CHEUNG WOH
TECHNOLOGIES LTD

2017
ANNUAL REPORT

CONTENTS

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report of the Company and the Group for the financial year ended 28 February 2017 ("FY2017").

YEAR IN REVIEW

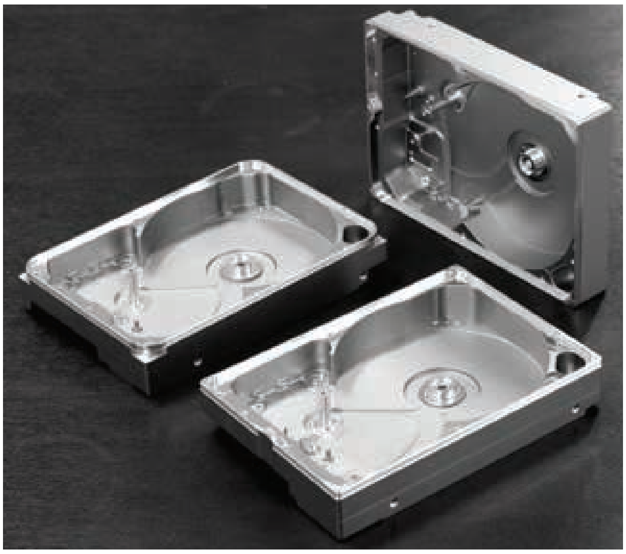
FY2017 has been a challenging year for the Group. The Group has reported turnover of $84.1 million, a decrease of 9.7% (or $9.1 million) from $93.2 million in FY2016. The lower turnover was attributable to lower sales recorded in the Hard Disk Drive ("HDD") components segment.

Cost of sales of the Group decreased by 0.3% (or $238K) as compared to FY2016. Cost of sales has not decreased in line with decrease in turnover due to higher materials, labour and overhead costs incurred. Higher costs were also attributed to writing off of defective Baseplates produced due to abnormal high yield loss during its initial production. As a result of the above, gross profit dropped compared to FY2016.

Other operating income decreased by 14.1% (or $614K) mainly due to lower sales of scrap metal. General and administrative expenses decreased by 21.4% (or $2.5 million) mainly due to lower foreign exchange loss and loss on disposal of property, plant and equipment incurred. Share of results of associates increased by $2.2 million (from $196K to $2.4 million) backed by strong sales generated in FY2017.

During the year, the Group recorded an income tax expense of $916K, a shift from income tax credit of $736K in FY2016. The income tax credit recorded in FY2016 was due to recognition of deferred tax assets and reversal of certain deferred tax liabilities. Concluding the financial performance for FY2017, the Group registered a profit for the financial year of $3.6 million (FY2016: $10.2 million). Earnings per share dropped from 3.38 cents to 1.19 cents.

The construction of a 4-storey factory in Zhuhai has been completed in December 2016. Infrastructure, relocation, set-up of machines and installation of manufacturing robots are expected to complete by end of calendar year 2017.



FUTURE OUTLOOK

Turnover in HDD components segment will continue to be affected during the transitional period of phasing in the manufacturing of Baseplates. The transitional period is expected to continue until third quarter of FY2018.

Precision Metal Stamping components segment is expected to do well.

We remain confident that our strong and established foundation will allow us to overcome challenges that may come our way.

We shall continue to keep an open minded approach in pursuing new business opportunities.

DIVIDEND

To reward our shareholders for their loyal and continued support, we are recommending, subject to shareholders' approval at the forthcoming Annual General Meeting, a final tax-exempt (one-tier) dividend of 0.1 cent per ordinary share for FY2017.

ACKNOWLEDGMENTS

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.

Chairman,

LAW KUNG YING

BOARD OF DIRECTORS

MR LAW KUNG YING
Chairman, Managing Director and Chief Executive Officer

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. He has an aggregate of over 40 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 of the HDD Components Segment.

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 40 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 the overall operations of the Precision Metal Stamping Components Segment.

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.

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 was a Senior Director of OSI Electronics Pte Ltd from 2012 to 2014 and he is currently a Senior Advisor of One World Business Advisory Pte Ltd.

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.

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 Inc 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

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.

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.

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 to Assistant General Manager of CWI. His scope of responsibilities include overseeing the engineering departments, 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 for the subsidiaries in Zhuhai.

GROUP STRUCTURE

Cheung Woh Technologies (Malaysia) Sdn Bhd	100%
Cheung Woh Technologies (Johor) Sdn Bhd	100%
Cheung Woh Precision (Zhuhai) Co., Ltd 祥和精工（珠海）有限公司	100%
Cheung Woh Technologies (Zhuhai) Co., Ltd 祥和科技（珠海）有限公司	100%
Cheung Woh International (Macao Commercial Offshore) Company Limited 祥和国际（澳门离岸商业服务）有限公司	100%
Cheung Woh Trading (Zhuhai) Co., Ltd 珠海祥和贸易有限公司	100%
Cheung Woh Technologies (Penang) Sdn Bhd (formerly known as Cheung Woh Properties Sdn Bhd)	100%
Jiangsu Tysan Precision Engineering Co., Ltd 江苏忠明祥和精工股份有限公司	31.34%

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 its customers through continuous delivery of quality products and services, achieve growth and maximise returns to its 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, air combs and baseplates; and
- Precision metal stamping components which include sheet metal machined parts and computer numerical controlled (CNC) machined parts, servicing local, regional and international markets.

