yue Corporate Governance Practices
12.9 A former partner or director of the company's existing auditing firm or auditing corporation should not act as a member of the company's AC: (a) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he has any financial interest in the auditing firm or auditing corporation.	None of the AC members were previous partners or directors of the existing auditing firms within the previous 12 months and none of the AC members hold any financial interest in the above-mentioned auditing firms.

Internal Audit

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

13.1 The Internal Auditor's primary line of reporting should be to the AC Chairman although the Internal Auditor would also report administratively to the CEO. The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced. The Internal Auditor should have unfettered access to all the company's documents, records, properties and personnel, including access to the AC.	The AC, in consultation with Management, approves the hiring, removal, evaluation and the fees of the Internal Auditors. The Internal Auditors have unfettered access to all the Group's documents, records, personnel and the AC. The internal audit function of the Group was out-sourced to Foo Kon Tan Advisory Services Pte Ltd in FY2018. The Internal Auditors report primarily to the AC Chairman and has unrestricted access to documents, records, properties and personnel of the Group.
13.2 The AC should ensure that the internal audit function is adequately resourced and has appropriate standing within the company. For the avoidance of doubt, the internal audit function can be in-house, outsourced to a reputable accounting/auditing firm or corporation, or performed by a major shareholder, holding company or controlling enterprise with an internal audit staff.	The Board recognises the importance of maintaining a system of internal controls, procedures and processes for the Group to safeguard the shareholders' investments and the Group's assets. The Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. For example, the key features of the internal control environment include having clear and defined terms of reference for Board Committees, assigning authority and responsibility in accordance with an authority matrix and written internal control procedures. The role of the Internal Auditors is to assist the AC in ascertaining that the controls are adequate, effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas. The AC is satisfied that the internal audit function is independent, adequately resourced and has the appropriate standing within the Company to perform its function effectively.

Guidelines of the Code	Sen Yue Corporate Governance Practices
13.3 The internal audit function should be staffed with persons with the relevant qualifications and experience.	The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals.
13.4 The Internal Auditor should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.	Foo Kon Tan Advisory Services Pte Ltd is a member of the Institute of Internal Auditors ("**IIA**"). The internal audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing set by IIA.
13.5 The AC should, at least annually, review the adequacy and effectiveness of the internal audit function.	The internal audit function plans its internal audit schedules in consultation with, but independent of the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In addition, the Internal Auditors from time to time may be requested to participate in ad-hoc projects initiated by the Management which require the assurance of the Internal Auditors in specific areas of concerns. Please refer to Guidelines 13.1 and 13.2 above on the adequacy and effectiveness of the internal audit function.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholders Rights

Principle 14
Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements

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 has adopted half-yearly results reporting since the half year ended 31 March 2002. In line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore (the "**Act**") the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner for all material developments that impact the Group via SGXNET on an immediate basis.

CORPORATE GOVERNANCE

Guidelines of the Code	Sen Yue Corporate Governance Practices
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.	At general meetings, Shareholders are given the opportunity to raise questions to the Directors and the Management relating to the Company's business or performance. The Chairpersons of the AC, NC and RC, as well as the External Auditors, are present to assist the Directors in addressing any relevant queries raised by Shareholders. Shareholders are also informed of the voting procedures prior to the commencement of voting by poll.
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 also allows an individual Shareholder to appoint not more than two proxies to attend and vote on his or her behalf at the general meetings. In line with the amendments to the Act, the Constitution allows corporate Shareholders of the Company which provide nominee or custodial services to third parties to appoint more than two proxies to attend and vote on their behalf at general meetings. A Shareholder who holds his/her shares via The Central Depository (Pte) Limited ("**CDP**") and whose name has registered with CDP 72 hours before the AGM, has to submit his/her duly executed instrument appointing a proxy, at the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902 not less than 48 hours before the time appointed for holding the AGM. In the event that the Shareholder's name does not appear on the CDP's register at least 72 hours before the AGM, he/she will not be entitled to appoint a proxy to attend the AGM even if the proxy form is deposited at least 48 hours before the time appointed for holding the AGM.

Guidelines of the Code	Sen Yue Corporate Governance Practices
Communication with Shareholders	
Principle 15 **Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.**	
15.1 Companies should devise an effective investor relations policy to regularly convey pertinent information to shareholders. In disclosing information, companies should be as descriptive, detailed and forthcoming as possible, and avoid boilerplate disclosures.	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 Catalist Rules and the Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective. Shareholders of the Company receive the annual reports and notices of AGMs which are also advertised in the newspapers within the prescribed deadlines prior to the AGMs. The Board encourages Shareholders' participation at the AGMs and periodically communicates with Shareholders through SGXNET throughout the financial year. Similarly, Shareholders receive the circulars and notices of Extraordinary General Meetings ("**EGMs**") which are advertised in the newspapers within the prescribed deadlines prior to the EGMs.
15.2 Companies should disclose information on a timely basis through SGXNET and other information channels, including a well-maintained and updated corporate website. Where there is inadvertent disclosure made to a select group, companies should make the same disclosure publicly to all others as promptly as possible.	The Company does not practice selective disclosure of material information. The Group makes all necessary disclosures to Shareholders and the public via SGXNET.
15.3 The Board should establish and maintain regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns.	Both Executive and Independent Non-Executive Directors meet or speak with Shareholders regularly, primarily through general meetings of Shareholders, to gather their views and address concerns.
15.4 The Board should state in the company's Annual Report the steps it has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings.	Please refer to the Group's practices set out in Guideline 15.3.

Guidelines of the Code	Sen Yue Corporate Governance Practices
15.5 Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders. Where dividends are not paid, companies should disclose their reasons.	The Company does not have a fixed dividend policy at present. The issue of payment of dividends is deliberated by the Board annually, having regards to various factors (e.g. Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate). The Board has not declared or recommended a dividend for FY2018 in order to conserve cash for future operations in view of prevailing business conditions of the Group.

Conduct of Shareholder Meetings

Principle 16
Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

16.1 Shareholders should have the opportunity to participate effectively in and to vote at general meetings of shareholders. Companies should make the appropriate provisions in their Articles of Association (or other constitutive documents) to allow for absentia voting at general meetings of shareholders.	Accompanying the notice of AGM and EGM, is a proxy form, so that (i) Shareholders who are individuals may appoint up to 2 proxies; and (ii) Shareholders which are intermediaries (such as banks and capital markets services licence holders) providing custodial services may appoint more than 2 proxies to attend on their behalf, should Shareholders be unable to personally attend the meetings. Voting in absentia, which is currently not permitted, may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Shareholders through the web are not compromised, and legislative changes are effected to recognise remote voting.
16.2 There should be separate resolutions at general meetings on each substantially separate issue. Companies should avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.	The Company has separate resolutions at general meetings for each distinct issue.
16.3 All directors should attend general meetings of shareholders. In particular, the Chairman of the Board and the respective Chairman of the AC, NC and RC should be present and available to address shareholders' queries at these meetings. The external auditors should also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.	The respective chairpersons of the AC, RC and NC are present at the AGMs and EGMs to answer queries raised at the AGMs and EGMs. The External Auditors, Deloitte & Touche LLP, are invited to attend the AGMs to address any Shareholders' queries about the conduct of their audits.

Guidelines of the Code	Sen Yue Corporate Governance Practices
16.4 Companies should prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes available to shareholders upon their request.	The Company prepares minutes of general meetings which incorporate substantial comments and queries from Shareholders and responses from the Board and Management. These minutes are made available upon request by Shareholders.
16.5 Companies should put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. Companies are encouraged to employ electronic polling.	In line with Catalist Rule 730A, all resolutions will be voted by way of poll and the Company will announce the detailed results showing the number of votes cast for and against each resolution and the respective percentages to the Shareholders and the public. The Company has adopted electronic poll voting for all general meetings.

CORPORATE GOVERNANCE

OTHER CORPORATE GOVERNANCE MATTERS

1. Material Contracts
[Catalist Rule 1204(8)]

No material contracts of the Company or its subsidiaries involving the interests of the CEO or any Director or controlling shareholders existed at the end of the financial year or have been entered into since the end of the previous financial year. In addition, no Director, CEO, controlling shareholders or a company related to the aforesaid persons have received a benefit from any contract entered into by the Group since the end of the previous financial year.

2. Interested Person Transactions
[Catalist Rule 1204(17)]

The Company does not have a general mandate from shareholders for recurrent interested person transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Materials purchased from SMC Technology Sdn Bhd[1]	$547,927	Not applicable
Sales of materials to SMC Technology Sdn Bhd[1]	$129,020	Not applicable

[1] Mr Koh Mia Seng is the director and shareholder of SMC Technology Sdn Bhd. Mr Koh is the Company's Executive Director and Executive Chairman. The above amounts represent 1.43% and 0.34% of the Group's FY2017 audited net tangible assets.

3. Dealing in Securities
[Catalist Rule 1204(19)]

In compliance with Rule 1204(19), the Group has adopted a Code of Conduct to provide guidance to Directors and executive officers with regards to dealing in the Company's securities.

The Company, Directors and officers of the Group are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are also reminded regularly not to deal in the Company's shares during the period commencing one month before the announcement of the Group's half-yearly and annual financial results and ending on the date of announcement of those results. The Company, its Directors and officers are required to report to the Company Secretary whenever they deal in the Company's shares. The Company Secretary assists the AC and the Board in monitoring such share transactions and making the necessary announcements. Directors and officers are also reminded to be mindful of the laws on insider trading at all times and to ensure that their dealings in securities do not contravene the laws on insider trading as determined by the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act and other appropriate regulations.

"Directors and officers" include the following classes of employees:-

1) All directors and managers;

2) All significant participants in the financial consolidation process;

3) Others with significant management responsibility whose decisions can materially impact the Company's financial results; and

4) Certain accounting and finance personnel who assist the Company's CFO/Company Secretary in preparing all public announcements and materials distributed to the Board of Directors.

4. Non-sponsor Fees
[Catalist Rule 1204(21)]

No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte Ltd in FY2018.

TABLE A

Board comprises:-

Koh Mia Seng	(Executive Chairman and Executive Director)
Neo Gim Kiong	(Executive Director & CEO)
Liew Nyok Wah	(Executive Director)
Chim Suan Kit Mark	(Lead Independent Non-Executive Director)
Yu Lihong	(Independent Non-Executive Director)
Low Ka Choon Kevin	(Independent Non-Executive Director)

The primary functions of the Board include:-

1. charting the overall strategy, growth and direction of the Group;

2. overseeing and monitoring the performance of the management team;

3. ensuring there are in place appropriate and adequate systems of internal controls and risk management policies;

4. approving the annual budget, major capital expenditures and funding proposals, and investment and divestment proposals; and

5. assuming responsibilities for good corporate practices.

The Board's approval is also required on matters such as major acquisitions and disposals, corporate or financial restructuring, share issuance and dividends (Please refer to the full list of matters require Board's approval on the disclosure under Guideline 1.5 on page 12).

Audit Committee comprises:-

Chim Suan Kit Mark	(Chairman, Lead Independent Non-Executive)
Yu Lihong	(Member, Independent Non-Executive)
Low Ka Choon Kevin	(Member, Independent Non-Executive)

The responsibilities of the AC, based on the written terms of reference, are as follows :-

1. reviewing the financial statements of the Company and the Group before they are submitted to the Board for approval;

2. reviewing the audit plans and the external auditors' report with the external auditors;

3. reviewing the independence and objectivity of the external auditors;

4. reviewing management letters from the external auditors and responses from the management;

5. recommending to the Board the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

6. reviewing the scope and results of the internal audit procedures;

7. ensuring the internal auditors' primary line of reporting is to the AC, in particular the chairman;

8. ensuring the internal audit function is adequately resourced and effective;

9. reviewing the adequacy and effectiveness of the Group's internal controls, including financial, operational and compliance controls and risk management;

10. reviewing interested person transactions, if any; and

11. Commissioning and reviewing the finding of internal investigations conducted where fraud or impropriety is suspected, or where there is a failure of internal controls and infringement of laws, rules or regulations which is likely to have a material impact on the Group.

