2014

ANNUAL REPORT

MOVING TOWARDS THE RIGHT COURSE

Contents

Chairman's Statement

Growth for HDD in the enterprise segment remains optimistic as lower costs of HDD compared to alternative storage technology makes HDD a more favourable option. Overall, we will remain cautiously optimistic in our outlook for FY 2015.

Chairman
Law Kung Ying

DEAR VALUED SHAREHOLDERS,

FY 2014 was a challenging year for the Group as we faced increased operating costs and uncertain market conditions. Amidst a weak business environment, the Group achieved an overall revenue of $59.3 million in FY 2014 compared to $60.7 million in the previous year. Nonetheless, the Group recorded a profit of $1.1 million in FY 2014 compared to a loss of $1.9 million in FY 2013.

HDD COMPONENTS SEGMENT REVIEW

Sales for the HDD components segment increased by 2.7% from $42.0 million in FY 2013 to $43.1 million in FY 2014 which led to a lower segmental loss of $5.2 million, which included a one-time retrenchment benefits of $0.7 million incurred to relocate our Singapore manufacturing facilities in FY 2014, compared to a loss of $5.9 million in FY 2013. It was a difficult year for the HDD components segment as there was pressure from increasing operating costs while customers' demand remained soft.

PRECISION METAL STAMPING COMPONENTS SEGMENT REVIEW

The precision metal stamping components segment recorded an increase of 12.8% in sales from $14.4 million in the previous year to $16.2 million in FY 2014. However, segmental profit decreased by 7.4% from $4.3 million in the year before to $4.0 million in FY 2014. The higher profit in FY 2013 was due to a write-back of impairment on property, plant and equipment.

Our precision metal stamping components segment has performed consistently well over the past years and we are positive that this segment will continue to deliver credible results next year.

OTHER DEVELOPMENTS

During the year, Cheung Woh Technologies Ltd had incorporated a wholly-owned subsidiary in Malaysia known as Cheung Woh Properties Sdn Bhd ('Cheung Woh Properties'). The objective of incorporating Cheung Woh Properties is to carry on the business of property investment and property-related activities in Malaysia. This is to align with Cheung Woh's business strategy to adopt an open-minded approach towards new businesses and opportunities.

FUTURE OUTLOOK

Our precision metal stamping components segment has provided a recurring income stream to our Group over the years. We will continue to leverage on our manufacturing expertise to grow this segment.

The growth for HDD in the enterprise segment remains optimistic as the lower costs of HDD compared to alternative storage technology makes HDD a more favourable option. Overall, we will remain cautiously optimistic in our outlook for FY 2015, bearing in mind the uncertain economic conditions and signs of instability in various parts of the world. I am confident that with our strong and experienced Board and Management team, Cheung Woh will be able to overcome these challenges.

DIVIDEND

To reward our shareholders for their loyal support, we are recommending, subject to shareholders' approval, a final tax-exempt (one-tier) dividend of 0.2 cent per share for the financial year ended 28 February 2014.

APPRECIATION

On behalf of the Board, I would like to thank our management team and employees for their dedication; our customers and business partners for their strong support and last but not least, our shareholders for their faith in Cheung Woh. The Board remains committed to the long-term interests of the Group and to create value for Cheung Woh shareholders.

FOCUS

Guided by our corporate vision, Cheung Woh Technologies keeps a prudent focus on the goals we set our eyes upon to achieve. FY2014 marked a pivotal development in our performance in driving organisational efficiency and supporting key growth initiatives with great resolve. We have maintained a strong standing as industry forerunners locally, as well as expanded our work and geographical footprint beyond Singapore. Moving forward, with a clear sense of purpose and renewed targets, we remain focused and hold fast to our vision of greater success.

Board of Directors


1


2


3


4


5


6


7

1 MR LAW KUNG YING
Chairman and Managing Director

Appointed to Cheung Woh's Board of Directors on 18 May 1979, Mr Law joined our Company in 1976. He is responsible for the strategic developments of our Group. He devises and implements our strategic business plans and identifies new markets, products and customers. Mr Law spearheaded the Group's diversification into the China automotive industry. He has an aggregate of over 35 years of experience in the metal stamping industry as well as extensive experience in sales and marketing, procurement, logistics, tool and die design and other manufacturing activities. Mr Law is currently overseeing the overall operations in Zhuhai, China.

2 MR LAW KUNG MING
Executive Director

Mr Law was appointed to Cheung Woh's Board of Directors on 18 May 1979. Since Mr Law joined our Company in 1976, he has accumulated more than 35 years of experience in logistics, materials planning, production control, quality assurance and other manufacturing activities. Mr Law is currently the Managing Director of Cheung Woh Technologies (Malaysia) Sdn Bhd. He heads the sales and marketing department and is responsible for its overall operations.

3 MS LAW YU CHUI
Finance and Administrative Director

Ms Law was appointed to Cheung Woh's Board of Directors on 15 February 1980. Ms Law is responsible for our Group's finance and administrative matters, which include cash flow planning, foreign exchange management, financial analysis and human resource management. She has been working with our Company since 1983.

4 MS TEO POH HONG
Executive Director

Ms Teo was appointed to Cheung Woh's Board of Directors on 3 June 2003. She is responsible for ensuring that our Group achieves its production targets and cost budgets. She oversees all the manufacturing activities of our Group and is in charge of deployment of our machinery and manpower resources. Ms Teo joined our Company in 1983 as a Quality Control Engineer and was promoted to Factory Manager in 1989. She was further promoted to General Manager of the Company in 1992.

5 DR CHEN YUK FU
Independent Director

Dr Chen was appointed to Cheung Woh's Board of Directors on 15 September 2000. Previously, Dr Chen was a Director of Engineering (1982-1986) and subsequently Vice President of Seagate Technology International (1986–1992). From 1992 to 1995, Dr Chen was a Senior Vice President of Conner Peripherals Inc. From 1995 to 1996, he was a Senior Vice President in charge of the external foundry of Singapore Technology Semiconductor (S) Pte Ltd. He has also served as President and Chief Executive Officer of Micropolis (S) Pte Ltd and supervised its worldwide operations from 1996 to 1997. From March 1999 to November 1999, he was the Managing Director of GS Chemistry (S) Pte Ltd. He is currently the Director of OSI Electronics Pte Ltd.

6 MR LIM KIAN WEE LEONARD
Independent Director

Mr Lim was appointed to Cheung Woh's Board of Directors on 30 September 2005. He is the proprietor of Lim Kian Wee Leonard Advocates & Solicitors. Called to the Singapore Bar in 1997, Mr Lim's area of practice is in corporate, commercial litigation and conveyancing. He has worked with government bodies, quasi government bodies, financial institutions, insurance corporations and private corporations.

7 MR NGU KUANG HUA
Independent Director

Mr Ngu was appointed to Cheung Woh's Board of Directors on 1 May 2012. Mr Ngu has over 35 years manufacturing experience in the electronics and hard disk drive industries. He held various senior management positions including that of Vice President of Manufacturing for Conner Peripherals and Vice President of Manufacturing for Seagate Technology International. He was, for six years, the President and CEO of Precision Magnetics Singapore, (formerly known as Magnequench Singapore) a leading independent VCM supplier to the HDD industry. Besides Singapore, he has also held management positions in Malaysia and China for several years.

Key Management Personnel


1


2


3

1 MR LEONG KOK KEE
Senior Sales and Marketing Manager

Mr Leong joined our Company in 1994. His main responsibility is to identify business opportunities and new markets for our Group. His scope of duties entails gathering and analysing business information and coordinating with various departments to support marketing strategies. Mr Leong is also involved in the preparation and negotiation of quotations with customers. Mr Leong holds a Diploma in Mechanical Engineering from the Singapore Polytechnic, a Diploma in Business Administration from the Association of Business Executives and a Graduate Diploma in Financial Management from the Singapore Institute of Management.

2 MR TSUN CHIN ENG, MELVIN
Finance Manager

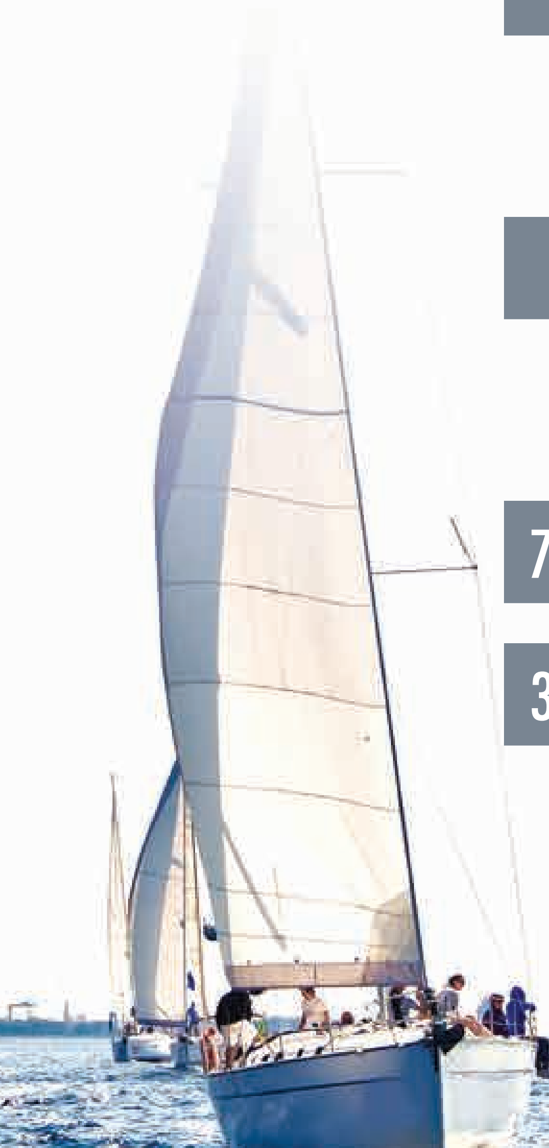
Mr Tsun joined our Company in January 2011. He is responsible for overseeing the accounting function of our Group and handles finance and tax related matters of the Company. He is a Certified Practicing Accountant (CPA) of CPA Australia and holds a Bachelor of Business (Accountancy) from RMIT University, Melbourne.

3 MR LOH YUT CHAI
Assistant General Manager

Mr Loh Yut Chai joined Cheung Woh Technologies (Malaysia) Sdn Bhd, the Company's subsidiary in Penang, as a toolmaker in 1991 and was promoted to Operations Manager before he was posted to Cheung Woh Precision (Zhuhai) Co Ltd ('CWI') in 2004. Mr Loh Yut Chai was subsequently promoted as Assistant General Manager of CWI. His scope of responsibilities include overseeing the Engineering departments for the Zhuhai's subsidiaries, precision tool and die making, advanced product design, process improvements, manufacture of process automation equipment as well as production of precision cutting tools, jigs and fixtures.

Group Structure

- **100%** Cheung Woh Technologies (Malaysia) Sdn Bhd
- **100%** Cheung Woh Technologies (Johor) Sdn Bhd
- **100%** Cheung Woh Precision (Zhuhai) Co., Ltd
- **100%** Cheung Woh Technologies (Zhuhai) Co., Ltd
- **100%** Cheung Woh International (Macao Commercial Offshore) Company Limited
  - **100%** Cheung Woh Trading (Zhuhai) Co., Ltd
- **100%** Cheung Woh Properties Sdn Bhd
  - **30%** Mega Mechanism Sdn Bhd
- **73.04%** Tysan Corporation Pte Ltd
- **31.34%** Jiangsu Tysan Precision Engineering Co., Ltd



STRENGTH

Our people are our strength and the heart of our business. This core value is what makes us truly different with a diverse talent workforce that transcends boundaries and across borders.
We believe that greater success lies in a disciplined focus on this dynamic area where we have a unique capability and the greatest potential for meaningful impact. Our people provide us with a basis of continuing progress in innovation and product development, the core performance that defines our success.

Operating and Financial Review

COMPANY OVERVIEW

Cheung Woh is a global leader in the manufacture and supply of precision HDD components. The Group's mission is to meet the needs of our customers through continuous delivery of quality products and services, achieve growth and maximise returns to our shareholders.

Listed on the Main Board of the Singapore Exchange Securities Trading Limited in December 2002, Cheung Woh provides high-precision engineering products to the HDD, communications, electrical and electronics, semiconductor and automotive industries. The Group's core products are:

- HDD components which include voice coil motor (VCM) plates and air combs; and
- Precision metal stamping components which include sheet metal machined parts and computer numerical controlled (CNC) machined parts.

Cheung Woh has fully integrated manufacturing facilities in Johor and Penang, Malaysia; and Zhuhai, China servicing local, regional and international markets. The Group also has a technologically advanced in-house precision tool and die manufacturing capability. From a humble operation with around 10 staff more than 40 years ago, Cheung Woh has evolved to become a regional group employing some 1,800 staff over 3 locations.

BUSINESS REVIEW

Amidst a weak business environment, the Group recorded a revenue of $59.3 million in FY 2014 compared to $60.7 million in the previous year. Compared to FY 2013, our current year revenue has excluded that of Suzhou Tysan Steel Co., Ltd. which was disposed off in the third quarter of FY 2013. Both the hard disk drive components and precision metal stamping components enjoyed higher sales during FY 2014 compared to FY 2013. With the increase in sales, the Group recorded a profit of $1.1 million in FY 2014 compared to a loss of $1.9 million in FY 2013.

HDD COMPONENTS

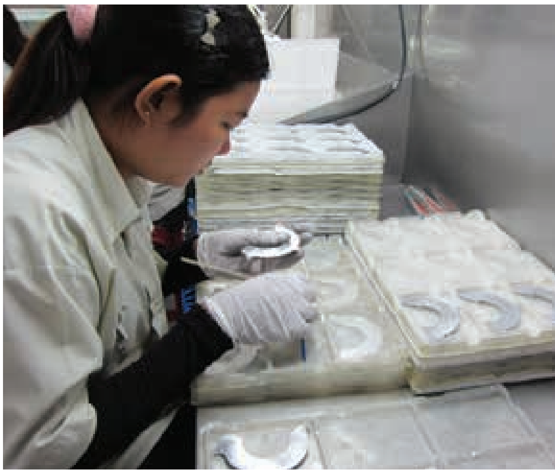
The HDD components segment enjoyed an increase of 2.7% in sales as revenue increased from $42.0 million to $43.1 million. Segmental loss was lower from $5.9 million in the year before compared to $5.2 million this year. The Group also transferred its manufacturing activities in Singapore to its Penang subsidiary during the year. The impact of the improved sales was partially offset by retrenchment benefits incurred as a result of this relocation.

As the landscape for the HDD is evolving, the outlook for this segment remains conservative. We will focus on the manufacturing of air comb, which is used in the enterprise segment where growth is optimistic. We expect this segment to perform better next year.

PRECISION METAL STAMPING COMPONENTS

The precision metal stamping components segment recorded an increase of 12.8% in sales from $14.4 million in the previous year to $16.2 million in FY 2014. Despite better sales, segmental profit decreased by 7.4% from $4.3 million in the year before to $4.0 million in FY 2014. The higher profit in FY13 was due to a write-back of impairment on property, plant and equipment.

The precision metal stamping components segment has provided the Group with a constant stream of income over the years. We expect this segment to continue to do well next year.



Operating and Financial Review

GEARING

As at 28 February 2014, the Group's gearing ratio was at 13% (28 February 2013: 16%).

LIQUIDITY AND CAPITAL RESOURCES

During FY 2014, the Group has net cash flows generated from operations of $8.7 million as compared to $2.5 million in FY 2013. The net cash flows generated during the year was mainly contributed by decrease in amount due from an associate company and increases in trade and other payables. This was partially offset by increases in inventories, trade receivables, other receivables and prepayments.

In investing activities, the Group used $8.8 million during FY 2014 as compared to $5.6 million generated in FY 2013. The net cash used in FY 2014 was mainly for the purchases of property, plant and equipment and investment in an associate company. The increase in net cash used was partially offset by proceeds from disposal of property, plant and equipment during the year.

During FY 2014, the Group used $5.5 million in financing activities as compared to $11.0 million used in FY 2013. The cash outflows relates to repayment of interest-bearing loans and borrowings, dividends paid to non-controlling interests and purchases of treasury shares during the year.

The precision metal stamping components segment has provided the Group with a constant stream of income over the years. We expect this segment to continue to do well next year.

LIQUIDITY AND CAPITAL RESOURCES

Year ended 28 February	2014	2013	Change
	S$'000	S$'000	%
Net cash generated from operating activities	8,731	2,474	253
Net cash (used in)/generated from investing activities	(8,800)	5,585	N.M.
Net cash used in financing activities	(5,503)	(11,043)	(50)
Cash and cash equivalents at beginning of year	16,213	19,386	(16)
Cash and cash equivalents at end of year	10,720	16,213	(34)

OPERATING REVENUE

Year ended 28 February	2014	2013	Change
By business segments	S$'000	S$'000	%
HDD Components	43,123	41,997	3
Precision Metal Stamping Components	16,206	14,362	13
Re-rolling Steel	–	4,339*	N.M.
Total	**59,329**	**60,698**	**(2)**
By geographical segments			
Malaysia	27,742	24,747	12
Thailand	22,115	17,097	29
Philippines	3,496	7,342	(52)
Portugal	2,907	3,220	(10)
United States	1,031	705	46
People's Republic of China	967	5,650	(83)
Singapore	15	99	(85)
Others	1,056	1,838	(43)
Total	**59,329**	**60,698**	**(2)**

* The FY 2013 financial results of Re-rolling Steel Components Segment consist of a period of 9 months from 1 March 2012 to 30 November 2012.

TEAMWORK

To realise the next breakthrough, we need to consolidate. Every challenge brings with opportunity. We see the light shining through, beckoning us to seize the day and emerge better and stronger than before. We had built up strengths and capabilities that offer us powerful possibilities. Now, standing with hearts and minds unified, we are poised to make the leap into a new phase of growth and success.