Nominating Committee comprises:-

Low Ka Choon Kevin	(Chairman, Independent Non-Executive)
Yu Lihong	(Member, Independent Non-Executive)
Chim Suan Kit Mark	(Member, Lead Independent Non-Executive)

The responsibilities of the NC, based on the written terms of reference, includes the following:-

1. making recommendations to the Board on the appointment and re-election of Directors to the Board;

2. reviewing the size and composition of the Board;

3. evaluating the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board;

4. determining the independence of Directors, at least annually;

5. determining orientation programs for new Directors and recommending opportunities for the continuing training of the Directors;

6. formulating and implementing succession plan;

7. reviewing the appointment of immediate family members of the Company's Directors or substantial shareholders to managerial positions in the Group; and

8. reviewing the performance of the Directors who has multiple listed board representation.

Remuneration Committee comprises:-

Yu Lihong	(Chairman, Independent Non-Executive)
Chim Suan Kit Mark	(Member, Lead Independent Non-Executive)
Koh Mia Seng	(Member, Executive)
Low Ka Choon Kevin	(Member, Independent Non-Executive)

The functions of the RC are as follows:-

1. recommending to the Board a framework of review procedures for fixing the remuneration packages of the Directors and key management personnel of the Group;

2. reviewing the appropriateness of the remuneration packages in relation to the level of contribution and performance of each Director and key management personnel of the Group; and

3. reviewing the remuneration package of the Group's employees who are immediate family members of the Directors or substantial shareholders of the Company.

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of each individual Director and key management personnel of the Group. The recommendations of the RC are submitted for endorsement by the Board. Each member of the RC shall abstain from voting on any resolution in respect of his or her own remuneration package.

CORPORATE GOVERNANCE

TABLE B

Name of Director	Board of Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Nominating Committee Meetings	
	No. held	No. attended	No. held	No. attended	No. held	No. attended	No. held	No. attended
Koh Mia Seng	2	2	2*	2*	1	1	2*	1*
Neo Gim Kiong	2	2	2*	2*	1*	1*	2*	2*
Liew Nyok Wah	2	2	2*	2*	1*	1*	2*	1*
Kevin Norbert Scully[1]	2	1	2	1	1	1	2	1
Chim Suan Kit Mark[2]	2	1	2	1	1	0	2	0
Yu Lihong	2	2	2	2	1	1	2	2
Low Ka Choon Kevin	2	2	2	2	1	1	2	2

* By Invitation

1 Mr Kevin Norbert Scully ceased to be a Lead Independent Director, Chairman of Audit Committee and member of Remuneration and Nominating Committee with effect from 24 January 2018.

2 Mr Chim Suan Kit Mark was appointed as a Lead Independent Director, Chairman of Audit Committee and member of Remuneration and Nominating Committee with effect from 19 April 2018.

TABLE C

The Directors named below are retiring and being eligible, offer themselves for re-election at the upcoming AGM:-

Name of Director	Koh Mia Seng	Neo Gim Kiong	Chim Suan Kit Mark
Date of appointment	3 Mar 2015	27 Apr 2015	19 Apr 2018
Date of last election	25 Jan 2016	25 Jan 2016	N/A
Age	54	49	52
Country of principal residence	Singapore	Singapore	Singapore

Name of Director	Koh Mia Seng	Neo Gim Kiong	Chim Suan Kit Mark
The Board's comments on the NC's recommendation for re-election	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Koh's performance as an Executive Chairman and Executive Director of the Company.	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Neo's performance as an Executive Director and Chief Executive Officer of the Company.	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Chim's performance as Lead Independent Non-Executive Director of the Company. The Board considers Mr Chim to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Executive. Responsible for overseeing the operations of the Company's business of trading of commodities, which include copper, stainless steel and other special alloy.	Executive. Responsible for the formulation of the Group's corporate strategies and expansion plans.	Non-Executive.
Job title	Executive Chairman and Executive Director, Member of Remuneration Committee.	Executive Director and Chief Executive Officer	Lead Independent Non-Executive Director, Chairman of Audit Committee, Member of Nominating Committee and Remuneration Committee
Professional qualifications	Nil	Bachelor of Science Degree in Mathematics with Honours from the National University of Singapore	Master of Business (International Marketing) and a Master of Accounting from the Curtin University of Technology, Australia and a Bachelor of Commerce (Economics) from the University of Newcastle, Australia Full member of CPA Australia and Singapore Institute of Directors

CORPORATE GOVERNANCE

Name of Director	Koh Mia Seng	Neo Gim Kiong	Chim Suan Kit Mark
Working experience and occupation(s) during past 10 years	SMC Industrial Pte Ltd Mar 1994 to current – Managing Director SMC Holdings Pte. Ltd. May 2009 to current – Director Sen Yue Holdings Limited Mar 2015 to current – Executive Director, re-designated as Executive Chairman on 25 Jan 2016	Bizmen Corporation Pte. Ltd. and Dollar Tree Inc Pte. Ltd. 2004 to current – Founding Director Jackspeed Corporation Limited 2009 to 2011 - Executive Director and Chief Executive Officer Sen Yue Holdings Limited 2015 to current – Executive Director and Chief Executive Officer	Primer International Management Ltd/ Primer International Management Pte. Ltd., Hong Kong/ Singapore 2007 to 2009 – Licensing and Merchandising Director 2009 to current – Managing Director Primer Seawood Investments Pte. Ltd. 2015 to current – Director Primer Group, Philippines 2016 to current – Board of Directors
Shareholdings interest in the listed issuer and its subsidiaries	Mr Koh holds 369,109,046 ordinary shares (42.7%) in the share capital of the Company.	Mr Neo holds 4,150,000 ordinary shares (0.5%) in the share capital of the Company.	Mr Chim holds 550,000 ordinary shares (0.1%) in the share capital of the Company.
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	None	None	None
Conflict of interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

Name of Director	Koh Mia Seng	Neo Gim Kiong	Chim Suan Kit Mark
Other Principal Commitments Including Directorships	Past (for the last 5 years) Nil Present Director of: SMC Industrial Pte Ltd SMC Holdings Pte. Ltd. SYH E-Waste Management Pte. Ltd. SYH Resources Pte. Ltd. PNE-Sino Pte Ltd SMC Technology Sdn. Bhd. SMC Industrial (HK) Limited SMC Industrial (UK) Co Ltd	Past (for the last 5 years) Audion Innnovision Pty Ltd Universal Resources and Services Ltd Trek2000 International Ltd Present Dollar Tree Inc Pte. Ltd. Bizmen Corporation Pte. Ltd. Ban Leong Technologies Limited International Press Softcom Limited AV Labs International Pte. Ltd. Gifted and Talented Education Pte. Ltd. Ban Leong Technologies Australia Pty Ltd BLC (China) Ltd SYH E-Waste Management Pte. Ltd. SYH Resources Pte. Ltd. PNE-Sino Pte Ltd Acesian Partners Limited Astaka Holdings Limited PNE Micron Engineering Sdn. Bhd. PNE Marvellous Sdn. Bhd. CED System Sdn. Bhd. Hong Nam Industry (M) Sdn. Bhd. PNE Micron (Kuala Lumpur) Sdn. Bhd. PNE Precision Sdn. Bhd. Macore Technology (M) Sdn. Bhd. SMC Industrial (HK) Limited SMC Industrial (UK) Co Ltd	Past (for the last 5 years) Super 7 Pte. Ltd. Lejeans Pte. Ltd. Present Director of: Primer International Management Ltd (Hong Kong) Primer Holdings Inc (Philippines) Primer Uniglobe (Singapore) Pte. Ltd. Primer International Management Pte. Ltd. (Singapore) Primer Kenrich Sdn Bhd (Malaysia) Primer Seawood Investment Pte. Ltd. (Singapore) Primer Pacific Pty. Ltd. (Australia) Primer Europe Ltd. (UK) Poler Inc (USA) Petite Cherie Marketing Pte. Ltd. Atomic Racing Pte. Ltd. Human Elemental Pte. Ltd. Managing Partner of: Practical Support LLP

CORPORATE GOVERNANCE

The general statutory disclosures of the Directors are as follows:

Question		Koh Mia Seng	Neo Gim Kiong	Chim Suan Kit Mark
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	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

Question		Koh Mia Seng	Neo Gim Kiong	Chim Suan Kit Mark
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	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
(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	No	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No

Question		Koh Mia Seng	Neo Gim Kiong	Chim Suan Kit Mark
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(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?	Yes[1]	Yes[2]	No
	Disclosure applicable to the appointment of Director only.			
	Any prior experience as a director of an issuer listed on the Exchange?	No	Yes	No
	If yes, please provide details of prior experience.	N/A	International Press Softcom Ltd, Universal Resource and Services Limited, Ban Leong Technologies Limited	N/A
	If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Has attended SID training and has been the Executive Director of the Company for approximately 3 years	N/A	Has attended SID training

Note:

1 Assisted in the investigation by Commercial Affairs Department ("**CAD**") in November 2011 for money remitted to SMC Industrial Pte Ltd where Mr Koh is the managing director and major shareholder. The case closed in July 2012 with CAD issuing a Notice of Warning to Mr Koh, the Director of SMC to refrain from collecting cash from customers.

2 Around April 2013, Mr Neo was investigated by CAD regarding his involvement for the non-compliance of Section 162 of the Companies Act, Cap. 50 in relation to the grant of staff loan to a director of a subsidiary of a Singapore listed company around October 2009 without prior shareholder approval of that subsidiary. Mr Neo was the Chief Executive Officer of the listed company at the relevant time. The staff loan was a sum of S$50,000, which was granted to that subsidiary's director to pay for the medical expenses of his mother, was granted with the joint approval of the Chairman of the board of listed company in accordance with the authority approval matrix of the listed company, and the Group Financial Controller/Company Secretary was also involved in handling the procedures relating to the loan. The staff loan was repaid in full by the relevant director in May 2010. Mr Neo was issued with a letter of warning by CAD in January 2014 in relation to the same. No charges were filed.

TABLE D

The tables below show the remuneration of the Directors and the top four key management personnel of the Group, who are not directors as well as the approximate percentage breakdown of the remuneration during FY2018.

(a) Remuneration of Directors of the Company

Name of Director	Salary* (S$)	Bonus# (S$)	Directors' Fees (S$)	Allowance and other benefits (S$)	Total (S$)
S$500,001 to S$750,000					
Koh Mia Seng (Executive Director)	86%	14%	–	–	100%
S$250,000 to S$500,000					
Neo Gim Kiong (Executive Director and CEO)	77%	15%	–	8%	100%
Liew Nyok Wah (Executive Director)	75%	15%	–	10%	100%
Below S$250,000					
Kevin Norbert Scully[1] (Lead Independent Non-Executive Director)	–	–	94%	6%	100%
Chim Suan Kit Mark[2] (Lead Independent Non-Executive Director)	–	–	100%	–	100%
Yu Lihong (Independent Non-Executive Director)	–	–	97%	3%	100%
Low Ka Choon Kevin (Independent Non-Executive Director)	–	–	97%	3%	100%

* The salary amount shown is inclusive of Central Provident Fund ("**CPF**"), all fees other than directors' fees and other emoluments.

\# The bonus amount shown is inclusive of CPF.

1 Mr Kevin Norbert Scully has ceased to be a Lead Independent Director, Chairman of Audit Committee and member of Remuneration and Nominating Committee with effect from 24 January 2018.

2 Mr Chim Suan Kit Mark was appointed as a Lead Independent Director, Chairman of Audit Committee and member of Remuneration and Nominating Committee with effect from 19 April 2018.

(b) Remuneration of top four Key Management Personnel

Name of Top 4 Key Management Personnel	Salary* (%)	Bonus* (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
S$250,000 to S$500,000: -					
Foo Say Kit (Managing Director, Malaysia and Indonesia)	62%	26%	–	12%	100%
Goh Leng Chye (General Manager, Singapore)	83%	17%	–	–	100%
Below S$250,000: -					
Pua Kai Chek (General Manager, Malaysia)	66%	26%	–	8%	100%
Lim Soon Wah (Director, Indonesia)	74%	25%	–	1%	100%

* The salary and bonus amounts shown are inclusive of CPF.

The total remuneration paid to the above top four key management personnel in FY2018 was S$801,350.