91
41

Corporate Information

BOARD OF DIRECTORS

Mr Law Kung Ying
(CHAIRMAN & CEO)
Mr Law Kung Ming
Ms Law Yu Chui
Ms Teo Poh Hong
Dr Chen Yuk Fu
Mr Lim Kian Wee Leonard
Mr Ngu Kuang Hua

AUDIT COMMITTEE

Dr Chen Yuk Fu
(CHAIRMAN)
Mr Lim Kian Wee Leonard
Mr Ngu Kuang Hua

NOMINATING COMMITTEE

Mr Lim Kian Wee Leonard
(CHAIRMAN)
Mr Law Kung Ying
Dr Chen Yuk Fu
Mr Ngu Kuang Hua

REMUNERATION COMMITTEE

Mr Lim Kian Wee Leonard
(CHAIRMAN)
Dr Chen Yuk Fu
Mr Ngu Kuang Hua

SHARE REGISTRAR

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

AUDITORS

Ernst & Young LLP
Certified Public Accountants
Partner-in-charge:
Mr Simon Yeo
(Since financial year ended 28 February 2010)

PRINCIPAL BANKERS

DBS Bank Ltd
Malayan Banking Berhad

COMPANY SECRETARIES

Ms Law Yu Chui, M.A.
Ms Chan Lai Yin, ACIS

REGISTERED OFFICE

23 Tuas South Street 1
Singapore 638033
Tel: (65) 6861 8036
Fax: (65) 6861 5784
Website: www.cheungwoh.com.sg
Registration No. 197201205Z

Financial Highlights

TURNOVER ($Million)

2014	2013	2012	2011	2010
59.3	60.7	132.0	151.4	124.2

SHAREHOLDERS' FUND ($Million)

2014	2013	2012	2011	2010
90.6	88.2	94.3	93.8	86.4

RETURN ON EQUITY (%)

2014	2013	2012	2011	2010
1.16	(2.15)	2.55	18.57	15.70

NET ASSETS VALUE PER SHARE (Cents)

2014	2013	2012	2011	2010
29.97	29.18	30.85	29.95	33.10

EARNINGS PER SHARE (Cents)

2014	2013	2012	2011	2010
0.35	(0.62)	0.77	5.56	5.18

Financial Contents

Cheung Woh Technologies Ltd ('Company') is continuously committed to maintaining a high standard of corporate governance and greater transparency within the Company and its subsidiaries in order to protect the interests of its shareholders and enhance long-term shareholder value as well as strengthening investors' confidence.

This report outlines the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance 2012 (the 'Code 2012') and relevant sections of the Listing Manual issued by the Singapore Exchange Securities Trading Limited ('SGX-ST'). The Board of Directors is pleased to report that the Company has complied with the principles and guidelines as set out in the Code 2012, except where otherwise stated, for the financial year ended 28 February 2014.

A. BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board of Directors, besides discharging its fiduciary duties and responsibilities, works closely with Management who oversees the management of business and affairs of the Company. It provides directions and overall management of the Group to ensure that the Group's strategies and affairs are in the interests of the Company and its shareholders. The Board collectively acknowledges its responsibility to the long-term success of the Company.

The primary roles of the Board include the following:–

a. Approving the Company's objectives, strategic directions and major corporate policies;
b. Monitoring and reviewing financial and operating performance;
c. Approving annual budgets, major funding and investment proposals;
d. Appointing Board of Directors and key managerial personnel;
e. Review management performance;
f. Establish a framework of prudent and effective controls, including safeguarding of shareholders' interest and the Company's assets;
g. Identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
h. Set Company's values and standards (including ethical standards) and ensure obligations to shareholders and other stakeholders are understood and met;
i. Consider sustainability issues e.g. environmental and social factors as part of its strategic formulation.

The Board has placed in writing matters which are specifically reserved for the Board's decision. Matters reserved for the Board's decision includes interested person transactions, material acquisitions and disposal of assets, major investment and divestment, corporate and financial restructuring, major corporate policies on key areas of operations, share issuances, dividends and other returns to shareholders. All Directors act in good faith, provide insights and consider at all times the interests of the Company.

To facilitate effective management, certain functions have been delegated to various Board Committees, namely, Audit Committee ('AC'), Nominating Committee ('NC') and Remuneration Committee ('RC'), without abdicating its responsibility. The Board Committees were formed to assist the Board in the execution of its responsibilities.

The effectiveness of each committee is also closely monitored. The Board accepts that while these committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board. The roles and responsibilities are set out in this report.

The Board conducts scheduled meetings on a quarterly basis to coincide with the announcement of the Group's quarterly results. Additional meetings will be held, as and when required, to address any significant issues that may arise. Minutes of all Board Committee and Board meetings are circulated to members for review and confirmation. These minutes also enable Directors to be kept abreast of matters discussed at such meetings.

In lieu of physical meetings, written resolutions were circulated for approval by the Directors. The Company's Articles of Association (the 'Articles') allow Board meetings to be conducted by way of teleconferencing, provided that the requisite quorum of at least two directors is present.

Details of the frequency of the Board and Board Committee meetings held during the year, as well as the attendance of each Board member at those meetings are disclosed below:–

	Board		Nominating Committee		Remuneration Committee		Audit Committee	
Name	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**	**No. of meetings held**	**No. of meetings attended**
Executive Directors								
Law Kung Ying	4	4	2	2	–	–	–	–
Law Kung Ming	4	4	–	–	–	–	–	–
Law Yu Chui	4	4	–	–	–	–	–	–
Teo Poh Hong	4	4	–	–	–	–	–	–
Non-Executive and Independent Directors								
Chen Yuk Fu*	4	4	–	–	2	2	4	4
Lim Kian Wee Leonard	4	4	2	2	2	2	4	4
Ngu Kuang Hua	4	3	2	1	2	1	4	3

* Dr Chen Yuk Fu was appointed as a member of Nominating Committee on 7 October 2013.

All directors are updated regularly on changes in Company policies. Amendments to the securities legislations, rules and regulations will be communicated to the Directors whenever there are such changes. During the year, the Directors are briefed on the changes to the Listing Manual and requirements on disclosure of interests in Listed Companies.

Upon appointment, the new director is briefed on the Group's structure, businesses, operations, policies and governance practices. He has the opportunity to visit the Group's operational facilities to gain a better understanding of the Group's business operations. He will be briefed on the duties and obligations of a director and a formal letter will be provided to newly appointed director. Directors may request for training in areas such as accounting, legal and industry specific knowledge and the Company will be responsible for the funding of these trainings.

During the financial year, the directors have attended appropriate courses and seminars for them to stay abreast of relevant business developments. These include programs run by the Singapore Institute of Directors and other institutions. Annually, the external auditors update the AC and the Board on new or revised financial reporting standards.

Principle 2: Board Composition and Guidance

The Board comprises three Non-Executive and Independent Directors and four Executive Directors. According to the Code 2012, an Independent Director is one who has no relationship with the Company, its related Companies or 10% shareholders or its officers that could interfere independent business judgement, or be reasonably perceived to interfere, with the exercise of the director's independent judgement with a view to the best interest of the Company and Group.

There is a strong and independent element on the Board with three of the directors deemed to be independent. The independence of each Director is reviewed annually. No NC member is involved in the deliberation in respect of his independence. The Board is able to exercise independent judgement on corporate affairs and provide management with a diverse and objective perspective on issues.

For the purpose of evaluating the true independence of Directors who have served beyond 9 years from the date of their first appointment, the Board with the assistance of the NC had considered the criteria for basis of evaluation. The evaluation criteria included the director's expression of view and participation, rigorous enquiry on the management's performance and past records and commitment to the Company's affairs. Dr Chen Yuk Fu was appointed to the Board since 15 September 2000. Using the said criteria, the Board is satisfied that Dr Chen Yuk Fu has remained independent in his judgement and can continue to discharge his duties objectively. The independence of character and judgement of Dr Chen Yuk Fu is not in any way affected or impaired by the length of his service. The Board considers that Dr Chen Yuk Fu brings a high level of experience and understanding about the Company and its industry, experience and knowledge which is ultimately beneficial to the Company and its members. His familiarity with the business will continue to contribute positively to the deliberation at the Board and Board Committees.

The NC, taking into account the scope and nature of the operations of the Company, is satisfied that the current size of the Board, the standing of the members of the Board in the business community, and their combined experience, knowledge and expertise in areas such as legal, business and finance provide for effective decision making and direction to the Company. No individual or small group of individuals dominates the Board's decision-making process. The Board will examine the appropriateness of the size of the Board on an ongoing basis.

Non-Executive Directors review the performance of management. Their views and opinions provide alternative perspectives to the Group's business. To facilitate a more effective check on Management, Non-Executive Directors are encouraged to meet regularly without Management present.

Principle 3: Chairman and Chief Executive Officer ('CEO')

The Executive Chairman, being the Chief Executive Officer ('CEO') of the Group, has overall responsibility for the management and daily operations of the Group, supported by the respective Heads of Departments. The Executive Chairman also provides Board leadership and, apart from the three Independent Directors, is supported by three Executive Directors of the relevant caliber and experience necessary for the balance of authority on the Board.

The Executive Chairman sets the agenda for each Board meeting in consultation with the Executive Directors and senior managers where relevant. The Executive Chairman is responsible for ensuring all corporate governance procedures are complied with.

The role of the Executive Chairman is not separated from the CEO, as the Board, upon its consideration, was of the opinion that there is adequate accountability and transparency as reflected by the internal controls established within the Group. As Executive Chairman, Mr Law Kung Ying plays a pivotal role in assisting the Board in developing policies and strategies and ensuring that they are implemented effectively.

The Board is unanimous in its decision that it would currently not be in the Group's interest to effect a separation in the role of the Chairman from that of the CEO since there is a good balance of power and authority as all the Board Committees are chaired by the Independent Directors.

Pursuant to the Code 2012, the Company has appointed Dr Chen Yuk Fu as Lead Independent Director. The Independent Directors meet at least once annually without the presence of other Directors.

NOMINATING COMMITTEE ('NC')

Principle 4: Board Membership

The NC comprises four members of whom the majority (including the Chairman) is independent. The Chairman of the NC is Mr Lim Kian Wee Leonard. The other members are Mr Law Kung Ying, Mr Ngu Kuang Hua and Dr Chen Yuk Fu, who is also the Lead Independent Director of the Company. The NC Chairman is not associated with any substantial shareholder of the Company.

The NC held two meetings during the financial year. It was established to ensure that there is a formal and transparent process for all Board appointments and re-appointments.

The NC has written terms of reference that describe its objectives, duties and responsibilities. The main functions of the NC are as follows:–

a. Consider, review and recommend to the Board any new Board appointment or re-appointment, whether of Executive or Non-Executive Director;
b. Determine annually whether or not a Director is independent;
c. Decide whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company;
d. Where the Director has multiple directorships, ensure he is able to devote sufficient time and attention to the affairs of the Group to carry out his duties;
e. Determine the appropriate size of the Board taking into account the scope and nature of the operations of the Group.
f. Review training and professional development programs for the Board.

Where new appointments are required, the NC will consider recommendations for new directors, review their qualifications and meet with such candidates before a decision is made. The NC strives to ensure that the Board has a mix of skills, attributes and abilities when recommending to the Board. In view of the foregoing, the Board is of the view that there is an adequate process for the appointment of new directors.

In accordance with the provisions of the Company's Articles of Association, one-third of the directors shall retire from office at every Annual General Meeting ('AGM') and a retiring director shall be eligible for re-election at the said AGM. The newly appointed Director will submit himself for retirement and re-election at the AGM immediately following his appointment. All directors (except the Managing Director) shall retire from office at least once every three years.

Both Mr Ngu Kuang Hua and Ms Teo Poh Hong will retire at the forthcoming AGM in accordance with Article 107 of the Company's Article of Association. Mr Ngu Kuang Hua has consented to continue in office. Ms Teo Poh Hong will retire at the forthcoming AGM without seeking to continue in office. The NC had recommended to the Board that Mr Ngu Kuang Hua, as a director retiring under Article 107 of the Company's Articles, be nominated for re-appointment at the forthcoming AGM.

Taking into consideration the circumstances of an Independent Director as set out in the Code 2012, the NC discharges its responsibility of determining the director's independence. On an annual basis, each Independent Director is required to submit a return as to his independence to the Company Secretaries. The NC shall review the returns and determine whether the Director is to be considered independent.

During the year, the NC has reviewed and determined that Dr Chen Yuk Fu, Mr Lim Kian Wee Leonard and Mr Ngu Kuang Hua are independent. The NC is satisfied that the respective directors have been carrying out their duties completely.

The NC has also considered a general rule to address competing time commitments by Directors servicing on multiple boards. As a general rule, each director should hold directorship in not more than three Listed Companies.

Profile of each Director is set out on pages 6 and 7 of the Annual Report. The dates of initial appointment and most recent re-election, present and past directorships in other companies of the Directors are set out below.

Name	Date of First Appointment	Date of Last Re-election	Directorships on Other Listed Companies	
			Present	Past
Law Kung Ying (Managing Director)	18 May 1979	13 August 2001	Nil	Nil
Law Kung Ming	18 May 1979	25 June 2012	Nil	Nil
Law Yu Chui	15 February 1980	24 June 2013	Nil	Nil
Teo Poh Hong	3 June 2003	24 June 2011	Nil	Nil
Chen Yuk Fu	15 September 2000	24 June 2013	Nil	Nil
Lim Kian Wee Leonard	30 September 2005	25 June 2012	Nil	Nil
Ngu Kuang Hua	1 May 2012	25 June 2012	Nil	Nil

Details of other principal commitments of the Directors have been set out under Board of Directors section in page 7 of the Annual Report.

Principle 5: Board Performance

On an annual basis, the NC will review and evaluate both the performance of the Board as a whole and its Board Committees; and assess the contribution by each Director to the effectiveness of the Board for each financial year and submit its report to the Board. This annual evaluation process provides an opportunity to obtain constructive feedback from each Director and to propose changes which may be made to enhance Board effectiveness.

The assessment parameters currently include attendance record at meetings of the Board, its Board committees and each Director, the intensity of participation at the meetings, the quality of interventions and special contributions. The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole has been satisfactory.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as director.

Principle 6: Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, prior to each meeting, management provides the Board with complete, adequate and timely information to enable them to have a comprehensive understanding of the affairs and issues that require the Board's decision, and reports on material operations and financial matters of the Group.

Important matters concerning the Group are also put to the Board of Directors for approval by way of circular resolutions in writing from time to time. All directors have separate and independent access to senior management and to the Company Secretaries.

The Company Secretaries administer, attend and prepare minutes of Board and Board Committee meetings and assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and ensures the Company's Memorandum and Articles of Association and relevant rules and regulations, including requirements of the Companies Act, Cap. 50 and Listing Manual of the SGX-ST are complied with. They also act as the primary channel of communication between the Company and the SGX-ST. The appointment and the removal of the Company Secretaries is a matter for the Board as a whole.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice is borne by the Company.

B. REMUNERATION MATTERS

REMUNERATION COMMITTEE ('RC')

Principle 7: Procedures for Developing Remuneration Policies

The RC comprises three members, all of whom are Non-Executive Directors and independent of management and free from any business or relationships, which may materially interfere with the exercise of their independent judgement. The Chairman of the Remuneration Committee is Mr Lim Kian Wee Leonard. The other members are Dr Chen Yuk Fu and Mr Ngu Kuang Hua.

The RC has written terms of reference with its objectives, duties and responsibilities set out therein.

The responsibilities of the RC are as follows:

a. Recommend to the Board a framework of remuneration for the Board of Directors, key management personnel and managers who are related to Director, Chief Executive Officer or Substantial Shareholders;

b. Determine specific remuneration packages for each Director and key management personnel; and

c. To report to the Board of Directors the summary of the work performed by the committee in carrying out their duties.

The RC held two meetings during the financial year. The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration and for fixing the remuneration packages of individual directors and key management.

The RC recommends to the Board the remuneration package to ensure that it is competitive and sufficient to attract, retain and motivate directors and key management personnel of the required experience and expertise to run the Group successfully. A proportion of such remuneration is linked to performance of the Group as well as individual incumbent. No RC member or any director is involved in deliberations in respect of any remuneration, compensation or any form of benefits to be granted to him, except for providing information and documents specifically requested by the RC to assist in its deliberation.

Directors' fees are recommended by the RC and submitted for endorsement by the Board. Directors' fees are subject to approval by shareholders at the AGM.

The RC may seek professional advice on remuneration matters as and when necessary. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the RC.

Principle 8: Level and Mix of Remuneration

In setting the remuneration packages of the Executive Directors, the RC takes into account the prevailing economic situation and link rewards to the Group and performance of the individual. According to the service agreement of the Executive Director:

a. The term of service is for a fixed period subject to review thereafter;

b. The remuneration of the Executive Directors consists of a fixed salary and a variable performance bonus, which is designed to align the Executive Directors' interests with that of the shareholders; and

c. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the Executive Director.

The Independent and Non-Executive Directors do not have any service agreements with the Company. Both Executive and Non-Executive Directors are paid a fixed fee, which have to be approved by the shareholders at every AGM, the Independent and Non-Executive Directors do not receive any remuneration from the Company.

Principle 9: Disclosure on Remuneration

(a) Directors and Key Management Personnel

For confidentiality purposes, the remuneration of the Directors was disclosed in percentage according to remuneration component. A breakdown of the remuneration of the Directors in percentage terms showing the level and mix for the FY2014 is set out below:–

Name of Directors	Breakdown of Remuneration in percentage (%)			
	Fee (%)	Fixed (%)	Bonuses (%)	Total (%)
Above S$250,000 to S$500,000				
Law Kung Ying	6	90	4	100
Law Kung Ming	7	73	20	100
Law Yu Chui	11	82	7	100
Teo Poh Hong	12	88	–	100
Within S$250,000				
Chen Yuk Fu	100	–	–	100
Lim Kian Wee Leonard	100	–	–	100
Ngu Kuang Hua	100	–	–	100

A breakdown of the remuneration of the key management personnel in percentage terms showing the level and mix for the FY2014 is set out below:–

Name of Key Management Personnel	Fixed (%)	Bonuses (%)	Total (%)
Below $250,000			
Leong Kok Kee	100	–	100
Tsun Chin Eng Melvin	100	–	100
Loh Yut Chai	100	–	100

The Company disclosed the remuneration of only three key management personnel, as there were only three key management personnel (who are also not directors) whom the Company has identified as key management personnel. Accordingly, the names and remuneration in bands of S$250,000 with a breakdown of salary and bonus in percentage terms of the three key executives were disclosed in the table above. Remuneration paid to the key management personnel was disclosed in percentage to prevent poaching of key management personnel. Total remuneration paid to key management personnel was $389,000.

There are no terminations, retirement and post-employment benefits granted to Directors or the key management personnel.