No stock options were granted in FY2018 as the Company has no employees shares option scheme in place. Please refer to the disclosure under Guideline 9.5 for more details.

(c) Remuneration of employee related to Director

Name of Employee who are family members of a Director	Salary* (%)	Bonus* (%)	Directors' Fees (%)	Allowance and other benefits (%)	Total (%)
S$50,000 to S$100,000					
Xu Yi Rui^ (Assistant Manager)	92%	8%	–	–	100%

* The salary and bonus amounts shown are inclusive of CPF.

^ Mr. Xu Yi Rui is the nephew of Mr. Koh Mia Seng (Executive Director).

Mr. Xu Yi Rui is the nephew of Mr. Koh Mia Seng (Executive Director) and he is the Assistant Manager of SMC Industrial Pte Ltd. The remuneration of Mr. Xu in FY2018 was in the band of S$50,000 to S$100,000.

Save as disclosed above, there was no employee of the Group who is an immediate family member of any Director or the CEO whose remuneration exceeds S$50,000 in FY2018.

DIRECTORS' STATEMENT

The Directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended September 30, 2018.

In the opinion of the Directors, 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 65 to 127 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 September 30, 2018, and 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 and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Koh Mia Seng
Neo Gim Kiong
Liew Nyok Wah
Chim Suan Kit Mark (Appointed on April 19, 2018)
Yu Lihong
Low Ka Choon Kevin

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of Directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the name of Director		Shareholdings in which Director is deemed to have an interest	
Names of Directors and companies in which interests are held	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
The Company				
(Ordinary shares)				
Koh Mia Seng	369,109,046	369,109,046	–	–
Neo Gim Kiong	4,150,000	4,150,000	–	–
Liew Nyok Wah	62,000,000	62,000,000	–	–
Chim Suan Kit Mark	–	550,000	–	–
Yu Lihong	6,000,000	6,000,000	–	–
Low Ka Choon Kevin	1,000,000	1,000,000	–	–

By virtue of Section 7 of the Singapore Companies Act, Koh Mia Seng is deemed to have an interest in the Company and in all the related corporations of the Company.

The directors' interest in the shares and options of the company at October 21, 2018 were the same at September 30, 2018.

4 SHARE OPTIONS

(a) Options to take up unissued shares

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

(b) Options exercised

During the financial year, there were no shares of the Company or any 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 corporation in the Group under option.

5 AUDIT COMMITTEE

The Audit Committee carries out its functions in accordance with the principles of corporate governance as prescribed in the Code of Corporate Governance 2012 issued by the Singapore Council on Corporate Disclosure and Governance. The functions carried out are detailed in the Corporate Governance Report.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Koh Mia Seng

Neo Gim Kiong

December 24, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Sen Yue Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sen Yue Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at September 30, 2018, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 127.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at September 30, 2018 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 year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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.

Key Audit Matters (cont'd)

Key audit matter	How the matter was addressed in the audit
Allowance for trade receivables As at September 30, 2018, the Group has trade receivables of $44.8 million, representing 53% of the Group's current assets. 58% of trade receivables for the Group relate to amounts due from four major overseas customers. Significant judgement is required by management in assessing the recoverability of trade receivables including those that are past due but not provided for and the level of allowance for doubtful debts that may be required. Inappropriate judgement and estimates made in the impairment assessment would result in a significant impact on the carrying amount of trade receivables.	Our audit procedures focused on evaluating and challenging key assumptions used by management in conducting the impairment assessment. These procedures included: ● understanding management's process over the monitoring of trade receivables and the assessment of allowance for doubtful debts; ● assessing the recoverability of the Group's significant past due trade receivables as at the reporting date, including the assessment of any allowance to be made in respect of these past due debts; and ● discussing with management on the reasons for the delay in payments for significant aged debts and assessing the appropriateness of any allowance for doubtful debts to be made, by considering amongst other factors such as, subsequent cash receipts, payment history, settlement arrangement or the ongoing business relationship with the debtors involved. We have also reviewed the adequacy and appropriateness of the disclosures made in Note 7 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Sen Yue Holdings Limited

Key Audit Matters (cont'd)

Key audit matter	How the matter was addressed in the audit
Valuation of e-waste inventories During the year, the Group expanded its e-waste recycling business which involves the conversion of raw materials (e-waste) into its metal elements. These commodities have varying levels of purity content. Management engaged an expert to perform an assessment on the purity content of these commodities. As at September 30, 2018, the Group has e-waste raw material and e-waste converted commodities of $7.0 million and $3.2 million respectively, representing 54% of the Group's inventories of $19.0 million. The net realisable value of the commodities is correlated to the purity contents and the commodity prices listed in the London Metal Exchange (LME) and London Metal Bulletin (LMB). The above are key determinants as to whether the e-waste inventories are carried at the lower of cost and net realisable value (NRV).	Our audit procedures focused on evaluating and challenging management's assessment on the valuation of e-waste inventories. These procedures included: ● understanding management's process over the monitoring of inventories and the assessment of inventory provision; ● comparing the carrying amount of inventories against the prevailing commodity prices on LME and LMB to ensure inventories are carried at the lower of cost and NRV; ● engaging our own expert to verify management expert's assessment of the purity content of the inventories; and ● performing testing of subsequent sales of the inventories. We have also reviewed the adequacy and appropriateness of the disclosures made in Note 8 to the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

a) 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.

b) 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.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Sen Yue Holdings Limited

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

e) 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.

f) 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 year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Tsia Chee Wah.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

December 24, 2018

STATEMENTS OF FINANCIAL POSITION

September 30, 2018

	Note	Group		Company	
		2018	2017	2018	2017
		$'000	$'000	$'000	$'000
			(Restated)		
ASSETS					
Current assets					
Cash and cash equivalents	6	18,141	10,407	125	278
Trade and other receivables	7	46,888	52,470	171	2,125
Inventories	8	19,008	5,772	–	–
Total current assets		84,037	68,649	296	2,403
Non-current assets					
Property, plant and equipment	9	29,092	27,289	–	–
Goodwill	10	338	338	–	–
Subsidiaries	11	–	–	31,767	31,554
Other receivables	7	702	677	–	–
Insurance assets	12	3,985	3,359	–	–
Deferred tax assets	13	57	49	–	–
Total non-current assets		34,174	31,712	31,767	31,554
Total assets		118,211	100,361	32,063	33,957
LIABILITIES AND EQUITY					
Current liabilities					
Bank overdrafts, loans and trade bills	14	56,498	42,951	1,000	1,283
Trade and other payables	15	14,488	9,876	3,874	3,434
Finance leases	16	319	238	–	–
Convertible notes	17	–	1,900	–	1,900
Income tax payable		379	545	–	–
Total current liabilities		71,684	55,510	4,874	6,617
Non-current liabilities					
Bank overdrafts, loans and trade bills	14	3,269	4,083	–	–
Finance leases	16	703	578	–	–
Other payables	15	53	63	–	–
Deferred tax liabilities	13	1,354	1,455	–	–
Total non-current liabilities		5,379	6,179	–	–

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION (cont'd)

September 30, 2018

	Note	Group		Company	
		2018	2017	2018	2017
		$'000	$'000	$'000	$'000
			(Restated)		
Capital, reserves and non-controlling interests					
Share capital	18	40,255	40,255	40,255	40,255
Merger deficit	19	(3,454)	(3,454)	–	–
Translation reserve	20	(7,403)	(7,421)	–	–
Revaluation reserve	21	8,623	8,066	–	–
Capital reserve	22	2,605	2,605	–	–
Accumulated losses		522	(1,379)	(13,066)	(12,915)
Equity attributable to owners of the Company		41,148	38,672	27,189	27,340
Non-controlling interests		–	–	–	–
Total equity		41,148	38,672	27,189	27,340
Total liabilities and equity		118,211	100,361	32,063	33,957

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended September 30, 2018

	Note	Group	
		2018	2017
		$'000	$'000
			(Restated)
Revenue	23	240,822	207,198
Cost of sales		(226,789)	(192,896)
Gross profit		14,033	14,302
Other operating income	24	1,526	923
Distribution costs		(1,299)	(1,185)
Administrative expenses		(9,110)	(8,791)
Other operating expenses		(439)	(218)
Finance costs	25	(2,067)	(1,517)
Profit before tax		2,644	3,514
Income tax expense	26	(743)	(918)
Profit for the year	27	1,901	2,596
Profit attributable to:			
Owners of the Company		1,901	2,076
Non-controlling interests		–	520
		1,901	2,596
Earnings per share			
Basic and diluted (cents)	28	0.22	0.26
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of properties		557	3,962
Reversal of deferred tax liability on disposal of property		–	367
Loss on disposal of property		–	(392)
		557	3,937
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		18	(487)
Other comprehensive income for the year, net of tax		575	3,450
Total comprehensive income for the year		2,476	6,046
Total comprehensive income attributable to:			
Owners of the Company		2,476	5,526
Non-controlling interests		–	520
		2,476	6,046

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended September 30, 2018

Group	Share capital	Merger deficit	Translation reserve	Revaluation reserve	Capital reserve	Accumulated losses	Attributable to owners of the Company	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	(Note 18)	(Note 19)	(Note 20)	(Note 21)	(Note 22)				
Balance as at October 1, 2016	34,366	(3,454)	(6,934)	6,481	(26)	(5,807)	24,626	8,675	33,301
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	2,076	2,076	520	2,596
Other comprehensive income for the year	–	–	(487)	3,937	–	–	3,450	–	3,450
Total	–	–	(487)	3,937	–	2,076	5,526	520	6,046
Transactions with owners, recognised directly in equity									
Transfer to retained earnings [(a)]	–	–	–	(2,352)	–	2,352	–	–	–
Effect of acquiring remaining non-controlling interest in a subsidiary (Note 11)	5,889	–	–	–	2,631	–	8,520	(9,195)	(675)
Total	5,889	–	(487)	1,585	2,631	4,428	14,046	(8,675)	5,371
Balance as at September 30, 2017	40,255	(3,454)	(7,421)	8,066	2,605	(1,379)	38,672	–	38,672
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	1,901	1,901	–	1,901
Other comprehensive income for the year	–	–	18	557	–	–	575	–	575
Total	–	–	18	557	–	1,901	2,476	–	2,476
Balance as at September 30, 2018	40,255	(3,454)	(7,403)	8,623	2,605	522	41,148	–	41,148

(a) This pertains to the transfer of the revaluation surplus and relevant tax effect upon disposal of a property.

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)

Year ended September 30, 2018

Company	Share capital	Accumulated losses	Total
	$'000	$'000	$'000
	(Note 18)		
Balance as at October 1, 2016	34,366	(11,994)	22,372
Loss for the year, representing total comprehensive loss for the year	–	(921)	(921)
Issue of share capital, representing transactions with owners, recognised directly in equity	5,889	–	5,889
Balance as at September 30, 2017	40,255	(12,915)	27,340
Loss for the year, representing total comprehensive loss for the year	–	(151)	(151)
Balance as at September 30, 2018	40,255	(13,066)	27,189

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended September 30, 2018

	Note	Group 2018 $'000	Group 2017 $'000
Operating activities			
Profit before income tax		2,644	3,514
Adjustments for:			
(Reversal of) Allowance for inventories		(25)	64
Bad debts written off on other receivables		–	1
Allowance for doubtful debts		–	4
Interest income		(113)	(44)
Interest expense		2,067	1,517
Depreciation of property, plant and equipment	9	2,900	1,955
Net foreign exchange loss		16	88
Gain on disposal of property, plant and equipment		(11)	(7)
Property, plant and equipment written off		1	14
Post-employment benefits		2	30
Increase in fair value of insurance assets		(68)	(66)
Operating cash flows before movements in working capital		7,413	7,070
Trade and other receivables		179	(8,425)
Inventories		(13,203)	(891)
Trade and other payables		5,298	3,070
Trade bills		13,635	6,987
Cash generated from operations		13,322	7,811
Income taxes paid		(1,123)	(879)
Income taxes refund		3	83
Net cash from operating activities		12,202	7,015
Investing activities			
Interest received		56	29
Proceeds from disposal of property, plant and equipment (Note B)		3,097	15
Purchase of plant and equipment (Note A)		(3,550)	(8,484)
Purchase of insurance assets		(582)	–
Net cash used in investing activities		(979)	(8,440)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

Year ended September 30, 2018

	Note	Group 2018 $'000	Group 2017 $'000
Financing activities			
Interest paid		(2,067)	(1,517)
Repayments of borrowings		(1,328)	(1,683)
Repayments of finance lease liabilities		(296)	(216)
Increase in pledged deposits with financial institutions		(8,115)	(1,675)
New bank loans raised		–	6,575
Net cash (used in) from financing activities		(11,806)	1,484
Net (decrease) increase in cash and cash equivalents		(583)	59
Cash and cash equivalents at the beginning of the year		1,798	1,706
Effect of exchange rate changes on the balance of cash held in foreign currencies		(159)	33
Cash and cash equivalents at the end of the year	6	1,056	1,798

Note A

During the financial year, the Group acquired plant and equipment with an aggregate cost of $4,075,000 (2017 : $9,259,000) of which $502,000 (2017 : $775,000) was acquired under finance lease arrangement and $23,000 (2017 : $Nil) remains unpaid as at September 30, 2018.