(b) Immediate Family Members of Director, Chief Executive Officer or Substantial Shareholder

There were two employees who are immediate family members of a Director, Chief Executive Officer or Substantial Shareholder of the Company and whose remuneration exceeds S$50,000 for the financial year ended 28 February 2014. The details of such employees and their remuneration are as follows:–

Name	Relationship with the Directors, CEO or Substantial Shareholder	Fixed (%)	Bonuses (%)	Total (%)
Above S$50,000 to S$100,000				
Law Tak Heem	1. Son of Mr Law Kung Ying, Managing Director of the Company. 2. Nephew of Mr Law Kung Ming, Executive Director of the Company. 3. Nephew of Ms Law Yu Chui, Finance and Administrative Director and Substantial Shareholder of the Company. 4. Grandson of Mdm Lee Hang Ngok, a Substantial Shareholder of the Company.	100	–	100
Tan Hai Ting	1. Daughter of Ms Law Yu Chui, Finance and Administrative Director and Substantial Shareholder of the Company. 2. Niece of Mr Law Kung Ying, Managing Director of the Company. 3. Niece of Mr Law Kung Ming, Executive Director of the Company. 4. Granddaughter of Mdm Lee Hang Ngok, a Substantial Shareholder of the Company.	100	–	100

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board accepts that it is accountable to the shareholders while the management is accountable to the Board.

The Board provides the shareholders with a balanced and understandable assessment of the Company's and Group's performance, financial position and business prospects and such other price-sensitive information, when required, in compliance with the statutory requirements and the listing manual of SGX-ST. Financial results and annual reports will be issued within the prescribed period.

The Board takes adequate steps to ensure compliance with legislative and regulatory requirements.

Principle 11: Risk Management and Internal Controls

The Board recognises the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders' interests, Company's assets and determine the nature and extent of significant risks which the Board is willing to take in achieving its strategic objectives.

The system of internal controls is supplemented by the Company's internal auditors' annual review of the effectiveness of the Company's material internal controls, including financial, operational and compliance control; and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC.

The internal auditors, Crowe Horwath First Trust Risk Advisory Pte. Ltd. works with management to review internal controls and identify key risks. Summary report of the review has been prepared for the consideration of the Board. These reports include assessment of the Group's key risks.

The external auditors, Messrs Ernst & Young LLP, have during the course of their audit, carried out a review of the effectiveness of key internal controls within the scope as laid out in their audit plan. No material non-compliance and internal control weaknesses were noted during their audit and the auditor's recommendations are reported to the AC.

Management continues to work with the internal auditor to implement risk management policies, processes, assessment and mitigation of risks. Based on the work performed by the internal and external auditors and reviews performed by the management, various Board Committees and the Board, the Board with concurrence of the AC, are of the opinion that the Group's risk management and internal controls, addressing financial, operational, compliance and information technology controls, were adequate and effective as at 28 February 2014. The Board is satisfied with the adequacy and effectiveness of the risk management systems.

The Group regularly reviews and improves its business and operational activities by taking into account risk management perspective. The Group seeks to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The internal auditors will be tasked to regularly review all significant control policies and procedures and highlight all significant matters to the senior management, the AC and the Board.

The system of internal controls provides 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 notes that no system of internal controls could provide absolute assurance against the occurrence of material misstatement, human errors, losses, fraud and other irregularities.

The Board has received assurance from the Chief Executive Officer and Finance and Administrative Director that (i) the financial statements as at 28 February 2014 give a true and fair view of the Company's operations and finances and financial records have been properly maintained; and (ii) the effectiveness of the Company's risk management and internal control systems.

Principle 12: Audit Committee

The AC comprises three members, all of whom are Independent and Non-Executive Directors. All members have relevant accounting or related financial management expertise or experience.

The Chairman of the AC is Dr Chen Yuk Fu. The other members are Mr Lim Kian Wee Leonard and Mr Ngu Kuang Hua.

The AC, which has written terms of reference approved by the Board with objectives and duties and responsibilities set out therein. The AC performs the following functions:

a. Review significant financial reporting issues and judgements so as to ensure integrity of the financial statements and announcements relating thereto;
b. Review with external auditors the audit plan, their evaluation of the system of internal controls: their annual reports and their management letters and management's response;
c. Review quarterly and full year financial statements before submission to the Board for its approval;
d. Review the assistance given by the management to external auditors;
e. Review the independence and objectivity of the external auditors;
f. Review the nature and extent of non-audit services performed by external auditors;
g. Examine the scope of internal audit procedures and the results of the internal audit;
h. Ensure that a review of the effectiveness of the Company's internal controls, including financial, operational and compliance information technology controls and risk management, is conducted at least annually;
i. Ensure that the internal audit function is adequately resourced and has appropriate standing within the Group;
j. Review Interested Person Transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST; and
k. Consider the appointment/re-appointment of the external auditors and approve the audit fees.

The AC held four meetings during the financial year. These meetings were attended by the Board of Directors and Finance Manager. Separate sessions with the external auditors were held without the presence of management. As at the date of this report, the AC has met once with the external auditors and internal auditors without management present.

The AC has reviewed and noted that there was no non-audit service provided by the external auditors during the current financial year. The AC is satisfied with the independence and objectivity of the external auditors and that the external auditors are able to meet the audit requirements and statutory obligation of the Company. The AC is pleased to confirm the re-appointment of Messrs Ernst & Young LLP as external auditors of the Company at the forthcoming AGM. The AC shall continue to monitor the scope, cost effectiveness and objectivity of the external auditors. Details of the audit fees paid to the external auditors are found on page 88 of the Annual Report.

The Company has engaged the external auditors for its Singapore-incorporated subsidiary. The Company has engaged suitable auditing firm for its foreign-incorporated subsidiaries and associated companies. The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual. The external auditors of the Company attend all AC Meetings. The AC is kept abreast of changes to accounting standards and issues which may have impact to the financial statements in the report from the external auditors.

The Company has adopted a whistle blowing policy to provide well-defined and accessible channels in the Group through which employees may raise concerns about the possible improprieties in financial reporting or other matters to either human resource department or even approach the Independent Directors.

The AC is vested with the power and authority to receive, investigate and enforce appropriate action when any non-compliance matter is brought to its attention.

Principle 13: Internal Audit

The Company has engaged Crowe Horwath First Trust Risk Advisory Pte. Ltd. ('Crowe Horwath') to provide internal audit services to the Company. Crowe Horwath reviewed key internal controls in selected areas as advised by the AC. After the review, Crowe Horwath reported their findings together with recommendations on areas of improvement to the AC for approval. The Internal Auditors' primary line of reporting is the AC Chairman.

Crowe Horwath carried out its function according to the Singapore Standard of Auditing set by the Institute of Singapore Chartered Accountants.

The AC has reviewed annually and is satisfied that the Company's internal audit function is adequately resourced and has appropriate standing within the Company.

Principle 14: Shareholder Rights

The Shareholders are treated fairly and equitably to facilitate exercise of shareholders' rights. Notice of general meeting of shareholders is issued at least 14 days before the scheduled date of such meeting.

The Board will review its Articles of Association from time to time. Where amendment to its Articles of Association is required to align the relevant provision with the requirements of the Listing Manual of the SGX-ST, shareholders' approval will be obtained.

D. COMMUNICATION WITH SHAREHOLDERS

Principle 15: Communication with Shareholders

The Board is mindful of the obligations to provide timely information and full disclosure of material information to shareholders in accordance with the statutory requirement and the listing manual of SGX-ST. Information is communicated to shareholders on a timely basis. All material information and financial results are released through SGXNET, media and analyst briefing. The media and analyst briefing would be attended by key management.

All shareholders of the Company will receive the annual report and Notice of AGM. The Notice of AGM is also advertised in newspapers and announced via SGXNET. Information on major new initiatives of the Company is also disseminated via SGXNET.

The Company's website at www.cheungwoh.com.sg provides corporate information and its latest annual report.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released via SGXNET, either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

Payment of dividends is communicated to shareholders, though the Company does not have a policy on payment of dividends. The form, frequency and amount of dividend declared each year will take into consideration the Group's profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Board has proposed a final tax exempt (one-tier) dividend of 0.2 cent per share for the financial year ended 28 February 2014.

Principle 16: Conduct of Shareholder Meetings

The Company will be holding its forthcoming AGM on 23 June 2014. Shareholders are encouraged to participate at general meetings and have the opportunity to communicate their views affecting the Company. Under Article 85 of the Company's Articles of Association, shareholders may vote in person or by proxy and equal effect is given to votes whether cast in person or by proxy.

Notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 clear days before the meeting. There are separate resolutions at general meetings on each separate issue.

The Board welcomes questions from shareholders who have an opportunity to raise questions or share their views regarding the proposed resolutions and the Company's business and affairs, either informally or formally before or at the AGM.

The Chairman of the Board Committees, Directors, senior management and external auditors will be present and available at the general meeting to attend to the queries/questions from shareholders. Minutes of general meetings include substantial and relevant queries or comments from shareholders relating to the agenda of the meeting and responses from the Board and management. These minutes would be available to shareholders upon their request.

E. DEALINGS IN SECURITIES

The Group has set out procedures with respect to dealings in securities to all directors and employees of the Group who have access to price-sensitive and confidential information. The Company has informed its Directors, officers and employees on the prohibition on dealings in the Company's shares on short term considerations or during the periods commencing two weeks prior to the announcement of the Group's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Group's full year results and ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group.

F. INTERESTED PERSON TRANSACTIONS AND MATERIAL CONTRACTS

During the year, there was no interested person transaction or material contract entered into by the Company or any of its subsidiaries involving the interests of the CEO, any Director or controlling shareholder.

G. WHISTLE BLOWING POLICY

The whistle blowing policy of the Group serves to encourage and provide a good channel to employees to report and to raise, in good faith and in confidence, concerns about possible improprieties in financial reporting, criminal activities, failure to comply with the laws and regulations, any suspected wrongdoing of fraud or other matters. A well-defined process ensures independent investigation of such matters and the assurance that employees will be protected to the extent possible from reprisals. Under the policy, employees may report their concerns to either the human resource department or even approach the Independent Directors.

Directors' Report

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Cheung Woh Technologies Ltd (the "Company") and its subsidiary companies (collectively, the "Group") for the financial year ended 28 February 2014, and the balance sheet of the Company as at 28 February 2014.

Directors

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

Law Kung Ying
Law Kung Ming
Law Yu Chui
Teo Poh Hong
Chen Yuk Fu
Lim Kian Wee Leonard
Ngu Kuang Hua

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), interests in the shares of the Company and its subsidiary companies as stated below:

	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
The Company **Cheung Woh Technologies Ltd** (Ordinary shares)				
Law Kung Ying	10,419,600	10,419,600	–	–
Law Kung Ming	10,419,600	10,419,600	189,609,600	–
Law Yu Chui	10,419,600	10,419,600	189,609,600	189,609,600
Teo Poh Hong	3,195,360	3,195,360	–	–
Ngu Kuang Hua	501,400	501,400	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 March 2014.

By virtue of Section 7 of the Act, Law Yu Chui is deemed to have interests in all the subsidiary companies of the Company.

Directors' interests in shares and debentures (Continued)

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

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Options

There is presently no option scheme on unissued shares of the Company or any subsidiary companies at the end of the financial year.

Audit committee

The Audit Committee ("AC") comprises three independent non-executive directors, one of whom is also the Chairman of the Committee. The members of the Committee are:

Chen Yuk Fu	(Chairman)
Ngu Kuang Hua	(Non-executive Director)
Lim Kian Wee Leonard	(Non-executive Director)

The AC carried out its functions in accordance with Section 201B(5) of the Act, including the following:

- Reviewed the audit plans of the internal and external auditors of the Company, reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors.

- Reviewed the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the Board of Directors.

- Reviewed effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors.

- Met with the external auditors and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC.

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators.

- Reviewed the cost effectiveness and the independence and objectivity of the external auditors.

- Reviewed the nature and extent of non-audit services provided by the external auditors.

Audit committee (Continued)

- Recommended to the Board of Directors the external auditors to be nominated, approved the compensation of the external auditors and reviewed the scope and results of the audit.

- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate.

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

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

The AC convened four meetings during the year with full attendance from all members, except for one where a member was absent. The AC has also met with the external auditors, without the presence of the Company's management at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance as set out in the Annual Report of the Company.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Law Kung Ying
Director

Law Yu Chui
Director

27 May 2014

Statement by Directors

We, Law Kung Ying and Law Yu Chui, being two of the directors of Cheung Woh Technologies Ltd (the "Company"), do hereby state that, in the opinion of the directors:

(i) the accompanying balance sheets, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with notes thereto, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 28 February 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Law Kung Ying
Director

Law Yu Chui
Director

27 May 2014

Independent Auditor's Report

To the Members of Cheung Woh Technologies Ltd

Report on the financial statements

We have audited the accompanying financial statements of Cheung Woh Technologies Ltd (the "Company") and its subsidiary companies (collectively, the "Group") set out on pages 40 to 104, which comprise the balance sheets of the Group and the Company as at 28 February 2014, the consolidated statement of comprehensive income, changes in equity and cash flows of the Group for the financial year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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; transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 28 February 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

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 incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG LLP
Public Accountants and Chartered Accountants
Singapore
27 May 2014

Balance Sheets

As at 28 February 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**50,701**	50,568	**3,286**	5,404
Investment property	4	**1,294**	–	**1,294**	–
Intangible assets	5	**79**	85	**69**	74
Investments in subsidiary companies	6	**–**	–	**46,005**	46,005
Investments in associate companies	7	**16,886**	12,880	**15,662**	10,256
Investment in a quoted equity	8	**1**	1	**–**	–
		68,961	63,534	**66,316**	61,739
Current assets					
Inventories	9	**12,608**	8,603	**441**	424
Trade receivables	10	**11,144**	10,583	**1,831**	2,058
Amount due from an associate company	11	**322**	4,455	**320**	–
Other receivables	12	**1,442**	1,902	**4,225**	260
Prepayments		**953**	341	**58**	32
Cash and bank balances	13	**10,872**	16,357	**1,974**	10,689
		37,341	42,241	**8,849**	13,463
Total assets		**106,302**	105,775	**75,165**	75,202
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	14	**5,075**	3,323	**2,105**	539
Other payables	15	**3,703**	2,974	**523**	6,171
Amount due to an associate company	11	**437**	168	**–**	–
Interest-bearing loans and borrowings	16	**2,902**	7,961	**–**	1,855
Income tax payable		**20**	52	**–**	–
		12,137	14,478	**2,628**	8,565
Net current assets		**25,204**	27,763	**6,221**	4,898
Non-current liabilities					
Deferred tax liabilities	17	**2,752**	2,981	**–**	236
		2,752	2,981	**–**	236
Total liabilities		**14,889**	17,459	**2,628**	8,801
Net assets		**91,413**	88,316	**72,537**	66,401

Balance Sheets

As at 28 February 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Equity attributable to owners of the Company					
Share capital	18	**50,200**	50,200	**50,200**	50,200
Treasury shares	19	**(1,923)**	(1,896)	**(1,923)**	(1,896)
Revenue reserve	20	**47,618**	46,720	**24,260**	18,097
Statutory reserve	21	**859**	707	**–**	–
Foreign currency translation reserve	22	**(6,196)**	(7,484)	**–**	–
		90,558	88,247	**72,537**	66,401
Non-controlling interests		**855**	69	**–**	–
Total equity		**91,413**	88,316	**72,537**	66,401
Total equity and liabilities		**106,302**	105,775	**75,165**	75,202

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

Consolidated Statement of Comprehensive Income

For the Financial Year Ended 28 February 2014

	Note	Group 2014 $'000	Group 2013 $'000
Turnover	23	**59,329**	60,698
Cost of sales		**(52,989)**	(55,230)
Gross profit		**6,340**	5,468
Other operating income	24	**3,958**	4,067
Distribution and selling expenses		**(2,465)**	(2,650)
General and administrative expenses		**(9,315)**	(8,193)
Finance costs	25	**(189)**	(534)
Share of results of associate companies		**2,843**	1,674
Profit/(loss) before taxation	26	**1,172**	(168)
Income tax expense	27	**(174)**	(1,320)
Profit/(loss) for the year		**998**	(1,488)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain/(loss)		**2,384**	(1,083)
Other comprehensive income for the year		**2,384**	(1,083)
Total comprehensive income for the year		**3,382**	(2,571)
Profit/(loss) attributable to:			
Equity owners of the Company		**1,050**	(1,896)
Non-controlling interests		**(52)**	408
		998	(1,488)
Total comprehensive income attributable to:			
Equity owners of the Company		**2,338**	(2,703)
Non-controlling interests		**1,044**	132
		3,382	(2,571)
Earnings per share (cents per share)			
Basic and diluted	28	**0.35**	(0.62)

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

Consolidated Statement of Changes in Equity

For the Financial Year Ended 28 February 2014

	Attributable to equity owners of the Company								
Group	Share capital (Note 18) $'000	Treasury shares (Note 19) $'000	Revenue reserve (Note 20) $'000	Statutory reserve (Note 21) $'000	Foreign currency translation reserve (Note 22) $'000	Total other reserves $'000	Total equity attributable to equity owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 1 March 2013	50,200	(1,896)	46,720	707	(7,484)	(6,777)	88,247	69	88,316
Total comprehensive income for the financial year	–	–	1,050	–	1,288	1,288	2,338	1,044	3,382
Contributions by and distributions to owners									
Purchase of treasury shares	–	(27)	–	–	–	–	(27)	–	(27)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(258)	(258)
	–	(27)	–	–	–	–	(27)	(258)	(285)
Others									
Transfer from revenue reserve to statutory reserve	–	–	(152)	152	–	152	–	–	–
Balance as at 28 February 2014	**50,200**	**(1,923)**	**47,618**	**859**	**(6,196)**	**(5,337)**	**90,558**	**855**	**91,413**
Balance as at 1 March 2012	50,200	(1,338)	51,675	1,163	(7,418)	(6,255)	94,282	363	94,645
Total comprehensive income for the financial year	–	–	(1,896)	–	(807)	(807)	(2,703)	132	(2,571)
Contributions by and distributions to owners									
Purchase of treasury shares	–	(558)	–	–	–	–	(558)	–	(558)
Dividends paid on ordinary shares (Note 29)	–	–	(3,515)	–	–	–	(3,515)	–	(3,515)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(158)	(158)
	–	(558)	(3,515)	–	–	–	(4,073)	(158)	(4,231)
Others									
Disposal of a subsidiary company	–	–	493	(493)	741	248	741	(268)	473
Transfer from revenue reserve to statutory reserve	–	–	(37)	37	–	37	–	–	–
	–	–	456	(456)	741	285	741	(268)	473
Balance as at 28 February 2013	50,200	(1,896)	46,720	707	(7,484)	(6,777)	88,247	69	88,316