Note B

In 2017, the Group disposed of a property for $3,050,000 which was included in other receivables as at September 30, 2017 and collected in 2018.

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended September 30, 2018

1 GENERAL

The Company (Registration No. 200105909M) is incorporated in Singapore with its principal place of business and registered office at 3 Jalan Pesawat, Singapore 619361. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended September 30, 2018 were authorised for issue by the Board of Directors on December 24, 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS - On October 1, 2017, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisition of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets comprise cash and cash equivalents, trade and other receivables and insurance assets.

Insurance assets

Certain insurance policies held by the Group are classified as insurance assets and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value, impairment losses and foreign exchange gains and losses are recognised in profit or loss. The fair value of monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the monetary asset is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables and cash and cash equivalents) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When receivables are uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank overdrafts and loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Convertible notes

Convertible notes are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into foreign currency forward contracts and commodity forward contracts to manage its exposure to foreign exchange rate risk and commodity price risk. Further details of derivative financial instruments are disclosed in Note 31 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

OFFSETTING ARRANGEMENTS - Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group as lessee (cont'd)

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method, except for e-waste inventories which the cost is calculated using the specific identification method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	-	50 years
Leasehold land and buildings	-	10.5 to 50 years or over the lease period, whichever is shorter
Plant and equipment	-	2 to 17 years
Furniture, fittings and office equipment	-	2 to 12 years
Renovation and installation	-	5 to 10 years
Motor vehicles	-	5 to 10 years

No depreciation is provided on freehold land.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the short of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

IMPAIRMENT OF ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

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 treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, 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.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

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

Revenue from electro-deposition coating and other support services

Revenue from electro-deposition coating and other support services is recognised when such services are rendered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Interest income

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

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

EMPLOYEE LEAVE ENTITLEMENT - Employees 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.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised directly outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

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

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

Critical judgements in applying the Group's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements apart from those involving estimation (see below).

Key sources of estimation uncertainty

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

Impairment of goodwill

The Group tests goodwill for impairment annually or more frequently if there are indicators that the goodwill might be impaired. The goodwill relates exclusively to one cash-generating unit ("CGU"). Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was $338,000 (2017: $338,000). Details of the goodwill are provided in Note 10 to the financial statements.

Allowance for doubtful trade and other receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts required the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and doubtful debts expenses in the period in which such estimate has been changed. Management has assessed the allowance for doubtful receivables in respect of outside parties as at September 30, 2018 to be $1,258,000 (2017 : $1,381,000). The carrying amount of trade and other receivables is disclosed in Note 7 to the financial statements.

Allowance for inventories

At the end of each reporting period, the Group reviews the carrying amount of its inventories to ensure that they are stated at lower of cost or net realisable value. In assessing the net realisable value and making appropriate allowance, management identifies inventories that are slow-moving, considers their physical condition, the market condition and prices for similar items. Management has assessed the allowance for inventories as at September 30, 2018 to be $181,000 (2017 : $200,000).

The Group engages a related party to assess the purity content of the e-waste inventories. Purity content is a key measure to determine the net realisable value based on available market prices. Management works closely with experts to establish the appropriate method used in testing.

The carrying amount of inventories is disclosed in Note 8 to the financial statements.

Impairment in value of investment in subsidiaries (Note 11)

Determining whether investment in subsidiaries is impaired involves the consideration of the performance of the subsidiaries and the market conditions in which the subsidiaries operate in. At the end of the reporting period, management of the Company has performed an impairment assessment of its investment in its subsidiaries. As at September 30, 2018, the allowance for impairment loss is $9,481,000 (2017 : $10,450,000).

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

Depreciation of property, plant and equipment

The Group depreciates its property, plant and equipment over their estimated useful lives, after taking into account their estimated residual value using the straight-line method. The estimated useful life reflects management's estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect management's estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life. As at September 30, 2018, the carrying amount of property, plant and equipment is $29,092,000 (2017 : $27,289,000) as disclosed in Note 9 to the financial statements.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 4, 9 and 12 to the financial statements.

Impairment of property, plant and equipment (Note 9)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment 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).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	63,556	62,029	286	2,393
Insurance assets	3,985	3,359	–	–
	67,541	65,388	286	2,393
Financial liabilities				
Amortised cost	75,330	59,689	4,874	6,617

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

(c) Financial risk management policies and objectives

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

The Group is exposed to a variety of financial risks, comprising market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below:

(i) Foreign exchange risk management

The Group's foreign exchange exposures arise mainly from the exchange rate movement of the functional currencies of the respective group entities against Singapore dollar, United States dollar, Malaysia ringgit and Chinese yuan.

The Company has a number of investments in foreign subsidiaries whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations. The risk is managed through natural hedges. The Group enters into forward foreign exchange contracts to hedge certain of its foreign currency denominated trade receivables exposure (Note 31).

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies at the end of the reporting period are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Singapore dollar	151	101	632	279	–	–	–	–
United States dollar	24,101	18,913	10,929	12,675	509	1,283	169	162
Malaysia ringgit	2,225	–	–	–	2,225	–	–	–
Chinese yuan	–	–	109	–	–	–	–	–

Foreign currency sensitivity

The sensitivity rate used when reporting foreign exchange risk to key management personnel is 10%, which is the change in a foreign exchange rate that management deems reasonably possible, which will affect outstanding foreign currency denominated monetary items at the end of the reporting period.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity (cont'd)

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, the effect on profit or loss will increase (decrease) by:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Singapore dollar	(48)	(18)	–	–
United States dollar	1,317	624	34	112
Malaysia ringgit	223	–	223	–
Chinese yuan	(11)	–	–	–

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, the above will have an opposite effect.

(ii) Interest rate risk management

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group monitors the movements in interest rates on an ongoing basis and evaluates the exposure for its debt obligations.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for cash and cash equivalents placed with and borrowing from banks and financial institutions in Singapore, Malaysia and Indonesia at the end of the reporting period.

For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower with all other variables held constant, the Group's profit for the year ended September 30, 2018 would decrease / increase by $219,000 (2017 : $196,000).

No analysis is prepared at the Company level as the impact is not expected to be material.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in average bank borrowings.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties as a mean of mitigating the risk of financial losses from default. Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Where appropriate, the Group obtains collateral from its customers. Cash terms, advance payments and letter of credits are required for customers of lower credit standing. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

As at September 30, 2018, 58.4% (2017 : 73.4%) of trade receivables for the Group relate to amounts due from four (2017 : three) major customers. The Group manages concentration of credit risk by performing credit analysis procedures to assess the potential customers' credit quality and defines credit limits by customer before offering credit term to any new customer.

The maximum amount the Company could be forced to settle under the financial guarantee contract in Note 29(b), if the full guaranteed amount is claimed by the counterparty to the guarantee is $52,594,000 (2017 : $41,010,000). Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, and the exposure to defaults from financial guarantees above, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The Group places its cash with reputable financial institutions.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management (cont'd)

The credit risk for trade and other receivables based on the information provided to key management is as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
By geographical areas:				
Singapore	3,895	7,533	161	2,115
People's Republic of China	28,444	36,066	–	–
Malaysia	3,166	2,827	–	–
Indonesia	655	598	–	–
Thailand	3,727	1,714	–	–
South Korea	2,536	177	–	–
Others	3,922	3,334	–	–
	46,345	52,249	161	2,115

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liability requirements in the short and longer term.

As at September 30, 2018, the Company's current liabilities exceeded its current assets by $4,578,000 (2017 : $4,214,000). The Company is the ultimate holding company for all its subsidiaries, and the Group has positive working capital of $12,353,000 (2017: $13,139,000). Accordingly, management is of the opinion that the Group has sufficient working capital to meet the Company's short term working capital requirements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statements of financial position.

The maximum amount that the Company could be forced to settle under the financial guarantee contract in Note 29(b), if the full guaranteed amount is claimed by the counterparty to the guarantee, is $52,594,000 (2017 : $41,010,000). The earliest period that the guarantee could be called is within 1 year (2017 : 1 year) from the end of the reporting period. As mentioned in Note 4(c)(iii), the Group considers that it is more likely that no amount will be payable under the arrangement.

	Weighted average effective interest rate	On Demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000
GROUP					
2018					
Non-interest bearing	–	14,488	53	–	14,541
Finance lease liability (fixed rate)	4.70	344	729	(51)	1,022
Trade bills (variable rate)	3.16	50,777	–	(1,556)	49,221
Loan facilities (variable rate)	3.42	7,525	3,689	(668)	10,546
		73,134	4,471	(2,275)	75,330
2017					
Non-interest bearing	–	9,876	63	–	9,939
Finance lease liability (fixed rate)	5.77	260	606	(50)	816
Trade bills (variable rate)	2.83	36,593	–	(1,007)	35,586
Convertible notes (fixed rate)	8.00	2,006	–	(106)	1,900
Loan facilities (variable rate)	3.75	7,641	4,811	(1,004)	11,448
		56,376	5,480	(2,167)	59,689

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate	On Demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000
COMPANY					
2018					
Non-interest bearing	–	3,874	–	–	3,874
Loan facilities (variable rate)	3.89	1,039	–	(39)	1,000
		4,913	–	(39)	4,874
2017					
Non-interest bearing	–	3,434	–	–	3,434
Convertible notes (fixed rate)	8.00	2,006	–	(106)	1,900
Loan facilities (variable rate)	3.64	1,330	–	(47)	1,283
		6,770	–	(153)	6,617

Non-derivative financial assets

Except for other receivables and insurance assets as disclosed in Notes 7 and 12, substantially all financial assets of the Group and Company are on demand or due within one year.

Derivative financial instruments

The Group's derivative financial instruments comprise forward foreign currency contracts and commodity forward contracts which are measured at fair value at the end of the reporting period. The Group's derivative financial instruments are insignificant as at the end of the reporting period. See Note 31 for more information on derivative financial instruments.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(c) Financial risk management policies and objectives (cont'd)

(v) Fair value of financial assets and financial liabilities

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used). See Note 31 for more information on derivative financial instruments, which are insignificant as at the end of the reporting period.

Insurance assets

Fair value as at		Fair value hierarchy	Valuation technique and key input	Significant unobservable input	Relationship of unobservable inputs to fair value
2018	2017				
$'000	$'000				
3,985	3,359	Level 2	Statement from the respective insurers on the cash surrender value as at reporting date.	N/A	N/A

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

Management considers that the carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities recorded at amortised cost in the financial statements approximate their respective fair values due to the relatively short-term maturity of these financial instruments. In respect of the financial assets and financial liabilities recorded at amortised cost whose maturity is more than a year, management also considers that such financial instruments approximate their fair values. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

(d) Capital management policies and objectives

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 to maximise shareholder 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 Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(d) Capital management policies and objectives (cont'd)

The Group is required to maintain a minimum net worth (share capital, accumulated profit/loss, and all reserves) of not less than $22,000,000 (2017 : $15,000,000). This externally imposed capital requirement has been complied with as of the financial year ended September 30, 2017 and September 30, 2018.