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 28 February 2014

	Group	
	2014	2013
	$'000	$'000
Cash flow from operating activities		
Profit/(loss) before taxation	**1,172**	(168)
Adjustments for:		
Amortisation and depreciation	**7,301**	7,407
Unrealised exchange loss	**19**	321
Interest expense	**189**	534
Write-off of property, plant and equipment	**28**	–
(Write-back of)/allowance for inventories obsolescence	**(49)**	42
Write-back of impairment loss on property, plant and equipment	**–**	(352)
Share of results of associate companies	**(2,843)**	(1,674)
Interest income	**(46)**	(113)
(Write-back of)/impairment loss on trade receivables	**(36)**	101
Write-down of inventories	**28**	24
(Gain)/loss on disposal of property, plant and equipment	**(368)**	397
Fair value gain on derivative financial instruments at fair value through profit or loss, net	**–**	(31)
Gain on disposal of equity interest in an associate company	**–**	(355)
Loss on disposal of a subsidiary company	**–**	475
Operating cash flows before changes in working capital	**5,395**	6,608
(Increase)/decrease in:		
Inventories	**(3,985)**	1,917
Trade receivables	**(567)**	(4,844)
Amount due from an associate company	**4,133**	814
Other receivables and prepayments	**(84)**	248
(Decrease)/increase in:		
Trade payables	**1,754**	(15)
Other payables	**729**	(477)
Amount due to an associate company	**270**	–
Exchange differences arising from consolidation	**1,696**	(115)
Cash flow generated from operations	**9,341**	4,136
Interest received	**46**	113
Interest paid	**(189)**	(534)
Income tax paid	**(467)**	(1,241)
Net cash flow generated from operating activities	**8,731**	2,474
Cash flow from investing activities		
Purchase of property, plant and equipment	**(8,190)**	(3,676)
Investment in an associate	**(1,163)**	–
Proceeds from disposal of property, plant and equipment	**553**	416
Disposal of subsidiary, net of cash disposed of (Note 6)	**–**	7,395
Proceeds from disposal of equity interest in an associate company	**–**	586
Dividend income received from an associate company	**–**	864
Net cash flow (used in)/generated from investing activities	**(8,800)**	5,585

Consolidated Statement of Cash Flows

For the Financial Year Ended 28 February 2014

	Group	
	2014	2013
	$'000	$'000
Cash flow from financing activities		
Repayment of interest-bearing loans and borrowings	**(5,210)**	(14,270)
Repayment of finance lease liability	**–**	(53)
(Increase)/decrease in cash and cash equivalents subject to restrictions	**(8)**	106
Dividends paid on ordinary shares	**–**	(3,515)
Dividends paid to non-controlling interests	**(258)**	(158)
Proceeds from interest-bearing loans and borrowings	**–**	7,405
Shares purchased and held as treasury shares	**(27)**	(558)
Net cash flow used in financing activities	**(5,503)**	(11,043)
Net decrease in cash and cash equivalents	**(5,572)**	(2,984)
Cash and cash equivalents at beginning of financial year	**16,213**	19,386
Effect of exchange rate changes on cash and cash equivalents	**79**	(189)
Cash and cash equivalents at end of financial year (Note 13)	**10,720**	16,213

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

Notes to the Financial Statements

1. Corporate information

Cheung Woh Technologies Ltd (the "Company") is a limited liability company, which is incorporated and domiciled in the Republic of Singapore, and is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 23 Tuas South Street 1, Singapore 638033.

The principal activity of the Company is that of investment holding and trading. The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values are rounded to the nearest thousand ("$'000") except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2013 or 1 March 2013. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

According to the transition provisions of FRS 113 *Fair Value Measurement*, FRS 113 has been applied prospectively by the Group and the Company on 1 March 2013.

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32: *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 36: *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to FRS 110, FRS 112 and FRS 27: *Investment Entities*	1 January 2014
Amendments to FRS 39: *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
INT FRS 121 *Levies*	1 January 2014
Amendments to FRS 102: *Definition of Vesting Condition*	1 July 2014
Amendments to FRS 103: *Accounting for Contingent Consideration in a business Combinations and Scope exceptions for Joint Ventures*	1 July 2014
Amendments to FRS 108: *Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*	1 July 2014
Amendments to FRS 113: *Scope of Paragraph 52 (Portfolio Exception)*	1 July 2014
Amendments to FRS 16: *Revaluation Method – Proportionate Restatement of Accumulated Depreciation*	1 July 2014
Amendments to FRS 19: *Employee Contributions*	1 July 2014
Amendments to FRS 24: *Key Management Personnel*	1 July 2014
Amendments to FRS 28: *Revaluation Method – Proportionate Restatement of Accumulated Amortisation*	1 July 2014
Amendments to FRS 40: Clarifying the Inter-relationship between FRS 103 and FRS 40 *When Classifying Property as Investment Property or Owner-Occupied Property*	1 July 2014

Except for the FRS 112, the directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the FRS 112 is described below.

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective (Continued)

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 *Disclosure of Interests in Other Entities* is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

2.4 Foreign currency

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

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of reporting period are recognised in the statement of comprehensive income except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the statement of comprehensive income of the Group on disposal of the foreign subsidiary company.

The assets and liabilities of foreign subsidiary companies are translated into SGD at the rate of exchange ruling at the end of reporting period and their statement of comprehensive income are translated at the average exchange rates for the financial year. The exchange differences arising on the translation are taken directly to statement of other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the statement of comprehensive income.

2. Summary of significant accounting policies (Continued)

2.5 Basis of consolidation and business combinations

(a) Basis of consolidation

Basis of consolidation from 1 January 2010

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

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– De-recognises the carrying amount of any non-controlling interest;

– De-recognises the cumulative translation differences recorded in equity;

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in statement of comprehensive income;

– Re-classifies the Group's share of components previously recognised in other comprehensive income to statement of comprehensive income or retained earnings, as appropriate.

2. Summary of significant accounting policies (Continued)

2.5 Basis of consolidation and business combinations (Continued)

(a) Basis of consolidation (Continued)

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

– Acquisitions of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

– Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

– Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 has not been restated.

(b) Business combinations

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

2. Summary of significant accounting policies (Continued)

2.5 Basis of consolidation and business combinations (Continued)

(b) Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in statement of comprehensive income on the acquisition date.

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest will not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2. Summary of significant accounting policies (Continued)

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.7 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2.8 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. Summary of significant accounting policies (Continued)

2.8 Associates (Continued)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the statement of comprehensive income.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in the statement of comprehensive income.

2.9 Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of a property, plant and equipment begins when it is available for use and is calculated on a straight-line method to write-off the costs of property, plant and equipment over their estimated useful lives as follows:

Leasehold land and buildings	–	20 to 60 years (lease period)
Tools and equipment	–	5 years
Renovation and leasehold improvements	–	3 to 5 years
Plant and machinery	–	10 years
Furniture, fittings and office equipment	–	3 to 5 years
Motor vehicles	–	5 years
Computers	–	3 to 5 years

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

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

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2. Summary of significant accounting policies (Continued)

2.10 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise leasehold land and building of the Company, that is leased out to earn rental income.

Investment properties are initially measured at cost, including transaction costs and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Depreciation is calculated using the straight-line method to write-off the cost of investment properties over its estimated useful lives of 60 years (lease period).

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.9 up to the date of change in use.

2.11 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

Intangible assets include club memberships, customer relationship and patent.

(a) Club memberships

Club memberships are measured on initial recognition at cost. Following initial recognition, club memberships are carried at cost less any accumulated amortisation and any accumulated impairment losses. The estimated useful lives of club memberships are assessed to be 20 to 99 years and are reviewed annually to determine whether the useful life assessment continues to be supportable.

2. Summary of significant accounting policies (Continued)

2.11 Intangible assets (Continued)

(b) Customer relationship and patent

The cost of customer relationship acquired in a business combination is its fair value as at the date of the acquisition. Patent relates to the technical know-how of manufacturing base plates.

Following initial recognition, customer relationship and patent are carried at cost less any accumulated amortisation and any accumulated impairment losses. Customer relationship and patent are amortised on a straight-line basis over their estimated economic useful lives of 5 and 20 years respectively, and assessed for impairment whenever there is an indication that these intangible assets may be impaired.

2.12 Financial assets

Financial assets are recognised on the balance sheets when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company have not classified any financial assets as financial assets at fair value through profit or loss and financial assets designated as held-to-maturity investment.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in other comprehensive income is recognised in the statement of comprehensive income.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Group classifies the following financial assets as loans and receivables:

– Trade and other receivables and amount due from an associate company

– Cash and bank balances

2. Summary of significant accounting policies (Continued)

2.12 Financial assets (Continued)

(b) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value reserve in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in statement of comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

2.13 Impairment of assets

The Group and the Company assess at each end of reporting period whether there is any objective evidence that an asset or a group of assets is impaired.

(a) Impairment of financial assets

(i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the statement of comprehensive income.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in statement of comprehensive income.

2. Summary of significant accounting policies (Continued)

2.13 Impairment of assets (Continued)

(a) Impairment of financial assets (Continued)

(ii) Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is transferred from other comprehensive income and recognised in the statement of comprehensive income. Reversals of impairment losses in respect of equity instruments are not recognised in the statement of comprehensive income; increase in their fair value after impairment are recognised directly in other comprehensive income.

(b) Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

2. Summary of significant accounting policies (Continued)

2.13 Impairment of assets (Continued)

(b) Impairment of non-financial assets (Continued)

Impairment losses are recognised in the statement of comprehensive income except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in statement of comprehensive income unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis; and

- Finished goods and work-in-progress: costs of direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs. These costs are assigned on a first-in first-out basis.

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

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Summary of significant accounting policies (Continued)

2.16 Financial liabilities

Financial liabilities, within the scope of FRS 39, comprising trade and other payables, and interest-bearing loans and borrowings, are recognised on the balance sheets when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method. Derivatives are measured at fair value.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the statement of comprehensive income. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2.17 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivable fails to make payment when due.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the statement of comprehensive income over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the statement of comprehensive income.

2.18 Provisions

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

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

2. Summary of significant accounting policies (Continued)

2.19 Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income as incurred except to the extent that they are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

2.20 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As lessee

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

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

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(c). Contingent rents are recognised as revenue in the period which they are earned.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

2. Summary of significant accounting policies (Continued)

2.21 Revenue (Continued)

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Rental income

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

2.22 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

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

(c) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

2. Summary of significant accounting policies (Continued)

2.23 Income taxes

(a) ***Current tax***

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of reporting period.

(b) ***Deferred tax***

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

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

– Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;

– In respect of temporary differences associated with investments in subsidiary companies, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

– In respect of deductible temporary differences and carry-forward of unused tax credits and unutilised tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unutilised tax losses can be utilised.

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

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

2. Summary of significant accounting policies (Continued)

2.23 Income taxes (Continued)

(b) Deferred tax (Continued)

Deferred taxes are recognised in profit or loss except that deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity, and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

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

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

2.24 Government grants

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

2.25 Share capital and share issuance expenses

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

2. Summary of significant accounting policies (Continued)

2.26 Related parties

A party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group and the Company if that person,

  (i) Has control or joint control over the Company;

  (ii) Has significant influence over the Company; or

  (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company;

(b) An entity is related to the Group and the Company if any of the following conditions applies:

  (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

  (vi) The entity is controlled or jointly controlled by a person identified in (a);

  (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the Financial Statements

2. Summary of significant accounting policies (Continued)

2.28 Contingencies

A contingent liability is:

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

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

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

2.29 Significant accounting estimates and judgements

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

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, 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:

(i) Useful lives of plant and machinery

The cost of plant and machinery for the manufacturing activities is depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these plant and machinery to be within 10 (2013: 10) years. The carrying amounts of the Group's and the Company's plant and machinery as at 28 February 2014 are stated in Note 3 to the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. A 5% (2013: 5%) difference in the expected useful lives of these assets from management's estimates would result in approximately 28% (2013: 20%) variance in the Group's profit/(loss) for the financial year.

2. Summary of significant accounting policies (Continued)

2.29 Significant accounting estimates and judgements (Continued)

(a) Key sources of estimation uncertainty (Continued)

(ii) Impairment of property, plant and equipment

The Group follows the guidance of FRS 36 and FRS 39 on determining when an asset is impaired. The determination requires significant judgement of, among other factors, the duration and extent to which the fair value of the asset is less than its carrying value; and the financial health of and near-term business outlook for the business operations or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The carrying amounts of the Group's and the Company's property, plant and equipment were $50,701,000 (2013: $50,568,000) and $3,286,000 (2013: $5,404,000) respectively.

(iii) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the balance sheet date are disclosed in Note 13 to the financial statements.

(b) Judgements made in applying accounting policies

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

Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the Group's income tax payable. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable and deferred tax liabilities at 28 February 2014 were $20,000 (2013: $52,000) and $2,752,000 (2013: $2,981,000) respectively. As at 28 February 2014, the carrying amount of the Company's deferred tax liabilities was $Nil (2013: $236,000).

3. Property, plant and equipment

Group	Leasehold land and buildings $'000	Tools and equipment $'000	Renovation and leasehold improvements $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Computers $'000	Total $'000
Cost								
Balance as at 1 March 2012	19,015	4,152	3,194	85,282	1,360	2,087	1,544	116,634
Additions	–	1,388	134	1,889	43	109	113	3,676
Disposals/write-offs	–	(92)	–	(2,074)	(16)	(188)	(2)	(2,372)
Disposal of a subsidiary company	–	–	–	(3,957)	(14)	(119)	(464)	(4,554)
Translation differences	(219)	(69)	(61)	(994)	(25)	(29)	(26)	(1,423)
Balance as at 28 February 2013 and 1 March 2013	18,796	5,379	3,267	80,146	1,348	1,860	1,165	111,961
Additions	1,060	936	293	5,556	101	182	62	8,190
Reclassified to investment property (Note 4)	(1,806)	–	–	–	–	–	–	(1,806)
Reclassifications	(905)	655	–	250	–	–	–	–
Disposals/write-offs	–	(299)	(1,312)	(3,143)	(244)	(192)	(264)	(5,454)
Translation differences	359	243	(29)	960	(48)	(10)	(14)	1,461
Balance as at 28 February 2014	**17,504**	**6,914**	**2,219**	**83,769**	**1,157**	**1,840**	**949**	**114,352**
Accumulated depreciation and impairment loss								
Balance as at 1 March 2012	4,130	2,387	2,775	45,271	1,015	1,812	1,323	58,713
Depreciation charge for the year	420	556	150	5,904	124	113	135	7,402
Write-back of impairment loss	–	–	–	(352)	–	–	–	(352)
Disposals/write-offs	–	(69)	–	(1,304)	(15)	(170)	(1)	(1,559)
Disposal of a subsidiary company	–	–	–	(1,858)	(17)	(175)	(432)	(2,482)
Translation differences	(56)	(41)	(54)	(112)	(19)	(25)	(22)	(329)
Balance as at 28 February 2013 and 1 March 2013	4,494	2,833	2,871	47,549	1,088	1,555	1,003	61,393
Depreciation charge for the year	417	796	175	5,589	106	106	94	7,283
Disposals/write-offs	–	(299)	(1,312)	(2,927)	(244)	(191)	(264)	(5,237)
Reclassified to investment property (Note 4)	(500)	–	–	–	–	–	–	(500)
Reclassifications	(231)	–	–	231	–	–	–	–
Translation differences	88	44	(43)	683	(35)	(13)	(12)	712
Balance as at 28 February 2014	**4,268**	**3,374**	**1,691**	**51,125**	**915**	**1,457**	**821**	**63,651**
Net carrying amount								
Balance as at 28 February 2013	14,302	2,546	396	32,597	260	305	162	50,568
Balance as at 28 February 2014	**13,236**	**3,540**	**528**	**32,644**	**242**	**383**	**128**	**50,701**

3. Property, plant and equipment (Continued)

Company	Leasehold land and buildings $'000	Tools and equipment $'000	Renovation $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Computers $'000	Total $'000
Cost								
Balance as at 1 March 2012, 28 February 2013 and 1 March 2013	6,323	521	1,443	7,263	320	848	438	17,156
Additions	–	–	–	–	1	–	2	3
Reclassified to investment property (Note 4)	(1,806)	–	–	–	–	–	–	(1,806)
Disposals/write-offs	–	(511)	(1,312)	(6,828)	(244)	(275)	(260)	(9,430)
Balance as at 28 February 2014	**4,517**	**10**	**131**	**435**	**77**	**573**	**180**	**5,923**
Accumulated depreciation								
Balance as at 1 March 2012	1,640	518	1,340	6,405	319	809	360	11,391
Depreciation charge for the year	105	1	44	143	1	33	34	361
Balance as at 28 February 2013 and 1 March 2013	1,745	519	1,384	6,548	320	842	394	11,752
Depreciation charge for the year	95	1	44	102	1	6	29	278
Reclassified to investment property (Note 4)	(500)	–	–	–	–	–	–	(500)
Disposals/write-offs	–	(511)	(1,312)	(6,291)	(244)	(275)	(260)	(8,893)
Balance as at 28 February 2014	**1,340**	**9**	**116**	**359**	**77**	**573**	**163**	**2,637**
Net carrying amount								
Balance as at 28 February 2013	4,578	2	59	715	–	6	44	5,404
Balance as at 28 February 2014	**3,177**	**1**	**15**	**76**	**–**	**–**	**17**	**3,286**

3. Property, plant and equipment (Continued)

Assets pledged as security

As at 28 February 2014, leasehold land and buildings of the Group with net book value of $1,383,000 (2013: $1,469,000) were mortgaged as security for the banking facilities (Note 16).

Assets held in trust

Motor vehicles with carrying amount of $33,000 (2013: $8,000) are held in trust by directors of the Company.

Impairment of assets

In prior years, a subsidiary of the Group within the Precision Metal Stamping components segment has carried out the impairment assessment as a result of bankruptcy of a major customer. An impairment loss of $352,000 on idle plant and equipment, representing the write down of plant and equipment to the recoverable amount was recognised in general and administrative expenses in the statement of comprehensive income.

During the financial year ended 28 February 2013, the subsidiary has secured new customers to utilise the idle plant and equipment and accordingly, the impairment loss of $352,000 was written back to the statement of comprehensive income.

4. Investment property

	Group and Company	
	2014	2013
	$'000	$'000
Cost		
Balance as at 1 March	–	–
Reclassified from property, plant and equipment (Note 3)	1,806	–
Balance as at 28 February	1,806	–
Accumulated depreciation		
Balance as at 1 March	–	–
Reclassified from property, plant and equipment (Note 3)	500	–
Depreciation for the year	12	–
Balance as at 28 February	512	–
Net carrying amount		
Balance as at 28 February	1,294	–
Valuation of the investment property as at 28 February	3,630	–
Income statement:		
Rental income from an investment property:		
Minimum lease payments	45	–
Direct operating expenses (including repairs and maintenance) arising from:		
Rental generating property	19	–

4. Investment property (Continued)

During the financial year ended 28 February 2014, one of the leasehold buildings of the Group is held for leasing to a third party and has been reclassified from property, plant and equipment to investment property.

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

Valuation of investment property

The fair value of the investment property is based on valuation performed as at 2 January 2014 by CKS Property Consultants, an independent valuer using the market comparison method. The valuation is based on the property's highest and best use by the independent valuer. The directors are of the opinion that this value is a close approximation of the fair value of the property at the balance sheet date.

The investment property held by the Group as at 28 February 2014 is as follows:

Location	Area (sq m)	Description	Tenure
17 Tuas South Street 1 Singapore 638065	1,422	Warehouse	Leasehold (30 years from 1 June 1997, with option to renew for another 30 years)

5. Intangible assets

Group	Club memberships $'000	Customers relationship $'000	Patent $'000	Total $'000
Cost				
Balance as at 1 March 2012, 28 February 2013 and 28 February 2014	**196**	**1,540**	**98**	**1,834**
Accumulated amortisation				
Balance as at 1 March 2012	185	1,540	19	1,744
Amortisation for the year	–	–	5	5
Balance as at 28 February 2013 and 1 March 2013	185	1,540	24	1,749
Amortisation for the year	1	–	5	6
Balance as at 28 February 2014	**186**	**1,540**	**29**	**1,755**
Net carrying amount				
Balance as at 28 February 2013	11	–	74	85
Balance as at 28 February 2014	**10**	**–**	**69**	**79**

5. Intangible assets (Continued)

Company	Club membership $'000	Patent $'000	Total $'000
Cost			
Balance as at 1 March 2012, 28 February 2013 and 28 February 2014	**185**	**98**	**283**
Accumulated amortisation			
Balance as at 1 March 2012	185	19	204
Amortisation for the year	–	5	5
Balance as at 28 February 2013 and 1 March 2013	185	24	209
Amortisation for the year	–	5	5
Balance as at 28 February 2014	**185**	**29**	**214**
Net carrying amount			
Balance as at 28 February 2013	–	74	74
Balance as at 28 February 2014	**–**	**69**	**69**

As at 28 February 2014, Patent had a remaining amortisation period of 13 to 15 (2013: 14 to 16) years.

6. Investments in subsidiary companies

	Company 2014 $'000	Company 2013 $'000
Unquoted equity shares, at cost	**46,005**	46,005

6. Investments in subsidiary companies (Continued)

Details of subsidiary companies as at 28 February:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Company		Cost of investment	
			2014 %	2013 %	2014 $'000	2013 $'000
Held by the Company						
Cheung Woh Technologies (Malaysia) Sdn Bhd *	Manufacturer and provider of stamping process for metal works and manufacture of tool and die	Malaysia	**100**	100	**2,491**	2,491
Cheung Woh Technologies (Johor) Sdn Bhd *	Provider of services in the secondary processes of computer parts and components	Malaysia	**100**	100	**795**	795
Cheung Woh Precision (Zhuhai) Co., Ltd *	Manufacturer of VCM plates and provider of precision metal stamping services	People's Republic of China	**100**	100	**21,457**	21,457
Cheung Woh International (Macao Commercial Offshore) Company Limited +**	Engage in the business of commercial and services agents for export activities	Macao	**100**	100	**21**	21
Cheung Woh Technologies (Zhuhai) Co., Ltd *	Manufacturer of hard disk drive components and sheet metal machined parts	People's Republic of China	**100**	100	**18,149**	18,149
Tysan Corporation Pte Ltd ***	Investment holdings	Singapore	**73.04**	73.04	**3,092**	3,092
Cheung Woh Properties Sdn Bhd *	Engage in the business of property investment and property-related activities	Malaysia	**100**	–	**#**	–
					46,005	46,005

6. Investments in subsidiary companies (Continued)

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2014 %	2013 %
Cheung Woh International (Macao Commercial Offshore) Company Limited				
Cheung Woh Trading (Zhuhai) Co., Ltd ++	Wholesale, import and export of palm and coconut fiber	People's Republic of China	**100**	100

* Audited by member firms of Ernst & Young Global in the respective countries.
** Audited for group reporting purpose by member firms of Ernst & Young Global in the respective countries.
*** Audited by Ernst & Young LLP, Singapore.
\+ Audited by HMV & Associates, Macau.
++ Audited by Zhong Tuo Zheng Tai CPA, People's Republic of China.
\# Cost of investment is RM2.

Incorporation of subsidiary

On 20 August 2013, the Company incorporated a wholly-owned subsidiary, Cheung Woh Properties Sdn Bhd ("CWP") in Malaysia. The principal activities of CWP is to engage in the business of property investment and property-related activities in Malaysia. The cost of investment is RM 2 comprising 2 ordinary shares of RM 1 each.

Disposal of subsidiary company

On 10 October 2012, a subsidiary of the Company, Tysan Corporation Pte Ltd ("TC") sold its 100% equity interest in Suzhou Tysan Steel Co., Ltd ("TS") to the associate company of the Company, Jiangsu Tysan Precision Engineering Co., Ltd (formerly known as Tysan Precision Engineering (Suzhou) Co., Ltd) for a cash consideration of approximately US$6.82 million (equivalent to $8.52 million).

Following the completion of disposal of equity interest of 100%, the Group recorded a loss on disposal of a subsidiary of $475,000 and TS became an associate company of the Group.

6. Investments in subsidiary companies (Continued)

Disposal of subsidiary company (Continued)

The effects of the disposal of TS on the financial results of the Group for the financial period up to the date of disposal are as follows:

	$'000
Turnover	8,372
Cost of sales	(7,917)
Gross profit	455
Other operating income	134
Distribution and selling expenses	(85)
General and administrative expenses	(232)
Finance costs	(198)
Profit before taxation	74
Income tax expense	(330)
Increase in Group loss attributable to shareholders	(256)

The effects of the disposal of TS on the financial position of the Group as at 10 October 2012 are as follows:

	$'000
Property, plant and equipment	2,072
Trade and other receivables	6,006
Inventories	2,298
Prepayments	21
Cash and cash equivalents	897
Total assets	11,294
Trade and other payables	701
Interest-bearing loans and borrowings	1,558
Total liabilities	2,259
Fair value of total net assets	9,035
Non-controlling interests	(268)
Loss on disposal to the Group	(475)
Net assets disposed of	8,292
Less: Cash and cash equivalents of a subsidiary disposed of	(897)
Net cash inflow on disposal	7,395

7. Investments in associate companies

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Unquoted shares, at cost	**10,268**	10,256	**15,662**	10,256
Share of post-acquisition reserves	**5,467**	3,488	**–**	–
Loan to an associate company	**1,151**	–	**–**	–
Dividends received from an associate company	**–**	(864)	**–**	–
	16,886	12,880	**15,662**	10,256

Details of associate companies as at 28 February:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Company	
			2014	**2013**
			%	**%**
Held by the Company				
Jiangsu Tysan Precision Engineering Co., Ltd *+	Manufacturer of automobile seat track adjusters, seat recliners and hydraulic steering components	People's Republic of China	**31.34**	31.34
Held by Cheung Woh Properties Sdn Bhd				
Mega Mechanism Sdn Bhd +	Property development	Malaysia	**30**	–

\+ Audited for group reporting purpose by member firms of Ernst & Young Global in the respective countries.
* Audited by BDO China Shu Lun Pan, Certified Public Accountants LLP, People's Republic of China.

Investment in an associate company

On 20 August 2013, a wholly-owned subsidiary of the Company, CWP took up a 30% investment in Mega Mechanism Sdn Bhd ("Mega") in Malaysia. The cost of investment was RM 30,000 (equivalent to $12,000). The intended principal activity of Mega is that of property development.

Loan to an associate company

In 2014, the Group granted a loan amounting to RM 2,973,000 (equivalent to $1,151,000) to Mega to part finance the working capital of Mega.

The loan is non-trade in nature, unsecured, non-interest bearing and the settlement is neither planned nor likely to occur in the foreseeable future. This amount is, in substance, as part of the Group's net investment in the associate company and is stated at cost.

7. Investments in associate companies (Continued)

Disposal of equity interest in an associate company

On 9 October 2012, the Company sold its 1.66% equity interest in Jiangsu Tysan Precision Engineering Co., Ltd to an external party for a cash consideration of $586,000. Following the completion of disposal of equity interest, the Company recorded a gain on disposal of equity interest of $355,000 (Note 24).

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Company, is as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Assets and liabilities:		
Non-current assets	**66,944**	31,255
Current assets	**92,080**	83,031
Total assets	**159,024**	114,286
Non-current liabilities	**236**	913
Current liabilities	**96,265**	76,764
Total liabilities	**96,501**	77,677
Results:		
Revenue	**95,606**	96,449
Profit for the year	**10,048**	6,534

8. Investment in a quoted equity

	Group	
	2014	**2013**
	$'000	**$'000**
Available-for-sale financial asset:		
Quoted equity shares, at cost	**1**	1
Market value of quoted equity shares	**1**	1

Quoted equity shares with carrying amount of $1,000 (2013: $1,000) is held in trust by a director of the Company.

9. Inventories

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Balance sheet:				
Raw materials	**2,254**	3,048	**64**	159
Work-in-progress	**4,302**	3,213	**–**	150
Finished goods	**6,052**	2,342	**377**	115
	12,608	8,603	**441**	424
Statement of comprehensive income:				
Inventories recognised as an expense in cost of sales	**18,542**	24,107	**13,210**	16,439
Write-down of inventories	**28**	24	**–**	12
(Write-back of)/allowance for inventories obsolescence	**(49)**	42	**(49)**	73

10. Trade receivables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
External parties	**11,277**	11,610	**1,831**	1,689
Subsidiary companies	**–**	–	**–**	369
	11,277	11,610	**1,831**	2,058
Allowance for impairment	**(133)**	(1,027)	**–**	–
	11,144	10,583	**1,831**	2,058

Trade receivables denominated in foreign currencies were as follows:

United States dollar	**7,708**	7,573	**1,820**	2,046
Malaysian ringgit	**2,962**	2,225	**–**	–
Euro	**435**	774	**–**	–
Renminbi	**27**	–	**–**	–

Trade receivables are recognised at their original invoiced amounts which represent their fair values on initial recognition.

In 2013, trade receivables from subsidiary companies are unsecured, non-interest bearing and were repaid by subsidiary companies during the year.

10. Trade receivables (Continued)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $6,366,000 (2013: $6,312,000) that are past due at the balance sheet date but not impaired. These trade receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2014 $'000	2013 $'000
Less than 30 days	**6,306**	4,305
30 to 60 days	**27**	1,842
61 to 90 days	**31**	161
More than 90 days	**2**	4
	6,366	6,312

Trade receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movements in the allowance account used to record the impairment are as follows:

	Group	
	2014 $'000	2013 $'000
Trade receivables – nominal amounts	**133**	1,027
Allowance for impairment	**(133)**	(1,027)
	–	–
Movements in allowance accounts:		
Balance at 1 March	**1,027**	940
Charge for the financial year	**(36)**	101
Write-off against allowance	**(882)**	–
Translation differences	**24**	(14)
Balance at 28 February	**133**	1,027

The Group does not have any trade receivables that are collectively determined to be impaired at the balance sheet date. Trade receivables that are individually determined to be impaired at the balance sheet date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Trade receivables subject to offsetting arrangements

The Group does not have any trade receivables and trade payable that are subject to offsetting arrangements at the balance sheet date.

11. Amounts due from/(to) associate companies

Group

The amounts due from/(to) associate companies are trade in nature, unsecured, non-interest bearing and repayable within normal credit terms. These amounts are to be settled in cash.

The amounts due from/(to) associate companies are denominated in Renminbi.

12. Other receivables

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Other receivables	**894**	1,394	**7**	99
Deposits	**308**	368	**126**	161
Tax recoverable	**197**	114	**–**	–
Advances to employees [1]	**43**	26	**–**	–
Subsidiary companies [2]	**–**	–	**4,092**	–
	1,442	1,902	**4,225**	260

[1] Advances to employees are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

[2] In 2014, the non-trade receivables from subsidiary companies are unsecured, non-interest bearing and repayable on demand. These amounts are to be settled in cash.

Other receivables denominated in foreign currencies are as follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Renminbi	**990**	1,427	**–**	–
Malaysian ringgit	**209**	211	**–**	–
Macau pataca	**2**	3	**–**	–
United States dollar	**–**	–	**1,652**	–

13. Cash and bank balances

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Cash and bank balances	**10,720**	7,513	**1,974**	1,989
Fixed deposits	**152**	8,844	**–**	8,700
	10,872	16,357	**1,974**	10,689
Pledged deposits	**(152)**	(144)	**–**	–
Cash and cash equivalents at end of year	**10,720**	16,213	**1,974**	10,689

Fixed deposits of $152,000 (2013: $144,000) are pledged for banker's facilities granted to a subsidiary company.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between 1 and 12 (2013: 1 and 12) months depending on the immediate cash requirements of the Group, and earned interest rates ranging from 0.45% to 3.20% (2013: 0.45% to 3.20%) per annum.

Cash and cash equivalents denominated in foreign currencies are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
United States dollar	**4,595**	3,265	**507**	554
Renminbi	**2,765**	1,262	**–**	–
Malaysian ringgit	**1,439**	1,508	**–**	–
Euro	**105**	11	**–**	–
Macau pataca	**48**	1	**–**	–

The carrying amounts of loans and receivables comprise:

Trade receivables (Note 10)	**11,144**	10,583	**1,831**	2,058
Amount due from an associate company (Note 11)	**322**	4,455	**320**	–
Other receivables (Note 12)	**1,442**	1,902	**4,225**	260
Cash and bank balances (Note 13)	**10,872**	16,357	**1,974**	10,689
	23,780	33,297	**8,350**	13,007

14. Trade payables

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
External parties	**5,075**	3,323	**8**	276
Subsidiary companies	**–**	–	**2,097**	263
	5,075	3,323	**2,105**	539

Trade payables to subsidiary companies are unsecured, non-interest bearing and are repayable within normal credit terms. These amounts are to be settled in cash.

Trade payables denominated in foreign currencies are as follows:

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Malaysian ringgit	**2,249**	1,977	**–**	–
United States dollar	**1,378**	594	**2,097**	410
Renminbi	**1,285**	546	**–**	–
Euro	**2**	3	**–**	–
Swiss franc	**–**	9	**–**	9
Philippines peso	**–**	2	**–**	2

15. Other payables

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Accrued operating expenses	**1,260**	825	**159**	346
Accrued personnel expenses	**1,166**	1,311	**272**	242
Other payables	**474**	297	**31**	63
Deposits received	**422**	23	**59**	–
Payables for plant and equipment	**350**	–	**–**	–
Advance billings	**31**	518	**–**	–
Subsidiary companies	**–**	–	**2**	5,520
	3,703	2,974	**523**	6,171

15. Other payables (Continued)

Other payables denominated in foreign currencies are as follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Malaysian ringgit	**1,412**	1,100	**–**	–
Renminbi	**1,394**	600	**–**	–
Hong Kong dollar	**37**	26	**–**	–
Euro	**31**	431	**–**	–
United States dollar	**21**	101	**–**	–
Macau pataca	**9**	9	**–**	–

The carrying amounts of financial liabilities at amortised costs comprise:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade payables (Note 14)	**5,075**	3,323	**2,105**	539
Other payables (Note 15)	**3,703**	2,974	**523**	6,171
Amount due to an associate company (Note 11)	**437**	168	**–**	–
Interest-bearing loans and borrowings (Note 16)	**2,902**	7,961	**–**	1,855
	12,117	14,426	**2,628**	8,565
Less:				
Accrued personnel expenses (Note 15)	**(1,166)**	(1,311)	**(272)**	(242)
Total financial liabilities at amortised cost	**10,951**	13,115	**2,356**	8,323

16. Interest-bearing loans and borrowings

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current:				
Bank loans (secured)	**2,902**	6,106	**–**	–
Bank loans (unsecured)	**–**	1,855	**–**	1,855
	2,902	7,961	**–**	1,855

Interest-bearing loans and borrowings denominated in foreign currencies are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
United States dollar	**2,902**	7,961	**–**	1,855

The Group has undrawn loans and guarantee facilities of $12,747,000 (2013: $10,684,000) that may be available in the future for operating activities. There is no restriction for the Group to use these facilities.

As at 28 February, the bank loans and all other banking facilities of the Group were secured by:

(a) a legal mortgage over leasehold land and buildings of a subsidiary company; and

(b) corporate guarantee from the Company.

The bank loans of the Group and the Company are repayable over 1 to 2 (2013: 1 to 2) years. The loans of the Group and of the Company bear effective interest rates ranging from 4.00% to 4.08% (2013: 2.00% to 4.08%) per annum.

17. Deferred tax liabilities

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Deferred tax liabilities:				
Balance as at 1 March	**(2,981)**	(2,595)	**(236)**	(450)
Credit/(charge) to statement of comprehensive income (Note 27)	**199**	(419)	**236**	214
Translation differences	**30**	33	**–**	–
Balance as at 28 February	**(2,752)**	(2,981)	**–**	(236)

Deferred tax liabilities as at 28 February, after appropriately offsetting against deferred tax assets, relate to the following:

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Deferred tax liabilities:				
Differences in depreciation	**(4,267)**	(3,218)	**(16)**	(505)
Undistributed earnings of associates	**(27)**	–	**–**	–
Unrealised foreign exchange gain	**–**	(46)	**–**	–
Gross deferred tax liabilities	**(4,294)**	(3,264)	**(16)**	(505)
Deferred tax assets:				
Unutilised reinvestment allowances	**79**	–	**–**	–
Unutilised tax losses	**67**	138	**15**	138
Unutilised capital allowance	**1,107**	127	**–**	127
Unrealised foreign exchange loss	**230**	–	**–**	–
Others	**59**	18	**1**	4
Gross deferred tax assets	**1,542**	283	**16**	269
Net deferred tax liabilities	**(2,752)**	(2,981)	**–**	(236)

18. Share capital

	Group and Company			
	2014		2013	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid:				
Balance as at 1 March/28 February	**313,085**	**50,200**	313,085	50,200

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

19. Treasury shares

	Group and Company			
	2014		2013	
	No. of shares '000	$'000	No. of shares '000	$'000
Balance as at 1 March	**10,682**	**1,896**	7,423	1,338
Acquired during the financial year	**191**	**27**	3,259	558
Balance as at 28 February	**10,873**	**1,923**	10,682	1,896

Treasury shares relate to ordinary shares of the Company that is held by the Company.