Management also reviews financial measures and position of the Group on a regular basis to monitor if the Group fulfils the financial covenants prescribed in its banking facilities. As at September 30, 2018, the Group was in compliance with all externally imposed capital requirements.

5 RELATED PARTY TRANSACTIONS

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

During the year, the Group had entered into the following transactions with related party:

	Group	
	2018	2017
	$'000	$'000
Sale of goods	(129)	–
Purchase of goods	548	–
Subcontracting expenses	74	–
Purchase of equipments	14	–
Sale of equipments	(26)	–

Compensation of Directors and key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	Group	
	2018	2017
	$'000	$'000
Short term benefits	2,212	2,004
Post-employment benefits	105	78
	2,317	2,082

The remuneration of Directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash at banks and in hand	2,128	2,509	125	278
Fixed deposits	16,013	7,898	–	–
Cash and cash equivalents in statements of financial position	18,141	10,407	125	278
Fixed deposits pledged with financial institutions	(16,013)	(7,898)	–	–
Bank overdraft (Note 14)	(1,072)	(711)	–	–
Cash and cash equivalents in statement of cash flows	1,056	1,798	125	278

Fixed deposits with financial institutions amounting to approximately $16,013,000 (2017 : $7,898,000) have been pledged to financial institutions for banking facilities granted to the Group (refer to Note 14).

Fixed deposits interest at an average rate of 0.85% (2017 : 0.51%) per annum and for a tenure of approximately 213 days (2017 : 228 days).

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current				
Trade receivables from outside parties	44,849	47,706	–	–
Deposits and other receivables	1,824	5,918	–	–
Prepayments	543	221	10	10
Tax recoverables	–	6	–	–
GST refundable	930	–	–	–
Subsidiaries (Note 11)	–	–	161	2,115
Allowance for doubtful receivables				
- Trade	(7)	(6)	–	–
- Non-trade	(1,251)	(1,375)	–	–
	46,888	52,470	171	2,125
Non-current				
Prepayments	702	677	–	–
Total	47,590	53,147	171	2,125

7 TRADE AND OTHER RECEIVABLES (cont'd)

The table below is an analysis of trade receivables as at year ended:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Not past due and not impaired	30,585	35,687	–	–
Past due but not impaired [(i)]	14,257	12,013	–	–
Sub-total	44,842	47,700	–	–
Impaired receivables - individually assessed				
- Past due more than 12 months with no indication of intention to repay	7	6	–	–
Less: Allowance for impairment	(7)	(6)	–	–
Total trade receivables, net	44,842	47,700	–	–

The average credit period on sale of goods is 7 to 180 days (2017 : 60 to 180 days). No interest is charged on overdue trade receivables.

Included in the Group's trade receivable balance are debtors with a carrying amount of $14,257,000 (2017 : $12,013,000) which are past due at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Accordingly, management believes that there is no further impairment required in excess of the allowance for doubtful debts.

Non-trade amounts due from subsidiaries are unsecured and interest-free, and are repayable on demand. There are no impairment losses arising from the outstanding balances.

The Group's other receivables are interest-free and repayable on demand. The Group has recognised an allowance of $1,251,000 (2017 : $1,375,000) on other receivables as at the end of the reporting period.

7 TRADE AND OTHER RECEIVABLES (cont'd)

[(i)]Ageing of trade receivables that are past due but not impaired:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Less than 1 month overdue	9,100	10,361	–	–
1 to 3 months overdue	4,013	1,420	–	–
3 to 6 months overdue	1,144	69	–	–
6 to 12 months overdue	–	163	–	–
	14,257	12,013	–	–

Movements in the allowance for doubtful receivables:

	Group	
	2018	2017
	$'000	$'000
Balance at beginning of the year	1,381	1,437
Amounts written off during the year	–	(1)
Increase in allowance recognised in profit or loss	–	4
Exchange difference	(123)	(59)
Balance at end of the year	1,258	1,381

8 INVENTORIES

	Group	
	2018	2017
	$'000	$'000
Raw materials	11,243	3,660
Work-in-progress	283	113
Inventory-in-transit	7,153	1,770
Finished goods	329	229
	19,008	5,772

Included in raw materials and finished goods are $7,022,000 (2017 : $687,000) and $3,167,000 (2017 : $Nil) of e-waste inventories, respectively.

The cost of inventories recognised as an expense includes $25,000 in respect of reversal of write-downs of inventory to net realisable value (2017 : $64,000 in respect of write-downs of inventory to net realisable value). Previous write-downs have been reversed as a result of increased saleability in certain markets.

9 PROPERTY, PLANT AND EQUIPMENT

	Valuation			Cost				
	Freehold land	Freehold buildings	Leasehold land and buildings	Plant and equipment	Furniture, fittings and office equipment	Renovation and installation	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost/Valuation								
At October 1, 2016	4,822	3,670	8,650	7,466	1,314	614	537	27,073
Additions	–	6	7,462	1,524	128	124	15	9,259
Disposals	–	–	(4,000)	(176)	(123)	(254)	(16)	(4,569)
Written off	–	–	–	(40)	(5)	–	–	(45)
Revaluation of properties	–	–	4,538	–	–	–	–	4,538
Exchange differences	(119)	(76)	(167)	(520)	(47)	(18)	(2)	(949)
At September 30, 2017	4,703	3,600	16,483	8,254	1,267	466	534	35,307
Additions	–	–	–	3,307	133	168	467	4,075
Disposals	–	–	–	(35)	(1)	–	(171)	(207)
Written off	–	–	–	(18)	(7)	–	–	(25)
Revaluation of properties	–	–	(500)	–	–	–	–	(500)
Exchange differences	130	(527)	(234)	152	(7)	(7)	(17)	(510)
At September 30, 2018	4,833	3,073	15,749	11,660	1,385	627	813	38,140
Accumulated depreciation:								
At October 1, 2016	–	732	372	5,320	998	389	163	7,974
Depreciation	–	77	1,127	481	110	73	87	1,955
Disposals	–	–	(558)	(167)	(123)	(254)	(16)	(1,118)
Written off	–	–	–	(27)	(4)	–	–	(31)
Eliminated on revaluation	–	–	(235)	–	–	–	–	(235)
Exchange differences	–	(3)	(24)	(468)	(35)	(12)	–	(542)
At September 30, 2017	–	806	682	5,139	946	196	234	8,003
Depreciation	–	80	1,483	947	142	154	94	2,900
Disposals	–	–	–	(9)	(1)	–	(159)	(169)
Written off	–	–	–	(18)	(6)	–		(24)
Eliminated on revaluation	–	–	(1,171)	–	–	–	–	(1,171)
Exchange differences	–	(605)	(62)	165	7	(11)	1	(505)
At September 30, 2018	–	281	932	6,224	1,088	339	170	9,034
Impairment:								
At October 1, 2016	–	–	18	–	–	–	–	18
Exchange differences	–	–	(3)	–	–	–	–	(3)
At September 30, 2017	–	–	15	–	–	–	–	15
Exchange differences	–	–	(1)	–	–	–	–	(1)
At September 30, 2018	–	–	14	–	–	–	–	14
Carrying amount:								
At September 30, 2018	4,833	2,792	14,803	5,436	297	288	643	29,092
At September 30, 2017	4,703	2,794	15,786	3,115	321	270	300	27,289

9 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The carrying amount of the Group's plant and equipment includes an amount of $1,143,000 (2017 : $1,142,000) secured in respect of assets held under finance leases.

As at September 30, 2018, freehold land and buildings and leasehold land and building of the Group with an aggregate carrying amount of $16,130,000 (2017 : $16,549,000) are pledged as security to secure bank loans (Note 14).

Fair value measurement of the Group's freehold and leasehold land and buildings

The Group's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement on leasehold land and building was performed as at September 30, 2018 and 2017. The fair value measurements were performed by independent valuers not connected with the Group, who have appropriate qualifications and recent experience in the fair value measurement of the properties in the relevant locations. The remainder of the Group's freehold and leasehold land and buildings were not revalued in 2018 and 2017 as management had determined that there were no significant changes to the fair value as at September 30, 2018 and 2017.

The valuation for freehold land and buildings is an estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction and the values are based on actual sales transactions for properties that are similar to the freehold land and buildings held by the Group during the year. The valuation for leasehold land and buildings is an estimated amount based on the Direct Comparison Method and Investment Method of Valuation which is the generally accepted valuation approach under the International Valuation Standards. In estimating the fair value of the freehold and leasehold land and buildings, the highest and best use of the freehold and leasehold land and buildings are their current use. There has been no change to the valuation technique during the year.

Details of the Group's land and buildings and information about the fair value hierarchy as at September 30, 2018 and 2017 are as follows:

	Level 1	Level 2	Level 3	Fair value as at September 30, 2018
	$'000	$'000	$'000	$'000
Group				
Non-financial assets measured at fair value				
Freehold land and buildings	–	7,625	–	7,625
Leasehold land and buildings	–	14,803	–	14,803
	–	22,428	–	22,428

9 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Fair value measurement of the Group's freehold and leasehold land and buildings (cont'd)

	Level 1	Level 2	Level 3	Fair value as at September 30, 2017
	$'000	$'000	$'000	$'000
Group				
Non-financial assets measured at fair value				
Freehold land and buildings	–	7,497	–	7,497
Leasehold land and buildings	–	15,786	–	15,786
	–	23,283	–	23,283

As at September 30, 2018, the carrying amount of the Group's freehold and leasehold land and buildings stated at valuation would have been $4,595,000 (2017: $4,999,000) and $9,065,000 (2017 : $9,954,000), respectively, had the freehold land and buildings and leasehold land and buildings been carried at cost less accumulated depreciation.

The impairment loss of $14,000 (2017 : $15,000) was determined in 2015 based on the fair value of the property carried out by an independent valuer, KJPP Renggamis, Hamid & Rekan.

10 GOODWILL

	Group
	$'000
Cost:	
At September 30, 2017 and September 30, 2018	338
Carrying amount:	
At September 30, 2017 and September 30, 2018	338

Goodwill acquired in the business combination had been allocated, at acquisition, to SMC Industrial Pte Ltd.

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

The recoverable amount of the goodwill is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to SMC Industrial Pte Ltd. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

10 GOODWILL (cont'd)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 13.6% to 19.4% (2017 : 7.4% to 20.6%). This rate does not exceed the average long-term market growth rate.

The rate used to discount the forecast cash flows is approximately 12% (2017 : 12%).

As at September 30, 2018 and 2017, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amount.

11 SUBSIDIARIES

	Company	
	2018	2017
	$'000	$'000
At cost		
Unquoted equity shares, at cost	31,486	31,486
Loans to a subsidiary	9,762	10,518
	41,248	42,004
Impairment loss	(9,481)	(10,450)
Carrying amount	31,767	31,554

Loans to a subsidiary are unsecured and interest-free as at the reporting date. The settlement of the loans is neither planned nor likely to occur in the foreseeable future. As the loans represent, in substance, a part of the Company's net investment in the subsidiary, they are stated at cost less accumulated impairment loss.

Movement in the allowance for impairment:

	Company	
	2018	2017
	$'000	$'000
Balance at beginning of year	10,450	10,450
Reversal during the year	(969)	–
Balance at end of year	9,481	10,450

The Company carried out a review of the recoverable amounts of its investment in subsidiaries where there was an indication that the investments had suffered an impairment loss. The review concluded that a reversal of impairment of $969,000 (2017 : $Nil) is required on the carrying amount of the investments. The recoverable amount is determined based on the estimated fair value less cost to sell of the underlying assets of the individual subsidiary.