The Company acquired 191,000 (2013: 3,259,000) shares in the Company by way of market acquisition on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $27,000 (2013: $558,000) and this was presented as a component within the shareholders' equity.

20. Revenue reserve

	Group	
	2014 $'000	2013 $'000
Retained by:		
The Company	**24,260**	18,097
Subsidiary companies	**23,358**	28,623
	47,618	46,720

	Company	
	2014 $'000	2013 $'000
Movements in the Company's revenue reserve are as follows:		
Balance as at 1 March	**18,097**	20,571
Profit for the year	**6,163**	1,041
Dividends (Note 29)	**–**	(3,515)
Balance as at 28 February	**24,260**	18,097

21. Statutory reserve

Group

In accordance with the accounting principles and relevant financial regulations of the PRC applicable to wholly-owned foreign enterprises, the PRC subsidiary companies shall appropriate at least 10% of their profit after taxation, prepared in accordance with PRC accounting standards, to the statutory surplus reserve account. When the balance of such reserve reaches 50% of the PRC subsidiary companies' share capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset the prior years' losses of the PRC subsidiary companies or to increase share capital upon approval by the relevant authorities. The reserve is not available for distribution.

22. Foreign currency translation reserve

Foreign currency translation reserve includes exchange differences arising from the translation of the financial statements of foreign subsidiary companies whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2014	**2013**
	$'000	**$'000**
Balance as at 1 March	**(7,484)**	(7,418)
Net effect of exchange differences arising from:		
– translation of financial statements of foreign subsidiary companies	**1,288**	(807)
Disposal of a subsidiary company	**–**	741
Balance as at 28 February	**(6,196)**	(7,484)

23. Turnover

Turnover represents sales of goods net of discounts and returns in the normal course of business. Intra-group transactions have been excluded from the Group's turnover.

24. Other operating income

	Group 2014 $'000	Group 2013 $'000
Sale of scrap metal	**3,073**	2,838
Gain on disposal of property, plant and equipment	**368**	–
Interest income	**46**	113
Rental income	**45**	–
Gain on disposal of equity interest in an associate company	**–**	355
Write-back of impairment loss on plant and equipment	**–**	352
Fair value gain on derivative financial instruments at fair value through profit or loss, net	**–**	31
Sundry income	**426**	378
	3,958	4,067

25. Finance costs

	Group 2014 $'000	Group 2013 $'000
Interest expense incurred on:		
Bank loans	**187**	513
Bank overdrafts	**2**	–
Finance lease obligation	**–**	1
Others	**–**	20
	189	534

26. Profit/(loss) before taxation

Profit/(loss) before taxation is stated after charging:

	Group	
	2014	2013
	$'000	$'000
Employee benefits expense *		
– wages, salaries and bonuses	**18,184**	13,224
– defined contributions	**1,220**	1,048
– other related expenses	**1,681**	1,776
Amortisation and depreciation	**7,301**	7,407
Foreign exchange loss	**1,862**	830
Loss on disposal of a subsidiary company	**–**	475
Loss on disposal of property, plant and equipment	**–**	397
Rental of:		
– Premises	**227**	387
– Land	**101**	97
– Equipment	**35**	19
Directors' fees		
– directors of the Company	**222**	222
– directors of subsidiary companies	**3**	3
Audit fees paid to:		
– Auditors of the Company	**78**	78
– Other auditors	**170**	199
Loss on derivatives	**–**	113
(Write-back of)/impairment loss on trade receivables	**(36)**	101
(Write-back of)/allowance for inventories obsolescence	**(49)**	42
Write-down of inventories	**28**	24

* *Included the following:*		
Directors' remuneration		
– directors of the Company	**1,359**	1,463
– directors of subsidiary companies	**3**	3

27. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 28 February 2014 and 2013 are:

Statement of comprehensive income

	Group 2014 $'000	Group 2013 $'000
Current year:		
Income tax	**377**	369
Deferred tax	**91**	236
	468	605
(Over)/under provision in respect of prior years:		
Income tax	**(4)**	532
Deferred tax	**(290)**	183
	(294)	715
	174	1,320

Relationship between income tax expense and accounting profit/(loss)

A reconciliation between the income tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 28 February 2014 and 2013 are as follows:

	Group 2014 $'000	Group 2013 $'000
Profit/(loss) before taxation	**1,172**	(168)
Tax expense/(benefits) at the applicable statutory tax rate of 17% (2013: 17%)	**199**	(29)
Adjustments for:		
Non-deductible expenses	**348**	677
Income subject to tax exemption	**(35)**	(79)
Effect of differences in tax rates of subsidiary companies	**730**	91
Share of results of associate companies	**(483)**	(285)
Deferred tax assets not recognised	**–**	230
Utilisation of deferred tax assets not previously recognised	**(99)**	–
Utilisation of reinvestment allowances	**(192)**	–
(Over)/under provision in respect of prior years	**(294)**	715
Effective tax expense	**174**	1,320

27. Income tax expense (Continued)

The Group has unused tax losses of approximately $368,000 (2013: $951,000) that are available for offset against future taxable profits of the companies in which these arose for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses are subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

The statutory tax rate applicable to other PRC companies was 25% for the year of assessment 2014.

Tax consequences of proposed dividends

In 2014, there are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

28. Earnings per share (basic and diluted)

Basic and diluted earnings per share are based on net profit attributable to ordinary shareholders of $1,050,000 (2013: net loss of $1,896,000) divided by the weighted average number of 302,245,000 (2013: 304,770,000) ordinary shares in issue takes into account the weighted average effect of changes in treasury shares transactions during the year.

The basic and fully diluted earnings per share are the same as the Group did not have any dilutive potential ordinary shares outstanding as at 28 February 2013 and 2014.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

29. Dividends

	Group and Company	
	2014	**2013**
	$'000	**$'000**
Declared and paid during the financial year:		
A final tax exempt dividend of 0.10 cent per share paid in respect of 2012	–	306
A special tax exempt dividend of 1.00 cent per share paid in respect of 2012	–	3,057
An interim tax exempt dividend of 0.05 cent per share paid in respect of 2013	–	152
	–	3,515
Proposed but not recognised as a liability as at 28 February:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
A final tax exempt dividend of 0.20 (2013: Nil) cent per share	**604**	–

30. Significant related party transactions

The Group and the Company have the following significant related party transactions, which took place on terms agreed between the parties for the financial years ended 28 February:

Company

(a) ***Sales and purchases of goods and services***

	Sales		Purchases	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Subsidiary companies	**(2,015)**	(8,119)	**13,264**	15,263

(b) ***Compensation of key management personnel***

	Group	
	2014	2013
	$'000	$'000
Directors' fees		
– directors of the Company	**222**	222
– directors of subsidiary companies	**3**	3
Short-term employee benefits	**1,696**	1,841
Defined contributions	**51**	101
	1,972	2,167
Comprise amounts paid to:		
Directors of the Company	**1,580**	1,685
Directors of subsidiary companies	**3**	3
Other key management personnel	**389**	479
	1,972	2,167

31. Contingent liabilities and commitments

(a) Capital commitments

Capital expenditure contracted for as at 28 February but not recognised in the financial statements are as follows:

	Group 2014 $'000	Group 2013 $'000
Capital commitment in respect of plant, property and equipment	**505**	–

(b) Operating lease commitments – As lessee

The Group and the Company have entered into commercial leases for leasehold land and building and the use of computer equipment. These leases have an average tenure ranging from 1 to 43 (2013: 1 to 44) years. Operating lease expenses for the Group was $363,000 (2013: $503,000) for the financial year ended 28 February 2014.

Other than the operating lease agreement for leasehold land and building and the lease for the use of computer equipment which included a renewal option at the end of its lease term, the rental of premises have no renewal option included in the agreements. There are no restrictions on the Group's activities concerning dividends, additional debts or further leasing.

Future minimum lease payments payable under non-cancellable operating leases as at 28 February are as follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Not later than one year	**378**	428	**105**	102
Later than one year but not later than five years	**433**	563	**371**	376
Later than five years	**3,263**	3,212	**3,263**	3,212
	4,074	4,203	**3,739**	3,690

31. Contingent liabilities and commitments (Continued)

(c) Operating lease commitments – As lessor

The Company has entered into commercial property lease on its investment property. The non-cancellable lease has remaining lease terms of 19 months.

Future minimum rental receivables under non-cancellable operating lease as at 28 February are as follows:

	Group and Company	
	2014	2013
	$'000	$'000
Not later than one year	121	–
Later than one year but not later than five years	70	–
	191	–

(d) Contingent liability

The Company has corporate guarantees of $2,902,000 (2013: $6,106,000) granted to subsidiary companies.

32. Segment information

For management purposes, the Group is organised into business units based on their products and services, and the Group is organised on a worldwide basis into three reportable operating divisions, namely:

– hard disk drive components which include voice coil motor ("VCM") plates and air combs;

– precision metal stamping components which mainly include sheet metal machined parts and stamped parts, prototypes, stamping tool design and fabrication; and

– re-rolling steel which include precision cold-rolled steel.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. 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.

Segment accounting policies are the same as the policies described in Note 2 to the financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

32. Segment information (Continued)

Information regarding the results of each reportable operating segments is included below:

	HDD Components		Precision Metal Stamping Components	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Turnover:				
External sales	**43,123**	41,997	**16,206**	14,362
Inter-segment sales	**–**	140	**–**	–
	43,123	42,137	**16,206**	14,362
Results:				
Interest income	**33**	87	**13**	23
Interest expense	**(189)**	(336)	**–**	–
Fair value gain on derivative financial instruments at fair value through profit or loss, net	**–**	31	**–**	–
Amortisation and depreciation	**(6,998)**	(6,822)	**(303)**	(298)
Write-back of/(allowance for) impairment on:				
– Trade receivables	**–**	(101)	**36**	–
– Property, plant and equipment	**–**	–	**–**	352
Written-off property, plant and equipment	**28**	–	**–**	–
Allowance for/(write-back of) inventories obsolescence	**77**	(19)	**(98)**	(23)
Other non-cash expenses	**(349)**	(333)	**(19)**	–
Segment (loss)/profit	**(5,227)**	(5,851)	**4,003**	4,325
Assets				
Additions to non-current assets	**4,507**	3,540	**2,475**	30
Segment assets	**143,508**	124,171	**13,843**	8,266
Segment liabilities	**55,606**	43,721	**10,738**	5,390

Note: * The FY 2013 financial results of Re-rolling Steel Components segment consist of a period of 9 months from 1 March 2012 to 30 November 2012.

Re-rolling Steel		Adjustments and Eliminations		Notes	Consolidated Financial Statements	
2014 $'000	2013* $'000	2014 $'000	2013 $'000		2014 $'000	2013 $'000
–	4,339	**–**	–		**59,329**	60,698
–	4,032	**–**	(4,172)		**–**	–
–	8,371	**–**	(4,172)	a	**59,329**	60,698
–	3	**–**	–		**46**	113
–	(198)	**–**	–		**(189)**	(534)
–	–	**–**	–		**–**	31
–	(287)	**–**	–		**(7,301)**	(7,407)
–	–	**–**	–		**36**	(101)
–	–	**–**	–		**–**	352
–	–	**–**	–		**28**	–
–	–	**–**	–		**(21)**	(42)
–	(87)	**–**	–	b	**(368)**	(420)
–	(196)	**2,396**	1,554	c	**1,172**	(168)
–	106	**1,208**	–	d	**8,190**	3,676
–	–	**(51,049)**	(26,662)	e	**106,302**	105,775
–	–	**(51,455)**	(31,652)	f	**14,889**	17,459

32. Segment information (Continued)

Note:

(a) Inter-segment revenues are eliminated on consolidation.

(b) Other non-cash expenses consist of write-down of inventories and loss on disposal of property, plant and equipment.

(c) The following items are added to/(deducted from) segment (loss)/profit to arrive at (loss)/profit before taxation presented in the consolidated statement of comprehensive income:

	2014 $'000	2013 $'000
Share of results of associate companies	**2,843**	1,674
Withholding tax	**(248)**	–
Gain on disposal of equity interest in an associate company	**–**	355
Loss on disposal of a subsidiary company	**–**	(475)
Others	**(199)**	–
	2,396	1,554

(d) Additions to non-current assets consist of additions to property, plant and equipment and intangible assets.

(e) The following items are added to/(deducted from) segment assets to arrive at total assets reported in the balance sheet:

	2014	2013
Investments in associate companies	**16,886**	12,880
Inter-segment assets	**(67,935)**	(39,542)
	(51,049)	(26,662)

(f) The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the balance sheet:

	2014	2013
Deferred tax liabilities	**2,752**	1,780
Inter-segment liabilities	**(54,207)**	(33,432)
	(51,455)	(31,652)

32. Segment information (Continued)

Geographical segments

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

	Turnover		Non-current assets	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Malaysia	**27,742**	24,747	**19,685**	18,067
Thailand	**22,115**	17,097	**–**	–
Philippines	**3,496**	7,342	**–**	–
Portugal	**2,907**	3,220	**–**	–
United States	**1,031**	705	**–**	–
People's Republic of China	**967**	5,650	**44,624**	39,989
Singapore	**15**	99	**4,650**	5,478
Others	**1,056**	1,838	**2**	–
	59,329	60,698	**68,961**	63,534

Non-current assets information presented above consist of property, plant and equipment, investment property, intangible assets, investments in associate companies and quoted equity as presented in the consolidated statement of financial position.

Information about major customers

In 2014, the revenue from two major customers amounted to $26,082,000 and $12,750,000 arising from sales by the HDD components and Precision Metal Stamping components segment respectively.

In 2013, the revenue from two major customers amounted to $29,861,000 and $10,993,000 arising from sales by the HDD components and Precision Metal Stamping components segment respectively.

33. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments.

The Group's principal financial instruments comprise cash and cash equivalents, and interest-bearing loans and borrowings. The main purpose of those financial instruments is to finance the Group's operations. The Group has various financial assets and liabilities such as trade and other receivables, amount due from/(to) an associate company, and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's operations and the use of financial instruments are credit risk, foreign currency risk, interest rate risk and liquidity risk. The Board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

33. Financial risk management objectives and policies (Continued)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. Guidelines on credit terms provided to trade customers are established and continually monitored through the application of credit approval, credit limits and monitoring procedures.

The carrying amounts of cash and cash equivalents, trade and other receivables and amount due from an associate company represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

As at 28 February 2014, approximately 88% (2013: 92%) of trade receivables relates to 10 (2013: 10) customers.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the balance sheets.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	Group			
	2014		2013	
	$'000	% of total	$'000	% of total
By country:				
Malaysia	**5,259**	**47**	4,951	47
Thailand	**4,583**	**41**	3,307	31
Philippines	**409**	**4**	1,228	12
People's Republic of China	**202**	**2**	156	1
United States	**181**	**1**	107	1
Singapore	**54**	**1**	12	–
Others	**456**	**4**	822	8
	11,144	**100**	10,583	100
By industry sectors:				
HDD components	**7,435**	**67**	7,422	70
Precision metal stamping components	**3,709**	**33**	3,161	30
	11,144	**100**	10,583	100

33. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 10 to the financial statements.

Foreign currency risk

The Group is exposed to foreign currency exchange fluctuations mainly in the United States dollar ("USD"), Renminbi ("RMB") and Malaysian ringgit ("MYR").

The Group maintains a natural hedge, wherever possible, by matching the foreign currency assets against its liabilities. However, the Group continues to be exposed to foreign currency risks relating to any unmatched amounts.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. In relation to its overseas investment in its foreign subsidiary companies whose net assets are exposed to currency translation risk and which are held for long-term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD, RMB and MYR exchange rates (against SGD), with all other variables held constant, on the Group's profit/(loss) net of taxation.

	Group Effect on profit/(loss) net of taxation	
	2014 **$'000**	2013 $'000
USD – strengthened 2.9% (2013: 4.0%)	**230**	(88)
– weakened 2.9% (2013: 4.0%)	**(230)**	88
MYR – strengthened 9.1% (2013: 4.3%)	**87**	(38)
– weakened 9.1% (2013: 4.3%)	**(87)**	38
RMB – strengthened 4.3% (2013: 3.0%)	**48**	(47)
– weakened 4.3% (2013: 3.0%)	**(48)**	47

33. Financial risk management objectives and policies (Continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from interest-bearing loans and borrowings. All of the Group's and the Company's financial liabilities at floating rates are contractually repriced at intervals of less than 6 months (2013: less than 6 months).

The table below demonstrates the sensitivity to a reasonable possible change in interest rates with other variables held constant, on the Group's profit/(loss) net of taxation.

	Group Effect on profit/(loss) net of taxation	
	2014 $'000	2013 $'000
Floating rate loans and borrowings		
– Increase by 10%	(4)	(42)
– Decrease by 10%	4	42

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's liquidity risk management policy is to monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuations in cash flows.

33. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	2014			2013		
	1 year or less $'000	1 to 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Total $'000
Group						
Financial assets:						
Trade receivables	**11,144**	**–**	**11,144**	10,583	–	10,583
Amount due from an associate company	**322**	**–**	**322**	4,455	–	4,455
Other receivables	**1,442**	**–**	**1,442**	1,902	–	1,902
Cash and bank balances	**10,872**	**–**	**10,872**	16,357	–	16,357
Total undiscounted financial assets	**23,780**	**–**	**23,780**	33,297	–	33,297
Financial liabilities:						
Trade payables	**5,075**	**–**	**5,075**	3,323	–	3,323
Other payables	**3,703**	**–**	**3,703**	2,974	–	2,974
Amount due to an associate company	**437**	**–**	**437**	168	–	168
Interest-bearing loans and borrowings	**3,020**	**–**	**3,020**	8,465	–	8,465
Total undiscounted financial liabilities	**12,235**	**–**	**12,235**	14,930	–	14,930
Total net undiscounted financial assets	**11,545**	**–**	**11,545**	18,367	–	18,367
Company						
Financial assets:						
Trade receivables	**1,831**	**–**	**1,831**	2,058	–	2,058
Other receivables	**4,225**	**–**	**4,225**	260	–	260
Amount due from an associate company	**320**	**–**	**320**	–	–	–
Cash and bank balances	**1,974**	**–**	**1,974**	10,689	–	10,689
Total undiscounted financial assets	**8,350**	**–**	**8,350**	13,007	–	13,007
Financial liabilities:						
Trade payables	**2,105**	**–**	**2,105**	539	–	539
Other payables	**523**	**–**	**523**	6,171	–	6,171
Interest-bearing loans and borrowings	**–**	**–**	**–**	1,972	–	1,972
Total undiscounted financial liabilities	**2,628**	**–**	**2,628**	8,682	–	8,682
Total net undiscounted financial assets	**5,722**	**–**	**5,722**	4,325	–	4,325

34. Fair values of assets and liabilities

The Group do not have financial assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the balance sheets after initial recognition.

(a) Fair values hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	2014 $'000			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial asset:				
Available-for-sale financial assets				
– Equity shares (quoted) (Note 8)	1	–	–	1

34. Fair values of assets and liabilities (Continued)

(c) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's asset not measured at fair value as at 28 February 2014 but for which fair value is disclosed:

	2014 $'000				
	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000	Carrying amount $'000
Non-Financial Asset:					
Investment property (Note 4)	–	–	3,630	3,630	1,294

Determination of fair value

The fair value as disclosed in the table above is based on the property's highest and best use by the independent valuer.

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

Trade and other receivables and payables, interest-bearing loans and borrowings, and cash and cash equivalents

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

Management monitors its capital based on gearing ratio. The Group and the Company are also required by the banks to maintain a gearing ratio not more than 40% (2013: 40%).

The gearing ratio is calculated as total liabilities divided by tangible net worth. Total liabilities are calculated as interest-bearing loans and borrowings, trade and other payables and amount due to an associate company. Tangible net worth is calculated by share capital, treasury shares, statutory reserve, foreign currency translation reserve and revenue reserve.

	Group	
	2014	**2013**
	$'000	**$'000**
Total liabilities	**12,117**	14,426
Tangible net worth	**90,558**	88,247
Gearing ratio	**13%**	16%

36. Event occurring after balance sheet date

On 14 March 2014, the Group announced that Suzhou Tysan Steel Co., Ltd, a wholly-owned subsidiary of its associate company, Jiangsu Tysan Precision Engineering Co., Ltd, has entered into joint venture arrangement of equal shareholding with Baosteel International Economic and Trading Co., Ltd to incorporate Changsu Baosheng Fineblanking Steel Co., Ltd ("CB").

The scope of business activities of CB is that of the manufacture and sale of fineblanking material; process, sale and storage of metal products, and the import and export of goods and technology services.

37. Authorisation of financial statements

The financial statements of the Group and the Company for the financial year ended 28 February 2014 were authorised for issue in accordance with a resolution of the directors on 27 May 2014.

Statistics of Shareholders

As at 14 May 2014

Total number of issued shares	:	313,084,800
Total number of issued shares excluding treasury shares	:	302,211,800
Total number of treasury shares	:	10,873,000
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Ordinary Shareholders	% of Holders	No. of Shares	% of Shares
1 – 999	14	1.09	4,788	0.00
1,000 – 10,000	318	24.75	1,686,400	0.56
10,001 – 1,000,000	941	73.23	51,106,652	16.91
1,000,001 and above	12	0.93	249,413,960	82.53
TOTAL	1,285	100.00	302,211,800	100.0

LIST OF 20 LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital*
1	NEXSUSS HOLDINGS PTE. LTD.	189,609,600	62.74
2	LAW KUNG MING	10,419,600	3.45
3	LAW KUNG YING	10,419,600	3.45
4	LAW YU CHUI	10,419,600	3.45
5	LEE HANG NGOK	10,419,600	3.45
6	DBS NOMINEES PTE LTD	5,073,400	1.68
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,283,000	1.08
8	TEO POH HONG	3,195,360	1.06
9	PHILLIP SECURITIES PTE LTD	2,901,000	0.96
10	OCBC SECURITIES PRIVATE LTD	1,414,400	0.47
11	ZOU YAOZHONG	1,178,000	0.39
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,080,800	0.35
13	WAN WING TAI	927,840	0.31
14	JONATHAN CHADWICK	800,000	0.27
15	CIMB SECURITIES (SINGAPORE) PTE LTD	719,000	0.24
16	HAN CHEE JUAN	679,920	0.22
17	LEE MING JIE	672,000	0.22
18	LIM SIEW ENG	671,000	0.22
19	NG WAH MING	654,000	0.22
20	ONG PANG SIONG @ YEO CHONG SIONG	640,000	0.21
	TOTAL	**255,177,720**	**84.44**

* *The shareholding percentage is calculated based on the number of issued ordinary shares of the Company excluding treasury shares.*

Statistics of Shareholders

As at 14 May 2014

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 14 May 2014)

	Direct Interest		Deemed Interest	
Name	No. of shares	%	No. of shares	%
Law Yu Chui	10,419,600	3.45	189,609,600[1]	62.74
Lee Hang Ngok	10,419,600	3.45	189,609,600[1]	62.74
Nexsuss Holdings Pte. Ltd.	189,609,600	62.74	–	–
Christopher Law Tak Heem	198,000	0.07	189,609,600[1]	62.74
Law Tak Lun	–	–	189,609,600[1]	62.74

Notes:–

[1] Held by Nexsuss Holdings Pte. Ltd. for the benefits of Ms Law Yu Chui, Mdm Lee Hang Ngok, Mr Christopher Law Tak Heem and Mr Law Tak Lun.

COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL

Based on information available and to the best knowledge of the Company as at 14 May 2014, approximately 22.15% of the ordinary shares of the Company are held by the public. The Company is therefore in compliance with Rule 723 of the SGX-ST Listing Manual.

TREASURY SHARES

As at 14 May 2014, the Company held 10,873,000 treasury shares, representing 3.60% of the total issued shares excluding treasury shares.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of CHEUNG WOH TECHNOLOGIES LTD (the "Company") will be held at 23 Tuas South Street 1, Singapore 638033 on Monday, 23 June 2014 at 11:30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 28 February 2014 together with the Directors' Report and Auditors' Report thereon. **Resolution 1**

2. To approve a tax exempt (one-tier) final dividend of 0.2 cent per ordinary share for the financial year ended 28 February 2014 as recommended by the Directors. **Resolution 2**

3. To approve Directors' Fees of S$222,000 for the financial year ended 28 February 2014 (2013: S$222,000). **Resolution 3**

4. To re-elect Mr Ngu Kuang Hua who is retiring in accordance with Article 107 of the Company's Articles of Association. (See Explanatory Note 1) **Resolution 4**

5. To note the retirement of Ms Teo Poh Hong in accordance with Article 107 of the Company's Articles of Association.

6. To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

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

AS SPECIAL BUSINESS

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

8. <u>Authority to allot and issue shares up to 50 per cent of issued shares in the capital of the Company</u>

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to: **Resolution 6**

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

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

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

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with 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 Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with 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 paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) 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 Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

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

[See Explanatory Note 2]

9. Proposed Renewal of Share Purchase Mandate

That:

(a) for the purposes of sections 76C and 76E of the Companies Act, Chapter 50 ("**Companies Act**"), the exercise by the directors of the Company ("**Directors**") of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Percentage (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of: **Resolution 7**

(i) On-market purchase(s) on the SGX-ST; and/or

(ii) Off-market purchase(s) if effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the "**Relevant Period**", which is the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held;

(ii) the date by which the next annual general meeting of the Company is required by law to be held;

(iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iv) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by ordinary resolution of the Company in a general meeting.

(c) In this Resolution:

"**Maximum Percentage**" means the number of Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution unless the Company has effected a reduction of the total number of issued Shares in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued Shares shall be taken to be the amount of the issued Shares as altered (excluding any treasury shares that may be held by the Company from time to time); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market purchase, 105% of the average closing market price. For this purpose, the average closing market price is the average of the closing market prices of the Shares transacted on the SGX-ST over the last five (5) market days (on which transactions in the Shares are recorded) immediately preceding the date of the market purchase by the Company and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five (5) day period; and

(ii) in the case of an off-market purchase, 120% of the highest price a Share is transacted on the SGX-ST on the market day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an off-market purchase offer stating the purchase price and the relevant terms of the equal access scheme; and

(d) the Directors and/or any of them be and are/is hereby authorised to deal with the Shares purchased or acquired by the Company pursuant to the Share Purchase Mandate in any manner as they think fit and/or he/she thinks fit, which is permissible under the Companies Act; and

(e) the Directors and/or any one of them be and are/is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he/she may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note 3]

BY ORDER OF THE BOARD

LAW YU CHUI
CHAN LAI YIN
Company Secretaries

Singapore, 6 June 2014

Notice of Annual General Meeting

Explanatory Notes on Businesses to be transacted

(1) If re-elected under Resolution 4, Mr Ngu Kuang Hua will remain as a member of Remuneration Committee, Nominating Committee and Audit Committee. Mr Ngu Kuang Hua will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Please refer to the "Board of Directors" section of the Company's Annual Report 2014 for information on Mr Ngu Kuang Hua. There is no relationship (including immediate family relationships) between Mr Ngu Kuang Hua and the other Directors, the Company or its 10% shareholders.

(2) Resolution 6 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total 50 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20 per cent of the total number of issued shares (excluding treasury shares) may be issued other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 6 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

(3) Resolution 7, if passed, will empower the Directors to exercise all powers of the Company in purchasing or acquiring Shares pursuant to the terms of the Share Purchase Mandate. This authority will continue in force until the date the next annual general meeting of the Company is held or is required by law to be held, or the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated unless previously varied or revoked by ordinary resolution of the Company in general meeting. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Appendix to the Annual Report accompanying this Notice.

Notes:

(i) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

(ii) Where a member appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.

(iii) A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf.

(iv) The instrument appointing a proxy must be deposited at the Company's registered office at 23 Tuas South Street 1, Singapore 638033 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and the Register of Members of the Company will be closed on 8th July 2014 for the purpose of preparing dividend warrants. Duly completed transfer received by the Company's Registrar, M&C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902 up to 5:00 p.m. on 7th July 2014 will be registered to determine shareholders' entitlement to the proposed tax exempt (one-tier) final dividend. The tax exempt (one-tier) final dividend of 0.2 cent per ordinary share, if approved at the Annual General Meeting, will be paid on 18 July 2014.

BY ORDER OF THE BOARD

LAW YU CHUI
CHAN LAI YIN
Company Secretaries

Singapore, 6 June 2014

LETTER DATED 6 JUNE 2014

This Letter is circulated to the Shareholders (as defined in this letter) together with the 2014 Annual Report (as defined in this letter). Its purpose is to explain to the Shareholders the rationale and provide information to the Shareholders for the proposed renewal of the Share Purchase Mandate (as defined in this letter) to be tabled at the 2014 AGM (as defined in this Letter) to be held at 23 Tuas South Street 1 Singapore 638033 on 23 June 2014 at 11.30 a.m.

The Notice of the 2014 AGM (as defined in this letter) and a proxy form are enclosed with the 2014 Annual Report. If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold all your Shares (as defined in this letter), you should hand this Letter, the 2014 Annual Report and the proxy form immediately to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser.

The SGX-ST (as defined in this letter) assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Letter.

CHEUNG WOH TECHNOLOGIES LTD

(Incorporated in Singapore)
(Company Registration No. 197201205Z)

LETTER TO SHAREHOLDERS

in relation to

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

CONTENTS

DEFINITIONS

In this Letter, the following definitions shall apply throughout unless the context otherwise requires or unless otherwise stated:

General

"AGM"	The annual general meeting of the Company
"Articles of Association"	The articles of association of the Company
"Board"	The board of Directors of the Company for the time being
"CDP"	The Central Depository (Pte) Limited
"Company"	Cheung Woh Technologies Ltd
"Companies Act"	Companies Act (Chapter 50) of Singapore (as may be amended from time to time)
"Directors"	The directors of the Company as at the date of this Letter
"EPS"	Earnings per Share
"FY2014"	Financial year ended 28 February 2014
"Group"	The Company and its subsidiaries
"Latest Practicable Date"	The latest practicable date prior to the printing of this Letter, being 20 May 2014
"Letter"	This letter to Shareholders dated 6 June 2014 in relation to, *inter alia*, the proposed renewal of the Share Purchase Mandate to be despatched to Shareholders for approval at the 2014 AGM
"Listing Manual"	The listing manual of the SGX-ST, as the same may be amended, varied or supplemented from time to time
"Market Day"	A day on which the SGX-ST is open for trading in securities
"Market Purchase"	As defined in paragraph 2.3.3(i) of this Letter
"month"	Calendar month
"NTA"	Net tangible assets
"Notice of the 2014 AGM"	The notice of the 2014 AGM as set out in pages 107 to 112 of the 2014 Annual Report
"Off-Market Purchase"	As defined in paragraph 2.3.3(ii) of this Letter
"Ordinary Resolution 7"	Ordinary Resolution 7 as set out in the Notice of the 2014 AGM

"ROE"	Return on equity
"Securities Accounts"	The securities accounts maintained with CDP, but not including the securities accounts maintained with a Depository Agent (as defined in Section 130A of the Companies Act)
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Share Purchase"	Purchase by the Company of Shares pursuant to the Share Purchase Mandate
"Share Purchase Mandate"	General mandate authorising Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares upon and subject to the terms of such mandate set out in this Letter
"Shareholders"	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context admits, mean the Depositors whose direct securities accounts maintained with CDP are credited with Shares
"Shares"	The issued ordinary shares in the capital of the Company
"Subsidiary"	Shall have the meaning ascribed to it in Section 5 of the Companies Act
"Substantial Shareholder"	A person who has an interest in the Shares the nominal amount of which is not less than 5% of the nominal amount of all the voting shares of the Company
"Take-over Code"	The Singapore Code on Take-over and Mergers
"treasury shares"	Has the meaning ascribed to it in Section 4 of the Companies Act
"2011 AGM"	The annual general meeting of the Company held on 24 June 2011
"2011 EGM"	The extraordinary general meeting of the Company held on 24 June 2011 immediately after the conclusion of the 2011 AGM
"2013 AGM"	The annual general meeting of the Company held on 24 June 2013
"2014 AGM"	The annual general meeting of the Company to be held on 23 June 2014 at 11.30 a.m.
"2014 Annual Report"	The annual report of the Company for FY2014

Currencies, units and others

"$"or "S$"	Singapore dollars
"%" or "per cent."	percentage or per centum

DEFINITIONS

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The headings in this Letter are inserted for convenience only and shall be ignored in construing this Letter.

Any reference to a time of day in this Letter is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Letter between the listed amounts and the totals thereof are due to rounding.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine gender and neuter genders. References to persons shall, where applicable, include corporations and limited liability partnerships.

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Act or the Listing Manual or any statutory modification thereof and used in this Letter shall, where applicable, have the meaning ascribed to it under the Act or the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

CHEUNG WOH TECHNOLOGIES LTD
(Incorporated in Singapore)
(Company Registration No. 197201205Z)

LETTER TO SHAREHOLDERS

Directors:		**Registered Office:**
Mr. Law Kung Ying	(Chairman and Managing Director)	23 Tuas South Street 1
Mr. Law Kung Ming	(Executive Director)	Singapore 638033
Ms. Law Yu Chui	(Finance and Administrative Director)	
Ms. Teo Poh Hong	(Executive Director)	
Dr. Chen Yuk Fu	(Lead Independent Director)	
Mr. Lim Kian Wee Leonard	(Independent Director)	
Mr. Ngu Kuang Hua	(Independent Director)	

Date: 6 June 2014

To: The Shareholders of Cheung Woh Technologies Ltd

Dear Sir/Madam

1. INTRODUCTION

1.1 Reference is made to the Notice of 2014 AGM convening the 2014 AGM.

1.2 The proposed Ordinary Resolution 7 in the Notice of 2014 AGM relates to Shareholders' approval for the proposed renewal of the Share Purchase Mandate.

2. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Background

The Companies Act allows a company incorporated in Singapore to purchase or otherwise acquire its issued shares, stocks and preference shares if the purchase or acquisition is permitted under the Articles of Association of the company. Any purchase of Shares by our Company will have to be made in accordance with, and in the manner prescribed by the Companies Act, our Articles of Association and the rules of the Listing Manual and such other laws and regulations as may, for the time being, be applicable.

It is a requirement that a company which wishes to purchase or acquire its own shares should obtain the approval of its shareholders to do so at a general meeting of the shareholders. The Shareholders had previously approved a Share Purchase Mandate at the 2011 EGM authorising the Directors to purchase or otherwise acquire issued Shares on the terms of the Share Purchase Mandate. The Share Purchase Mandate was subsequently renewed at the 2013 AGM. The authority conferred by the Share Purchase Mandate approved at the 2013 AGM will expire at the 2014 AGM. The Company now proposes to renew the Share Purchase Mandate at the 2014 AGM.

If approved at the 2014 AGM, the authority conferred by the Share Purchase Mandate will continue in force until the earliest of (i) the date on which the next AGM is held or is required by law to be held, whichever is earlier (whereupon it will lapse, unless renewed at such meeting); (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or (iii) the date on which the authority contained in the proposed Share Purchase Mandate is varied or revoked by ordinary resolution of the Company in a general meeting.

2.2 Rationale for the Share Purchase Mandate

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

2.2.1 Share purchases may be considered as one of the ways through which the shareholder value may be increased by enhancing the ROE and/or NTA value per Share. This effect is greater the more undervalued the shares are when they are purchased. If shares are undervalued, this may be the most profitable course of action for the company;

2.2.2 Buying back shares may help mitigate against short term market volatility, offset the effects of short term speculation and bolster shareholder confidence; and

2.2.3 Buying back shares provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner.

The Share Purchase Mandate will give our Directors the flexibility to purchase or acquire Shares if and when circumstances permit, via either Market Purchases or Off-Market Purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out buy-backs to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial position of the Group. The ability to hold repurchased shares as treasury shares will allow the Company to restructure its capital and to facilitate future fund-raising without the need to issue new shares.

2.3 Terms of the Proposed Share Purchase Mandate

The authority and limitations placed on the purchase or acquisition of Shares by the Company under the proposed Share Purchase Mandate, if renewed at the 2014 AGM, are substantially the same as previously approved by Shareholders at the 2013 AGM. The authority and limitations on the proposed Share Purchase Mandate including, the information required under Rule 883(1) of the Listing Manual, are summarised below.

2.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate proposed to be renewed shall not exceed 10% of the issued Shares of the Company as at the date of the 2014 AGM or as at the date on which the resolution authorising the Share Purchase Mandate is passed, whichever is the higher. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

2.3.2 Duration of authority

The authority conferred on the Directors pursuant to the Share Purchase Mandate proposed to be renewed, unless varied or revoked by the Company in general meeting, may be exercised by the Directors at any time and from time to time during the "**Relevant Period**", which is the period commencing from the passing of the aforesaid proposed Share Purchase Mandate and expiring on the earliest of:

(i) the conclusion of the next AGM of the Company or the date by which such AGM is required by law to be held;

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the proposed Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the proposed Share Purchase Mandate is varied or revoked by ordinary resolution of the Company in general meeting.