11 SUBSIDIARIES (cont'd)

The subsidiaries of the Company are set out below:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		2018 %	2017 %	
Held by the Company				
CED System Sdn. Bhd. [(b)]	Malaysia	100	100	ED coating
Hong Nam Industry (M) Sdn. Bhd. [(b)]	Malaysia	100	100	ED coating
Macore Technology (M) Sdn. Bhd. [(b)]	Malaysia	100	100	ED coating
PNE Marvellous Sdn. Bhd. [(b)]	Malaysia	100	100	Property investment holding
SYH E-Waste Management Pte. Ltd. (formerly known as PNE Micron Engineering Pte Ltd) [(a)]	Singapore	100	100	Metal stamping
PNE Micron Engineering Sdn. Bhd. [(b)]	Malaysia	100	100	Metal stamping
PNE Micron (Kuala Lumpur) Sdn. Bhd. [(b)]	Malaysia	100	100	ED coating
PNE Precision Sdn. Bhd. [(b)]	Malaysia	100	100	Metal stamping
SYH Resources Pte. Ltd. (formerly known as PNE Resources Pte Ltd) [(a)]	Singapore	100	100	Trading of commodities, waste management
PNE-Sino Pte Ltd [(a)]	Singapore	100	100	Investment holding
SMC Industrial Pte Ltd [(a)]	Singapore	100	100	Trading of commodities, waste management
Held by PNE-Sino Pte Ltd				
PT. PNE Indonesia [(c)]	Indonesia	100	100	ED coating
PT Le Royaume PNE [(c)]	Indonesia	100	100	Investment holding
Held by SMC Industrial Pte Ltd				
SMC Industrial (HK) Limited [(c)]	Hong Kong	100	100	Waste management
SMC Industrial (UK) Co Ltd [(c)]	United Kingdom	100	100	Waste management

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

(c) Not audited for consolidation purposes as management is of the opinion that the results of the subsidiary for the year is insignificant.

11 SUBSIDIARIES (cont'd)

The following schedule shows the effects of changes in the Group's ownership interest in a subsidiary that did not result in change of control, on the equity attributable to owners of the parent:

	2018	2017
	$'000	$'000
Amount paid on changes in ownership interest in subsidiary	–	6,564
Non-controlling interest acquired	–	(9,195)
Difference recognised in capital reserves	–	(2,631)

Information about the composition of the Group's wholly-owned subsidiaries at the end of the financial year is as follows:

Principal activity	Country of incorporation and operation	Number of wholly-owned subsidiaries	
		2018	2017
Metal stamping	Singapore, Malaysia	3	3
Investment holding company	Singapore, Indonesia	2	2
Property investment holding	Malaysia	1	1
ED coating	Malaysia, Indonesia	5	5
Trading of commodities	Singapore	2	2
Waste management	Hong Kong, United Kingdom	2	2
		15	15

12 INSURANCE ASSETS

	Group	
	2018	2017
	$'000	$'000
Keyman life insurance policies at fair value:		
Balance at beginning of year	3,359	3,316
Additions	465	–
Increase in fair value recognised in profit or loss	68	66
Exchange difference	93	(23)
Balance at end of year	3,985	3,359

Certain keyman life insurance policies relate to life insurance contracts purchased by one of the subsidiaries - SMC Industrial Pte Ltd for one of its executive directors - Mr Koh Mia Seng. The total insured amount of the three contracts (2017 : three contracts) are US$10,000,000 ($13,711,000) [(2017 : US$10,000,000 ($13,494,000)]. The contracts will mature on the date when the insured person reaches the age of 100, or death of the insured person whichever is earlier. At the time of death of the insured person, 100% of the insured amount plus the accumulated investment returns will be payable to the Group.

12 INSURANCE ASSETS (cont'd)

During the year, SMC Industrial Pte Ltd purchased a keyman life insurance policy for its general manager. The insured amount of the contract is US$1,500,000 ($2,057,000). The contract will mature on the date when the insured person reaches the age of 125, or death of the insured person whichever is earlier. At the time of death of the insured person, 100% of the insured amount plus the accumulated investment returns will be payable to the Group.

At the end of the reporting period, the cash surrender value of keyman life insurance policies is US$2,906,000 ($3,985,000) [(2017 : US$2,489,000 ($3,359,000)]. The difference between the premiums of US$3,340,000 ($4,441,000) [(2017 : US$2,898,000 ($3,859,000)] paid and initial cash surrender value of US$2,651,000 ($3,526,000) [(2017 : US$2,297,000 ($3,061,000)] at inception date is recorded as prepayments (Note 7) and amortised over 8 to 19 years (2017 : 13 to 19 years).

The fair value of investment-linked keyman life insurance policies is based on the total cash surrender value of the contracts stated in the annual statements of these policies (Level 2).

The keyman life insurance policies are pledged to banks to secure banking facilities granted to the Group (Note 14).

13 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation	Revaluation of land and buildings	Others	Total
	$'000	$'000	$'000	$'000
GROUP				
At October 1, 2016	404	841	(124)	1,121
(Credit) Charge to:				
- Profit or loss (Note 26)	(32)	(111)	(6)	(149)
- Other comprehensive income (Note 26)	–	444	1	445
Exchange differences	(6)	6	(11)	(11)
At September 30, 2017	366	1,180	(140)	1,406
(Credit) Charge to:				
- Profit or loss (Note 26)	(74)	(124)	(34)	(232)
- Other comprehensive income (Note 26)	–	114	6	120
Exchange differences	16	(9)	(4)	3
At September 30, 2018	308	1,161	(172)	1,297

13 DEFERRED TAX (cont'd)

Certain deferred tax liabilities and assets have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for the purpose of presenting on statement of financial position:

	Group	
	2018	2017
	$'000	$'000
Deferred tax liabilities	1,354	1,455
Deferred tax assets	(57)	(49)
	1,297	1,406

Subject to the agreement by the tax authorities in the relevant foreign tax jurisdictions in which the Group operates and conditions imposed by law, the Group has unutilised tax losses, unutilised reinvestment allowances, unutilised capital allowances and tax incentives of $4,759,000, $3,411,000, $813,000 and $12,000 (2017 : $4,664,000, $3,319,000, $775,000 and $12,000) for offset against future profits, respectively. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

14 BANK OVERDRAFTS, LOANS AND TRADE BILLS

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000 (Restated)	$'000	$'000
Bank overdrafts (Note 6)	1,072	711	–	–
Loans	9,474	10,737	1,000	1,283
Trade bills	49,221	35,586	–	–
	59,767	47,034	1,000	1,283
Classified as:				
Current	56,498	42,951	1,000	1,283
Non-current	3,269	4,083	–	–
	59,767	47,034	1,000	1,283

14 BANK OVERDRAFTS, LOANS AND TRADE BILLS (cont'd)

The Group's term loan facilities of $4,886,000 (2017 : $6,182,000), revolving credit facilities of $4,588,000 (2017 : $4,555,000), overdraft facility of $1,072,000 (2017 : $711,000), and trade facilities of $49,221,000 (2017 : $35,586,000) are secured on one or more of the following:-

a. Certain freehold land and buildings of the Group (Note 9);

b. Mortgages over a leasehold land and building of a subsidiary with carrying amount of $11,500,000 (2017 : $12,000,000) (Note 9)

c. Deposits pledged with financial institutions amounting to $16,013,000 (2017 : $7,865,000) (Note 6);

d. Corporate guarantee given by the Company;

e. Joint and several guarantees by certain Director(s);

f. Assignment of three life insurance policies assured on a Director of the subsidiary (Note 12); and

g. Assignment of one life insurance policy assured on a general manager of the subsidiary (Note 12).

Management is of the opinion that the carrying amount of the bank overdrafts, loans and trade bills approximate their fair value due to market interest rate charged.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	October 1, 2017	Financing cash flow [(i)]	New finance lease [(ii)]	Foreign exchange movement	September 30, 2018
	$'000	$'000	$'000	$'000	$'000
Loans (Note 14)	10,737	(1,328)	–	65	9,474
Finance leases (Note 16)	816	(296)	502	–	1,022
	11,553	(1,624)	502	65	10,496

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

(ii) Please refer to Note A in the consolidated statement of cash flows.

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current				
Outside parties, trade	10,832	6,072	–	–
Subsidiaries, non-trade (Note 11)	–	–	2,780	2,249
Accrued expenses	1,910	2,329	392	511
Amount due to a Director (Note 5)	674	674	674	674
Other payables	1,072	801	28	–
	14,488	9,876	3,874	3,434
Non-current				
Other payables	53	63	–	–
Total	14,541	9,939	3,874	3,434

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period on purchase of goods is 30 days (2017 : 30 days). No interest is charged on the outstanding balance of trade payables.

Amounts due to subsidiaries are unsecured, interest-free and are repayable on demand.

16 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
GROUP				
Amounts payable under finance leases:				
Within one year	344	260	319	238
In the second to fifth years inclusive	729	606	703	578
	1,073	866	1,022	816
Less: Future finance charges	(51)	(50)	–	–
Present value of lease obligations	1,022	816	1,022	816
Less: Amount due for settlement within 12 months (shown under current liabilities)			(319)	(238)
Amount due for settlement after 12 months			703	578

16 FINANCE LEASES (cont'd)

It is the Group's policy to lease certain of its plant and equipment under finance leases. The leases bear an average interest rate of 2.8% to 3.6% (2017 : 3.1% to 4.4%) per annum and are repayable over an average lease term of 4 to 5 years (2017 : 5 years). Interest rates are fixed at the contract dates, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis with no arrangements entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

17 CONVERTIBLE NOTES

The convertible notes ("Notes") were issued on October 30, 2015 and January 18, 2016, and matured on April 30, 2018 and July 18, 2018 respectively. The Notes accrued interest at 8% per annum with interest payable semi-annually until settlement date.

The Notes were convertible at an initial conversion rate of $0.072 per ordinary share. The conversion price may be further adjusted for certain specified dilutive and other events.

The holders of the Notes may tender their Notes for conversion for a period of 2.5 years from the date of issue, for a minimum principal amount of $300,000 in any single transaction (unless consent is received from the Company), without limitation, by giving at least 7 business days' notice in writing to the Company.

The net proceeds received from the issue of the Notes had not been split between the liability element and an equity component, as management had deemed the fair value of the embedded conversion option to be insignificant.

As at September 30, 2018, the convertible notes had been fully redeemed.

18 SHARE CAPITAL

	Group and Company			
	2018	2017	2018	2017
	Number of ordinary shares		$'000	$'000
	'000	'000		
Issued and paid up:				
At the beginning of year	864,280	637,809	40,255	34,366
Issued during the year	–	226,471	–	5,889
At the end of year	864,280	864,280	40,255	40,255

In 2017, the Company issued 226,471,000 ordinary shares amounting to $5,889,000 as part of the consideration for the acquisition of the remaining 50% equity interest in SMC Industrial Pte Ltd (Note 11).

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

19 MERGER DEFICIT

The merger deficit arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiaries acquired under the common control method of accounting.

20 TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of foreign currency translation reserve.

21 REVALUATION RESERVE

The revaluation reserve arises on the revaluation of land and buildings. Where revalued buildings are sold, the portion of property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings.

	Group	
	2018	2017
	$'000	$'000
At the beginning of the year	8,066	6,481
Revaluation increase	557	3,962
Reversal of deferred tax liabilities on disposal of property	–	367
Disposal of property	–	(392)
Transfer of revaluation surplus to retained earnings upon disposal of property	–	(2,352)
At the end of the year	8,623	8,066

22 CAPITAL RESERVE

The capital reserve represents the effects of changes in ownership interests in a subsidiary when there is no change in control (Note 11).