2.3.3 Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be by way of the following:

(i) a market purchase, transacted on the SGX-ST through the ready market or the special trading counter on SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose ("**Market Purchase**"); and/or

(ii) an off-market purchase effected pursuant to an equal access scheme ("**Off-Market Purchase**") in accordance with Section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

(i) offers for the Share Purchase shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company shall as required by the Listing Manual in accordance with an equal access scheme as defined in Section 76C of the Companies Act, issue an offer document to all Shareholders. The offer document shall contain, *inter alia*, the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed Share Purchases;

(iv) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or any other applicable take-over rules;

(v) whether the Share Purchase, if made, would have any effect on the listing of the Shares on the SGX-ST;

(vi) details of any Share Purchase made by the Company in the previous twelve (12) months whether through Market Purchases or Off-Market Purchases, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases; and

(vii) whether the shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4 Purchase price

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition ("**Maximum Price**").

For the above purposes:

"**Average Closing Price**" means the average of the Closing Market Prices of the Shares over the last five Market Days on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's Central Limit Order Book (CLOB) trading system as shown in any publication of the SGX-ST or other sources; and

"**date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Purchased Shares

A Share when purchased or acquired by the Company is treated as cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Shares will expire on such cancellation and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase) unless such Shares are held by the Company as treasury shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

2.5 Treasury Shares

Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

2.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

2.5.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividends may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury shares into treasury shares of smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

Under Rule 704(28) of the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares held by it and state the following:

(i) Date of the sale, transfer, cancellation and/or use;

(ii) Purpose of such sale, transfer, cancellation and/or use;

(iii) Number of treasury shares sold, transferred, cancelled and/or used;

(iv) Number of treasury shares before and after such sale, transfer, cancellation and/or use;

(v) Percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(vi) Value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.6 Disposal and Cancellation

Shares which are purchased or acquired by the Company may be cancelled or held by the Company as treasury shares. All cancelled shares will automatically be delisted by the SGX-ST. If cancelled, all rights and privileges attached to that Share shall expire on cancellation and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase.

Where purchased Shares are held as treasury shares, the Company may at any time:

2.6.1 sell the treasury shares for cash;

2.6.2 transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

2.6.3 cancel the treasury shares; or

2.6.4 sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

2.7 Source of Funds

The Company intends to use internal sources of funds and/or external borrowings to finance purchases of its Shares. The Directors do not propose to exercise the Share Purchase Mandate to such an extent that it would materially affect the working capital requirements or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

2.8 Solvency Test

Under the Companies Act, the Company may not enter into any share buy-back transaction unless it is solvent. Pursuant to the Companies Act, a company is solvent if:

2.8.1 the company is able to pay its debts in full at the time of the payment referred to in subsection (1) of Section 76F of the Companies Act and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of the payment; and

2.8.2 the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed purchase, acquisition or release, become less than the value of its liabilities (including contingent liabilities).

2.9 Financial Effects

The financial effects arising from a purchase or acquisition of Shares pursuant to the Share Purchase Mandate on the Group and the Company will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the consideration paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the audited financial accounts of the Group and the Company will depend, *inter alia*, on the factors set out below.

2.9.1 Number of Shares Acquired or Purchased

Purely for illustrative purposes, on the basis of there being 313,084,800 Shares in issue as at the Latest Practicable Date (out of which 10,873,000 Shares were held in treasury as at the Latest Practicable Date) and assuming that no further Shares are issued or repurchased on or prior to the 2014 AGM, not more than 30,221,180 Shares representing 10% of the 302,211,800 Shares in issue (excluding the 10,873,000 Shares held in treasury) as at the Latest Practicable Date may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

2.9.2 Based on Maximum Price Paid for Shares Acquired or Purchased

(i) In the case of a Market Purchase by the Company and assuming that the Company purchases or acquires the 30,221,180 Shares at the Maximum Price of S$0.15120 per Share (being the price equivalent to 5% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 30,221,180 Shares is S$4,569,442 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

(ii) In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires the 30,221,180 Shares at the Maximum Price of S$0.17280 per Share (being the price equivalent to 20% above the average of the closing market prices of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 30,221,180 Shares is S$5,222,220 (excluding brokerage, commission, applicable goods and services tax and other related expenses).

2.9.3 Illustrative Financial Effects

For illustrative purposes only, based on the above assumptions and the assumption that the purchase of Shares was financed by the internal resources within the Group, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the unaudited accounts of the Group and the Company as at 28 February 2014 as if the Share Purchase Mandate had been effective on 28 February 2014 are presented below:

Scenario 1

Market Purchases of up to a maximum of 10% out of profits and/or capital and the Shares so purchased are cancelled:

	Group		**Company**	
As at 28 February 2014	**Before Share Purchase**	**After Share Purchase**	**Before Share Purchase**	**After Share Purchase**
Total Shareholders' funds[1] (S$'000)	90,558	85,989	72,537	67,968
NTA[2] (S$'000)	90,479	85,910	72,468	67,899
Current assets (S$'000)	37,341	32,772	8,849	6,875
Current liabilities (S$'000)	12,137	12,137	2,628	5,223
Total borrowings (S$'000)	2,902	2,902	–	2,595
Cash and cash equivalents (S$'000)	10,872	6,303	1,974	–
Number of Shares ('000)				
Issued and paid-up share capital	302,212	271,991	302,212	271,991
Financial ratios				
NTA per Share[3] (cents)	29.94	31.59	23.98	24.96
Gearing ratio[4] (times)	0.03	0.03	–	0.04
Current ratio[5] (times)	3.08	2.70	3.37	1.32
(Loss)/Earning per Share (cents)	0.35	0.39	2.04	2.27

Scenario 2

Off-Market Purchases of up to a maximum of 10% out of profits and/or capital and the Shares so purchased are cancelled or held as treasury shares:

As at 28 February 2014	Group Before Share Purchase	Group After Share Purchase	Company Before Share Purchase	Company After Share Purchase
Total Shareholders' funds[1] (S$'000)	90,558	85,336	72,537	67,315
NTA[2] (S$'000)	90,479	85,257	72,468	67,246
Current assets (S$'000)	37,341	32,119	8,849	6,875
Current liabilities (S$'000)	12,137	12,137	2,628	5,876
Total borrowings (S$'000)	2,902	2,902	–	3,248
Cash and cash equivalents (S$'000)	10,872	5,650	1,974	–
Number of Shares ('000)				
Issued and paid-up share capital	302,212	271,991	302,212	271,991
Financial ratios				
NTA per Share[3] (cents)	29.94	31.35	23.98	24.72
Gearing ratio[4] (times)	0.03	0.03	–	0.05
Current ratio[5] (times)	3.08	2.65	3.37	1.17
(Loss)/Earning per Share (cents)	0.35	0.39	2.04	2.27

Notes:

1. Total Shareholders' funds exclude minority interests.
2. NTA is computed based on net assets less intangible assets and minority interests.
3. NTA per Share is computed based on the NTA divided by the number of Shares issued.
4. Gearing ratio equals to total borrowings divided by Shareholders' funds.
5. Current ratio equals to current assets divided by current liabilities.

Shareholders should note that the financial effects, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Purchase Mandate on the NTA per Share and earnings/(loss) per Share as the resultant effect would depend on the factors such as the aggregate number of Shares purchased, the purchase price paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions. The above analysis is based on historical numbers as at 28 February 2014, and is not necessarily representative of future financial performance.

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interest of the Company, and the purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. Further, the Directors would emphasise that they do not propose to carry out Share Purchases to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or results in the Company being delisted from the SGX-ST.

2.10 Listing Rules

Rule 886 of the Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

2.10.1 in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares;and

2.10.2 in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement must include details of the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the amount of consideration paid for the purchases.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price-sensitive development has occurred or has been the subject of a decision until the price-sensitive information has been publicly announced because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued Shares.

In particular, the Company would not purchase or acquire any Share through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's full-year results and the period of two (2) weeks before the announcement of the first quarter, second quarter and third quarter results.

A listed company must ensure that at least 10% of any class of its listed securities (excluding treasury shares, preference shares and convertible equity securities) must be held by public shareholders. The proposed share purchase under the proposed Share Purchase Mandate will not affect the listing status of the Shares on the SGX-ST, and the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading. This is because currently, approximately 22.15% (based on shareholding information as at the Latest Practicable Date) of the issued Shares are held by public shareholders. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public shareholders that would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the proposed Share Purchase Mandate.

2.11 Take-over Code Implications

Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

2.11.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in the change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

The table below shows the shareholding percentages of the Company's Directors and Substantial Shareholders, as at the Latest Practicable Date, before and after the Share Purchase, on an illustrative basis:

	Before Share Purchase			After Share Purchase
	Direct interest (Number of Shares)	Deemed interest (Number of Shares)	Total interest[(1)] (%)	Total Interest[(2)] (%)
Directors				
Law Kung Ying[(4)]	10,419,600	–	3.45	3.83
Law Kung Ming[(4)]	10,419,600	–	3.45	3.83
Law Yu Chui[(4)]	10,419,600	189,609,600[(3)]	66.19	73.54
Teo Poh Hong	3,195,360	–	1.06	1.17
Dr Chen Yuk Fu	–	–	–	–
Lim Kian Wee Leonard	–	–	–	–
Ngu Kuang Hua	501,400	–	0.17	0.18
Substantial Shareholders				
Nexsuss Holdings Pte. Ltd. ("**Nexsuss**")	189,609,600[(3)]	–	62.74	69.71
Law Yu Chui[(4)]	10,419,600	189,609,600[(3)]	66.19	73.54
Lee Hang Ngok	10,419,600	189,609,600[(3)]	66.19	73.54
Christopher Law Tak Heem[(5)]	198,000	189,609,600[(3)]	62.81	69.78
Law Tak Lun[(6)]	–	189,609,600[(3)]	62.74	69.71
Tan Hai Ting	62,400	–	0.02	0.02
Tan Hai Yin	38,400	–	0.01	0.01

Notes:

(1) As a percentage of the issued share capital of the Company comprising 302,211,800 Shares.

(2) As a percentage of the issued share capital of the Company, comprising 271,990,620 Shares (assuming that the Company purchases the maximum number of 30, 221,180 Shares under the Share Purchase Mandate).

(3) Held by Nexsuss for the benefit of Christopher Law Tak Heem, Law Tak Lun, Law Yu Chui and Lee Hang Ngok.

(4) Law Kung Ying, Law Kung Ming and Law Yu Chui are the children of Lee Hang Ngok.

(5) Christopher Law Tak Heem is the son of Law Kung Ying, the grandson of Lee Hang Ngok and the nephew of Law Kung Ming and Law Yu Chui.

(6) Law Tak Lun is the son of Law Kung Ming, the grandson of Lee Hang Ngok and the nephew of Law Kung Ying and Law Yu Chui.

Pursuant to the Take-over Code, Law Kung Ying, Law Kung Ming, Law Yu Chui, Lee Hang Ngok, Christopher Law Tak Heem, Law Tak Lun, Nexsuss Holdings Pte. Ltd., Tan Hai Ting (who has an interest in 62,400 Shares and who is the daughter of Law Yu Chui) and Tan Hai Yin (who has an interest in 38,400 Shares and who is the son of Law Yu Chui) are deemed to be parties acting in concert. Their combined shareholding interest in the Company prior to any share purchase is 76.63%. Assuming a maximum of 10% of the Shares are repurchased, their combined shareholdings will rise to 85.15%. Their shareholdings fall outside the ambit of the operation of Rule 14 of the Take-over Code relating to mandatory take-over offer obligations. Thus, and as shown in the table above, none of the Company's Directors or Substantial Shareholders will, as a result of the Share Purchase, be obliged under the Take-over Code to make a mandatory take-over of the shares of the Company not already held by such Director or Substantial Shareholder under Rule 14 of the Take-over Code.

2.11.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will be presumed to be acting in concert:

(i) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies;

(ii) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;

(v) a financial or other professional adviser, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to the instructions of the individual, companies controlled by any of the above persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.11.3 Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such a Shareholder need not abstain from voting in respect of the Ordinary Resolution authorising the Share Purchase Mandate.

Shareholders are advised to consult their professional advisers and/or the Council at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share purchases by the Company.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholding interests of the Directors and the Substantial Shareholders, as at the Latest Practicable Date, are as follows:

	Direct interest (Number of Shares)	Deemed interest (Number of Shares)	Total interest[1] (%)
Directors			
Law Kung Ying[2]	10,419,600	–	3.45
Law Kung Ming[2]	10,419,600	–	3.45
Law Yu Chui[2]	10,419,600	189,609,600[3]	66.19
Teo Poh Hong	3,195,360	–	1.06
Dr Chen Yuk Fu	–	–	–
Lim Kian Wee Leonard	–	–	–
Ngu Kuang Hua	501,400	–	0.17
Substantial Shareholders			
Nexsuss	189,609,600[2][3][4][5]	–	62.74
Law Yu Chui[2]	10,419,600	189,609,600[3]	66.19
Lee Hang Ngok[2]	10,419,600	189,609,600[3]	66.19
Christopher Law Tak Heem[4]	198,000	189,609,600[3]	62.81
Law Tak Lun[5]	–	189,609,600[3]	62.74

Notes:

(1) As a percentage of the issued share capital of the Company comprising 302,211,800 Shares.

(2) Law Kung Ying, Law Kung Ming and Law Yu Chui are the children of Lee Hang Ngok.

(3) Held by Nexsuss for the benefit of Law Yu Chui, Lee Hang Ngok, Christopher Law Tak Heem and Law Tak Lun.

(4) Christopher Law Tak Heem is the son of Law Kung Ying, the grandson of Lee Hang Ngok and the nephew of Law Kung Ming and Law Yu Chui.

(5) Law Tak Lun is the son of Law Kung Ming, the grandson of Lee Hang Ngok and the nephew of Law Kung Ying and Law Yu Chui.

4. SHARES BOUGHT BY THE COMPANY IN THE PAST TWELVE MONTHS

No Share Purchases were undertaken by the Company pursuant to the Share Purchase Mandate approved by the Shareholders at the 2013 AGM in the previous twelve (12) months. The last Share Purchase undertaken by the Company was on 20 June 2013 pursuant to the Share Purchase Mandate approved by the Shareholders at the annual general meeting of the Company held on 25 June 2012.

5. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 7 to approve the proposed renewal of the Share Purchase Mandate.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Letter in its proper form and context.

7. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at the registered office of the Company during normal business hours from the date of this Letter up to the date of the 2014 AGM:

(a) the Memorandum and Articles of Association of the Company; and

(b) the 2014 Annual Report.

Yours faithfully,

For and on behalf of the Board
CHEUNG WOH TECHNOLOGIES LTD

Law Kung Ying
Chairman and Managing Director

CHEUNG WOH TECHNOLOGIES LTD
(Incorporated in the Republic of Singapore)
(Company Registration No. 197201205Z)

IMPORTANT:
1. For Investors who have used their CPF monies to buy Cheung Woh Technologies Ltd's shares, this Annual Report is forwarded to them at their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified if they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

*I/We ________________________________ *(Name)* NRIC/Passport No. ________________________

of____ *(Address)* being a *member/members of Cheung Woh Technologies Ltd (the "Company"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

**and/or (delete as appropriate)*

or failing *him/her, the Chairman of the Annual General Meeting of the Company as *my/our *proxy/proxies to attend and to vote for *me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 23 Tuas South Street 1, Singapore 638033 on Monday, 23 June 2014 at 11:30 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 Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided)

No.	Ordinary Resolutions	For	Against
Ordinary Business			
1.	Adoption of Audited Financial Statements, Directors' Report and Auditors' Report for the financial year ended 28 February 2014 together with the Directors' Report thereon.		
2.	Approval of a tax exempt (one-tier) final dividend of 0.2 cent per ordinary share for the financial year ended 28 February 2014 as recommended by Directors.		
3.	Approval of Directors' Fees for financial year ended 28 February 2014.		
4.	Re-election of Mr Ngu Kuang Hua who is retiring in accordance with Article 107 of the Company's Articles of Association.		
5.	Re-appointment of Messrs Ernst & Young LLP as Auditors and to authorise Directors to fix their remuneration.		
Special Business			
6.	Authority to allot and issue shares.		
7.	Proposed renewal of share purchase mandate.		

Dated this ________ day of _____________ 2014.

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

____
Signature(s) of member(s) or Common Seal

** Delete accordingly*

IMPORTANT: Please see notes overleaf before completing this form

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead.

3. Where a member appoints two proxies, he/she shall specify the percentage of his/her shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 percent of his/her shareholding and the second named proxy shall be deemed to be an alternate to the first named.

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

5. The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company at 23 Tuas South Street 1, Singapore 638033 at least 48 hours before the time appointed for the Meeting.

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

7. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the Meeting.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

9. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Major Properties

	LOCATION	DESCRIPTION	TENURE
SINGAPORE	17 Tuas South St 1 Singapore 638065	A 2-storey factory building with floor area of 1,422 square metres	Leasehold (30 years from 1 June 1997, with option to renew for another 30 years)
	23 Tuas South St 1 Singapore 638033	A 2-storey office, factory building with floor area of 5,016 square metres	Leasehold (30 years from 16 January 1997, with option to renew for another 30 years)
MALAYSIA	1059 MK 6 Lorong Perusahaan Maju 2 13600 Prai, Penang, Malaysia	A 2-storey office, factory building with floor area of 6,711 square metres	Leasehold (60 years from 15 October 1991)
	PLO 170 Kawasan Perindustrian Senai Phase III, 81400 Senai, Johor, Malaysia	A 2-storey office, factory building with floor area of 4,047 square metres	Leasehold (56 years from 19 December 2003)
CHINA	No. 163 Zhu Feng Way, Xin Qing Science & Technology Park, Doumen District, Zhuhai 519180, China	A 2-storey office and factory building and a 4-storey dormitory with floor area of 14,955 square metres	Leasehold (50 years from 15 June 2001)
		A 2-storey factory building with floor area of 2,730 square metres	Leasehold (50 years from 19 October 2003)

CHEUNG WOH TECHNOLOGIES LTD

23 Tuas South Street 1, Singapore 638033
www.cheungwoh.com.sg

Company Registration Number
197201205Z