23 REVENUE

	Group	
	2018	2017
	$'000	$'000
Sale of goods	227,084	195,133
Revenue from the provision of electro-deposition coating services	13,738	12,065
	240,822	207,198

24 OTHER OPERATING INCOME

	Group	
	2018	2017
	$'000	$'000
Rental income	676	221
Interest income	113	44
Scrap sales	51	39
Recovery of other receivables previously written off	–	16
Fair value increase in insurance assets	68	66
Management and administrative fees	517	507
Others	101	30
	1,526	923

25 FINANCE COSTS

	Group	
	2018	2017
	$'000	$'000
Interest expenses on:		
- bank overdraft, loans and trade bills	2,038	1,492
- obligations under finance leases	29	25
	2,067	1,517

26 INCOME TAX EXPENSE

	Group	
	2018	2017
	$'000	$'000
Current tax expense		
- Current year	1,076	1,072
- Over provision in prior years	(101)	(5)
	975	1,067
Deferred tax expense relating to		
- Origination and reversal of temporary differences	(230)	(234)
- (Over) Under provision in prior years	(2)	85
	(232)	(149)
Income tax expense for the year	743	918

26 INCOME TAX EXPENSE (cont'd)

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

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2018	2017
	$'000	$'000
Profit before income tax	2,644	3,514
Tax at statutory rate at 17%	449	597
Effects of different tax rates of subsidiaries reporting in other jurisdictions	252	175
Income exempt from taxation	(296)	(31)
Non-deductible expenses	525	337
Deferred tax assets not recognised	23	–
Utilisation of deferred tax benefits previously not recognised	–	(240)
Overprovision of income tax in prior years	(101)	(5)
(Over) Under provision of deferred tax in prior years	(2)	85
Others	(107)	–
Total income tax expense	743	918

Income tax relating to each component of other comprehensive income

	Group	
	2018	2017
	$'000	$'000
Deferred tax		
Revaluation of land and buildings	114	811
Post-employment benefits liability	6	1
Disposal of building	–	(367)

27 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2018	2017
	$'000	$'000 (Restated)
Depreciation of property, plant and equipment		
Depreciation of property, plant and equipment	2,900	1,955
Employee benefits expense (including Directors' remuneration)		
Directors' remuneration:		
- of the Company	802	832
- of subsidiaries	673	648
	1,475	1,480
Directors' fees:		
- of the Company	85	96
Staff costs (including Directors' remuneration)	9,561	8,114
Defined contributions plans	461	428
Defined benefits plans	2	31
Total employee benefits expense	10,024	8,573
Others		
Net foreign exchange loss	353	180
Gain on disposal of property, plant and equipment	(11)	(7)
Property, plant and equipment written off	1	14
(Reversal of) inventories written down	(25)	64
Cost of inventories recognised as expense	226,789	192,896
Audit fees paid to auditors:		
- Auditors of the Company	182	150
- Other auditors	45	45
	227	195
Non-audit fees paid to auditors of the Company	–	–
Aggregate amount of fees paid to auditors	227	195

28 EARNINGS PER SHARE

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

	2018	2017
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	864,280	792,926
Weighted average number of ordinary shares for the purposes of diluted earnings per share	864,280	792,926

	2018	2017
	'000	'000
Earnings		
Profit attributable to owners of the Company	1,901	2,076
Basic earnings per share (cents)	0.22	0.26
Fully diluted earnings per share (cents)	0.22	0.26

The potential ordinary shares to be converted under the convertible notes are anti-dilutive as the conversion would result in a higher diluted earnings per share than the basic earnings per share (2017 : higher diluted earnings per share than the basic earnings per share). As at September 30, 2017, the Company had a balance of $1,900,000 convertible notes, which can be converted into 26,388,887 shares, after disregarding fractional entitlements of the holders.

There were no dilution of earnings per share (2017 : no dilution of earnings per share) for the financial year ended September 30, 2018 as there were no potential ordinary shares outstanding.

29 COMMITMENTS

(a) Operating lease arrangements

The Group as lessee

	Group	
	2018	2017
	$'000	$'000
Minimum lease payments under operating leases included in the profit or loss	862	508

The Group leases a number of warehouse and factory facilities under operating leases. The leases typically run for a period of two years, with an option to renew the lease after that date. Lease payments are increased every two years to reflect market rentals.

At the end of the reporting period, the commitments in respect of non-cancellable operating leases for warehouse and factory were as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Future minimum lease payments payable:				
Within one year	483	642	–	–
In the second to fifth years inclusive	1,732	1,751	–	–
After five years	1,778	2,266	–	–
Total	3,993	4,659	–	–

The Group as lessor

The Group sublets its property in Singapore.

At the end of the reporting period, the Group has contracted with a tenant for the following future minimum lease payments:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Future minimum lease payments payable:				
Within one year	40	556	–	–
In the second to fifth years inclusive	–	232	–	–
Total	40	788	–	–

29 COMMITMENTS (cont'd)

(b) Financial guarantee contracts

The Company has issued financial guarantees to banks in respect of banking facilities extended to its subsidiaries.

A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

The principal risk to which the Company is exposed is credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The intra-group financial guarantees are eliminated in preparing the consolidated financial statements. Estimates of the Company's obligation arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates.

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities extended to subsidiaries amounting to $61,325,000 (2017 : $46,039,000) of which $52,594,000 (2017 : $41,010,000) was drawn down as at September 30, 2018. The financial guarantees expire between 1 and 5 years.

30 SEGMENT INFORMATION

(a) Reportable segments

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on the types of goods supplied and services provided.

The Metal components and tool and die segment, ED coating segment and Commodities segment offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the segments, the Group's CEO who is the chief operating decision maker reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Metal components and tool and die - includes manufacturing and sale of perforated materials, speakers nets, tool, die and other metal components.
- ED coating - includes electro-deposition (ED) coating services and secondary process.
- Commodities - trading of commodities, which include copper, stainless steel, other special alloys. Since the end of 2017, the Group expanded this segment to include processing and trading of e-waste raw material into its metal elements.
- Others - corporate

There are varying levels of integration between the Metal components and ED coating reportable segments. This integration includes ED coating services for metal component, shared customers, sale of equipment and provision of maintenance services and rental of industrial properties. Inter-segment pricing is determined on an arm's length basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

30 SEGMENT INFORMATION (cont'd)

(a) Reportable segments (cont'd)

Information regarding the Group's reportable segments is presented below. The measurement basis of the Group's reportable segments is in accordance with its accounting policy.

	Metal components and tool and die	ED Coating	Commodities	Others	Inter-segment elimination	Group
	$'000	$'000	$'000	$'000	$'000	$'000
2018						
Revenue	4,535	13,738	224,399	918	(2,768)	240,822
Cost of sales	(3,183)	(8,904)	(216,899)	(35)	2,232	(226,789)
Segment result	1,352	4,834	7,500	883	(536)	14,033
Other operating income						1,526
Distribution costs						(1,299)
Administrative expenses						(9,110)
Other operating expenses						(439)
Finance costs						(2,067)
Profit before income tax						2,644
Income tax expense						(743)
Profit for the year						1,901
Segment assets	8,003	15,890	97,663	37,993	(41,338)	118,211
Segment liabilities	2,049	7,577	72,321	17,881	(22,765)	77,063
Other segment information						
Additions to non-current assets	101	264	4,217	–	(17)	4,565
Depreciation expenses	36	778	2,059	27	–	2,900
Revaluation of properties	–	–	557	–	–	557
Fair value change of insurance assets	–	–	68	–	–	68
Exchange differences on translation of foreign operations						18

30 SEGMENT INFORMATION (cont'd)

(a) Reportable segments (cont'd)

	Metal components and tool and die	ED Coating	Commodities	Others	Inter-segment elimination	Group
	$'000	$'000	$'000 (Restated)	$'000	$'000	$'000 (Restated)
2017						
Revenue	3,480	12,295	191,720	1,180	(1,477)	207,198
Cost of sales	(2,548)	(8,049)	(182,814)	(34)	549	(192,896)
Segment result	932	4,246	8,906	1,146	(928)	14,302
Other operating income						923
Distribution costs						(1,185)
Administrative expenses						(8,791)
Other operating expenses						(218)
Finance costs						(1,517)
Profit before income tax						3,514
Income tax expense						(918)
Profit for the year						2,596
Segment assets	6,417	15,936	79,316	40,635	(41,943)	100,361
Segment liabilities	1,526	8,692	55,374	20,410	(24,313)	61,689
Other segment information						
Additions to non-current assets	31	230	9,026	-	(28)	9,259
Depreciation expenses	33	791	1,105	26	-	1,955
Revaluation of properties	-	-	3,962	-	-	3,962
Fair value change of insurance assets	-	-	66	-	-	66
Exchange differences on translation of foreign operations						(487)

30 SEGMENT INFORMATION (cont'd)

(b) Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets excluding investments in joint venture and deferred tax assets) by geographical location are detailed below:

	Revenue		Non-current assets	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Singapore	22,479	5,362	18,272	18,139
People's Republic of China	73,751	94,578	–	–
Malaysia	16,058	11,148	10,266	10,175
Indonesia	3,103	3,182	5,571	3,349
South Korea	32,785	11,337	–	–
Taiwan	54,099	55,839	–	–
Japan	19,707	11,587	–	–
Others	18,840	14,165	8	–
Total	240,822	207,198	34,117	31,663

Non-current assets presented comprise property, plant and equipment, goodwill, other receivables and insurance assets.

(c) Information about major customers

The Group's customer base includes five (2017 : two) customers from its commodities segment with whom transactions amounted to 38.6% (2017 : 34.3%) of the Group's revenues. In 2018, revenues generated from these customers amounted to approximately $93,048,000 (2017 : $71,004,000). Details of concentration of credit risk arising from these customers are set out in Note 4.

31 DERIVATIVE FINANCIAL INSTRUMENTS

Forward foreign exchange contracts

The Group utilises forward foreign exchange contracts to manage its exposure to significant foreign exchange transactions on its future transactions and cash flows. The Group is party to a variety of forward foreign exchange contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

At the end of the reporting period, the total notional amounts of derivative financial instruments to which the Group is committed to are as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Forward foreign exchange contracts				
- Buy Singapore dollar sell United States dollar	–	951	–	–

The average maturity period for forward foreign exchange contracts is 1 month.

Forward commodity contracts

The Group utilises forward commodity contracts to manage the fluctuations in world copper and aluminium prices.

At the end of the reporting period, the total notional amounts of derivative financial instruments to which the Group is committed to are as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Purchase forward commodity contracts				
- Copper	2,994	218	–	–
- Aluminium	146	–	–	–
Sell forward commodity contracts				
- Copper	–	451	–	–

The average maturity period for forward commodity contracts is 3 months (2017 : 3 months).

The Group does not apply hedge accounting for both types of derivative financial instruments. The fair value of the derivative financial instruments are insignificant as at the end of the reporting period.

32 RECLASSIFICATIONS AND COMPARATIVE FIGURES

During the year, management has re-assessed classification of cost of sales and expenses following the expansion of the e-waste management business in current year and re-assessed classification of term loans that should have been classified under "non-current liabilities" instead of "current liabilities".

The reclassification has been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

The effects of the reclassification and comparative figures on the prior year's financial statements are as follows:

Group	As previously reported	Adjustments	As restated
	$'000	$'000	$'000
2017			
Statement of financial position			
Current liabilities			
Bank overdrafts, loans and trade bills	47,034	(4,083)	42,951
Non-current liabilities			
Bank overdrafts, loans and trade bills	–	4,083	4,083
Statement of profit or loss and other comprehensive income			
Cost of sales	190,088	2,808	192,896
Distribution costs	1,166	19	1,185
Administrative expenses	10,191	(1,400)	8,791
Other operating expenses	1,645	(1,427)	218

33 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

Adoption of a new financial reporting framework in 2018 - In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework - Singapore Financial Reporting Standards (International) (SFRS(I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after January 1, 2018. SFRS(I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group and the Company will be adopting the new framework for the first time for financial year ending September 30, 2019 and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be applied in the first set of SFRS(I) financial statements.

33 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (cont'd)

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

As a first-time adopter, the Group and the Company are to apply retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (September 30, 2019), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending September 30, 2019, an additional opening statement of financial position as at date of transition (October 1, 2018) will be presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are required for equity as at date of transition (October 1, 2018) and as at end of last financial period under FRS (September 30, 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended September 30, 2018). Additional disclosures may also be required for specific transition adjustments if applicable.

Management has completed their preliminary analysis of the transition options and other requirements of SFRS(I) to determine if there will be a change to the Group's and the Company's current accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those that may arise from implementing certain new SFRS(I) pronouncements effective at the same time (see below), and the election of certain transition options available under SFRS(I) 1.

Management will likely not be electing the transition options available to the new framework.

As SFRS(I) 1 requires a first-time adopter to apply accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (September 30, 2019), it is not possible to know all possible effects as at date of authorisation of current year's financial statements.

New SFRS(I) that may have impact - The following SFRS(I) pronouncements are expected to have an impact to the Group and the Company in the periods of their initial application under the new SFRS(I) framework:

Effective for annual periods beginning on or after January 1, 2018

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases*

33 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (cont'd)

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of SFRS(I) 9:

- All recognised financial assets that are within the scope of SFRS(I) 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SFRS(I) 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SFRS(I) 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model to be applied. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms. Under SFRS(I) 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

33 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (cont'd)

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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. Far more prescriptive guidance has been added in SFRS(I) 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by SFRS(I) 15.

SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The Interpretation applies to a foreign currency transaction when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income.

The Interpretation clarifies that:

- the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

- if there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management does not plan to early adopt SFRS(I) 16 for financial year ending September 30, 2019.

33 PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE (cont'd)

Impact assessment

(a) Management has performed a preliminary analysis of those new pronouncements relevant to the Group and the Company, which are effective from financial year ending September 30, 2019, and determined that there will be no material adjustments expected from the initial application, other than additional enhanced disclosures.

(b) Management has performed a preliminary analysis of those relevant pronouncements which are effective from annual periods beginning on or after January 1, 2019, and does not expect material adjustments to arise other than:

- Change in the accounting for leases as a lessee under SFRS(I) 16.

As at September 30, 2018, the Group has non-cancellable operating lease commitments of $3,993,000 (2017 : $4,659,000). FRS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 29. A preliminary assessment indicates that these arrangements will meet the definition of a lease under SFRS(I) 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the management is currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until management completes the review.

SUPPLEMENTARY INFORMATION

No.	Location	Description	Existing Use	Tenure	Gross floor area (sq ft)
1	No. 16 Jalan Mahir 5 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor Darul Takzim Malaysia	3 Storey office and factory building	Office/ factory	Freehold	46,827
2	No. 21 Jalan Gemilang 3 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor Darul Takzim Malaysia	2 Storey office and factory building	Office/ factory	Freehold	18,472
3	No. 23 Jalan Gemilang 3 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor Darul Takzim Malaysia	2 Storey office and factory building	Office/ factory	Freehold	18,472
4	No. 25 Jalan Gemilang 3 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor Darul Takzim Malaysia	2 Storey office and factory building	Office/ factory	Freehold	14,403
5	No. 27 Jalan Gemilang 3 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor Darul Takzim Malaysia	2 Storey office and factory building	Office/ factory	Freehold	14,403
6	No. 29 Jalan Gemilang 3 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor Darul Takzim Malaysia	2 Storey office and factory building	Office/ factory	Freehold	14,403
7	Plot 97, Jalan PKNK 1 Rancang Industrial Park Kawasan Perusahaan Sungai Petani (LPK) 08000 Sungai Petani Kedah Darul Aman Malaysia	2 Storey office and factory building	Office/ factory	Leasehold 60 years from 23/11/1994 to 22/11/2054	25,373

SUPPLEMENTARY INFORMATION

No.	Location	Description	Existing Use	Tenure	Gross floor area (sq ft)
8	Plot 98 Jalan PKNK 1 Rancang Industrial Park Kawasan Perusahaan Sungai Petani (LPK) 08000 Sungai Petani Kedah Darul Aman Malaysia	2 Storey office and factory building	Office/ factory	Leasehold 60 years from 23/11/1994 to 22/11/2054	18,966
9	Plot 99 Jalan PKNK 1 Rancang Industrial Park Kawasan Perusahaan Sungai Petani (LPK) 08000 Sungai Petani Kedah Darul Aman Malaysia	2 Storey office and factory building	Office/ factory	Leasehold 60 years from 23/11/1994 to 22/11/2054	19,648
10	Plot 100 Jalan PKNK 1 Rancang Industrial Park Kawasan Perusahaan Sungai Petani (LPK) 08000 Sungai Petani Kedah Darul Aman Malaysia	2 Storey office and factory building	Office/ factory	Leasehold 60 years from 23/11/1994 to 22/11/2054	25,669
11	Lot 19 Jalan Jaya Setia 26/3, Section 26 Hicom Industrial Estate 40400 Shah Alam Selangor Darul Ehsan Malaysia	2 Storey office and factory building	Office/ factory	Freehold	43,897
12	HGB No 10344 (Oakwood Cluster) Cibatu Alam Permai Complex Jalan Alam Permai I 33 Cibatu Cikarang Selatan 17550 Bekasi Indonesia	2 storey building	Hostel	Leasehold 13 years from 15/08/2011 to 24/09/2024	2,583

SUPPLEMENTARY INFORMATION

No.	Location	Description	Existing Use	Tenure	Gross floor area (sq ft)
13	GB No 2154 Pasirsari Kawasan Industri Karyadeka Pancamurni Block B Kav. 1 Pasirsari 17550 Cikarang Bekasi Indonesia	2 Storey office and factory building	Office/ factory	Leasehold 25 years from 08/08/2001 to 24/09/2026	91,795
14	3 Jalan Pesawat Singapore 619361	2 Storey office and factory building	Office/ factory	Leasehold 60 years from 01/01/1968 to 31/12/2028	117,790

STATISTICS OF SHAREHOLDINGS

As at December 28, 2018

Share Capital

Issued and Fully Paid-up Capital	:	S$40,255,000
Number of shares	:	864,280,038
Treasury Shares	:	Nil
Subsidiary holdings held	:	Nil
Number of Shareholders	:	690
Class of Equity Security	:	Ordinary Shares
Voting Rights of Ordinary Shareholders	:	One vote for each ordinary share

% of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued share in issue (excluding treasury shares and subsidiary holdings) – 0%

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1-99	15	2.17	104	0.00
100 – 1,000	34	4.93	27,048	0.00
1,001 – 10,000	162	23.48	839,600	0.10
10,001 – 1,000,000	429	62.17	72,917,630	8.44
1,000,001 AND ABOVE	50	7.25	790,495,656	91.46
	690	100.00	864,280,038	100.00

MAJOR SHAREHOLDERS LIST – TOP 20

NO.	NAME	NO. OF SHARES HELD	%
1	KOH MIA SENG	369,109,046	42.71
2	DI LINGBIN	100,000,000	11.57
3	LIEW NYOK WAH	62,000,000	7.17
4	BON WEEN FOONG	21,865,800	2.53
5	DBS NOMINEES PTE LTD	16,480,610	1.91
6	GAN KIM KUAN SERENE	13,270,000	1.54
7	TAN BEE HONG	12,567,000	1.45
8	SING KHANG MIANT	11,808,800	1.37
9	TAN KIM KIM	11,621,000	1.34
10	CHEW CHOO LING	10,320,300	1.19
11	LIM CHIN TONG	10,092,000	1.17
12	YANG WENHUA	9,350,000	1.08
13	PHILLIP SECURITIES PTE LTD	8,332,400	0.96
14	OCBC SECURITIES PRIVATE LTD	6,861,000	0.79
15	PECK CHENG CHIANG @ PEH SENG THONG	6,783,000	0.79
16	TAY MEI LING SERENE	6,459,000	0.75
17	TAN KONG SIN	6,177,900	0.72
18	ANG KIM LYE	6,124,000	0.71
19	TAN PAI LI	6,000,000	0.69
20	YU LIHONG	6,000,000	0.69
		701,221,856	81.13

STATISTICS OF SHAREHOLDINGS

As at December 28, 2018

Substantial Shareholders
as shown in the Register of Substantial Shareholders

		Direct Interest		Deemed Interest	
S/No	Name of Shareholders	No. of shares	%	No. of shares	%
1	KOH MIA SENG	369,109,046	42.71	–	–
2	DI LINGBIN	100,000,000	11.57	–	–
3	LIEW NYOK WAH	62,000,000	7.17	–	–

Shareholding Held in Hands of Public

Based on information available to the Company as at 28 December 2018, approximately 37.20% of the issued ordinary shares of the Company was held by the public and therefore, Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sen Yue Holdings Limited (the "**Company**") will be held at 3 Jalan Pesawat, Singapore 619361 on Tuesday, 29 January 2019 at 10.00 a.m. (the "**AGM**") to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 30 September 2018 together with the Independent Auditors' Report thereon. **Resolution 1**

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

   (a) Mr Koh Mia Seng (Regulation 89); **Resolution 2**
   (b) Mr Neo Gim Kiong (Regulation 89); and **Resolution 3**
   (c) Mr Chim Suan Kit Mark (Regulation 88). **Resolution 4**

   [See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$85,215 for the financial year ended 30 September 2018. (FY2017: S$96,250) **Resolution 5**

5. To re-appoint Messrs Deloitte & Touche LLP as the Auditors of the Company and authorise the Directors of the Company to fix their remuneration. **Resolution 6**

6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

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

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("Companies Act") and Rule 806 of the Listing Manual Section B: Rules of Catalist ("Catalist Rules") of Singapore Exchange Securities Trading Limited ("SGX-ST")** **Resolution 7**

   That pursuant to Section 161 of the Companies Act and Rule 806 of Catalist Rules of the SGX-ST, authority be and is hereby given to the Directors of the Company:-

   (a) (i) allot and issue share in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) 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 person as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force); issue Shares in pursuance of the Instruments made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 100 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) 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 shareholders of the Company (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed 50 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with the sub-paragraph (2) below);

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

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that the share options or share awards (as the case may be) 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 for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and otherwise, the Company's Constitution for the time being; and

(4) unless revoked or varied by the Company in general meeting, such authority conferred shall continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

By Order of the Board

Wee Woon Hong
Company Secretary

Singapore,
14 January 2019

Explanatory Notes:

(i) Mr Koh Mia Seng is the Executive Chairman of the Company and will, upon re-election as a Director of the Company, remain as Executive Chairman and member of Remuneration Committee of the Company. Please refer to Table C of the Corporate Governance Report on page 48 to page 54 in the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of SGX-ST.

Mr Neo Gim Kiong is the Chief Executive Officer of the Company and will, upon re-election as a Director of the Company, remain as an Executive Director and the Chief Executive Officer of the Company. Please refer to Table C of the Corporate Governance Report on page 48 to page 54 in the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of SGX-ST.

Mr Chim Suan Kit Mark is the Lead Independent Director of the Company. and will, upon re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. The Board considers Mr Chim Suan Kit Mark to be independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to Table C of the Corporate Governance Report on page 48 to page 54 in the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of SGX-ST.

(ii) The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares, excluding treasury shares and subsidiary holdings. For issues of Shares other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued shares, excluding treasury shares and subsidiary holdings at the time this Resolution is passed.

Notes:-

(1) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in this instrument of proxy. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend 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 appoints more than one proxy, the number of Shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

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

(3) The instrument appointing a proxy, duly executed, must be deposited at the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902 not less than 48 hours before the time appointed for holding the AGM.

(4) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

(5) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy 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.

SEN YUE HOLDINGS LIMITED

(Company Registration No.: 200105909M)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. An Investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SPS Approved Nominees to appoint the Chairman of the AGM to act as their proxy. In which case, the CPF and SRS Investors shall be precluded from attending the AGM.
2. This proxy form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this form)

*I/We, _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address)

being a member/members of Sen Yue Holdings Limited (the "**Company**"), hereby appoint:

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

*and/or (delete as appropriate)

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

as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting (the "**AGM**") of the Company to be held at 3 Jalan Pesawat, Singapore 619361 on Tuesday, 29 January 2019 at 10.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matter arising at the AGM and at any adjournment thereof

All resolutions put to the vote at the AGM shall be decided by way of poll

No.	**Resolutions**	**For**	**Against**
	ORDINARY BUSINESS		
1.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 30 September 2018 together with the Independent Auditors' Report thereon		
2.	Re-election of Mr Koh Mia Seng as a Director		
3.	Re-election of Mr Neo Gim Kiong as a Director		
4.	Re-election of Mr Chim Suan Kit Mark as a Director		
5.	Approval of payment of Directors' fees of S$85,215 for the financial year ended 30 September 2018		
6.	Re-appointment of Messrs Deloitte & Touche LLP as Auditors of the Company and authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
7.	Authority to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore		

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate)

Dated this _____ day of _____, 2019

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

_____

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

*Delete where inapplicable

Notes:

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by the member.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in this instrument of proxy. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

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

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

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road, #05-01, Singapore 068902 not less than 48 hours before the time appointed for the AGM.

5. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.

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

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

8. The Company shall be entitled to reject this 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 this instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered 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 name in the Depository Register as at 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 this instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 14 January 2019.



SEN YUE HOLDINGS LIMITED
森跃控股有限公司

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