Cheung Woh has fully integrated manufacturing facilities in Johor and Penang, Malaysia; and Zhuhai, China. 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 2,000 staff over 3 locations.

BUSINESS REVIEW

The Group has reported turnover of $84.1 million, a decrease of 9.7% (or $9.1 million) from $93.2 million in FY2016. The lower turnover was attributable to lower sales recorded in the HDD components segment.

Cost of sales of the Group decreased by 0.3% (or $238K) as compared to FY2016. Cost of sales has not decreased in line with decrease in turnover due to higher materials, labour and overhead costs incurred. Higher costs were also attributed to writing off of defective Baseplates due to abnormal high yield loss during its initial production. As a result of the above, gross profit margin dropped compared to FY2016.

HDD COMPONENTS

Sales in HDD components segment have decreased by 14.2% (or $11.3 million) compared to the previous financial year. The decrease was mainly caused by drop in customers' demand for air-combs and VCM plates. In addition, machine downtime caused by machine and fixtures set up for Baseplates production during the transitional period of phasing in also contributed to lower sales.

HDD components segment reported a loss before taxation of $664K, compared to a profit before taxation of $7.0 million in previous financial year. The loss suffered was due to lower sales generated and higher costs incurred during the year. Higher costs were attributed to higher labour, material and overhead costs and abnormal high yield loss that resulted from writing-off of defective Baseplates produced during its initial production.

PRECISION METAL STAMPING COMPONENTS

Sales in Precision Metal Stamping components segment increased by 15.5% (or $2.2 million) compared to the previous financial year. The increase was attributable to increase in customers' demand.

Profit in Precision Metal Stamping components segment increased by 21.0% (or $476K) compared to FY2016. The increase was mainly due to higher sales generated.

GEARING

As at 28 February 2017, the Group's gearing ratio was at 13% (FY2016: 9%)

LIQUIDITY AND CAPITAL RESOURCES

During FY2017, the Group has net cash flows generated from operations of $13.4 million as compared to $18.2 million in FY2016. Net cash flows generated from operating activities in FY2017 was mainly contributed by operating cash flows before changes in working capital and decrease in trade receivables. It was partially offset by increases in inventories and other receivables and prepayments.

In investing activities, the Group used $17.3 million during FY2017 as compared to $20.0 million in FY2016. Net cash used in FY2017 was mainly for the purchases of property, plant and equipment and advance payments made to suppliers of property, plant and equipment. It was partially offset by proceeds from disposal of property, plant and equipment and dividends income received from an associate during the year.

During FY2017, the Group has net cash flows generated from financing activities of $388K as compared to $125K in FY2016. Net cash flows generated was mainly contributed by proceeds from interest-bearing loans and borrowings. This was partially offset by cash used in repayment of interest-bearing loans and borrowings and dividends paid on ordinary shares.

OPERATING AND FINANCIAL REVIEW

LIQUIDITY AND CAPITAL RESOURCES			
Year ended 28 February	2017	2016	Change
	S$'000	S$'000	%
Net cash generated from operating activities	13,363	18,186	(27)
Net cash used in investing activities	(17,290)	(19,997)	(14)
Net cash generated from financing activities	388	125	210
Cash and cash equivalents at beginning of year	14,499	16,400	(12)
Cash and cash equivalents at end of year	10,615	14,499	(27)

OPERATING REVENUE			
Year ended 28 February	2017	2016	Change
By business segments	S$'000	S$'000	%
HDD Components	67,797	79,060	(14)
Precision Metal Stamping Components	16,321	14,129	16
Total	**84,118**	**93,189**	(10)
By geographical segments			
1. Thailand	50,988	52,900	(4)
2. Malaysia	15,149	28,320	(47)
3. Singapore	4,752	49	9,598
4. People's Republic of China	4,640	1,754	165
5. Sultanate of Oman	3,819	–	100
6. Portugal	2,268	3,209	(29)
7. United States	1,287	1,032	25
8. Germany	716	1,329	(46)
9. Philippines	399	4,450	(91)
10. Others	100	146	(32)
Total	**84,118**	**93,189**	(10)

CORPORATE AND SOCIAL RESPONSIBILITY

PEOPLE

The Group adopts fair employment practices on top of complying with local labour law of the jurisdiction where we have operations. Being an equal opportunity employer, the Group does not discriminate against gender, race, religion or age. A strict policy against the hiring of child or forced labour is also enforced.

The Group also places a strong emphasis on providing a safe working environment for our employees. Personal protective equipment issued to employees and regular heath monitoring conducted according to safety and health guidelines are some continuous initiatives for our employees. In-house training on health and safety issues are also conducted to reduce the risk of workplace accidents and improve emergency preparedness.

Our subsidiaries also organises sponsored trips for employees. This includes day trips to other nearby states or to theme parks. The purpose of these trips is to allow employees to bond and interact outside of the workplace, as well as being a show of gratitude from the company for the hard work of the employees.

ENVIRONMENT

The Group recognises the importance of being environmentally responsible. Although the Group does not produce hazardous waste, the by-products of our manufacturing processes are treated to ensure that we do not pollute the environment. Two of our subsidiaries are ISO 14001 Environmental Management System certified for our environmental management system. It maps out a framework that we can follow to set up an effective environmental management system. Using ISO 14001 can provide assurance to our management and employees as well as external stakeholders that environmental impact is being measured and improved.

The Group also encourages employees to embrace eco-friendly practices by encouraging the use of recycled paper and using energy efficiently. Air conditioners and machines are also maintained on a regular basis to avoid energy wastage.

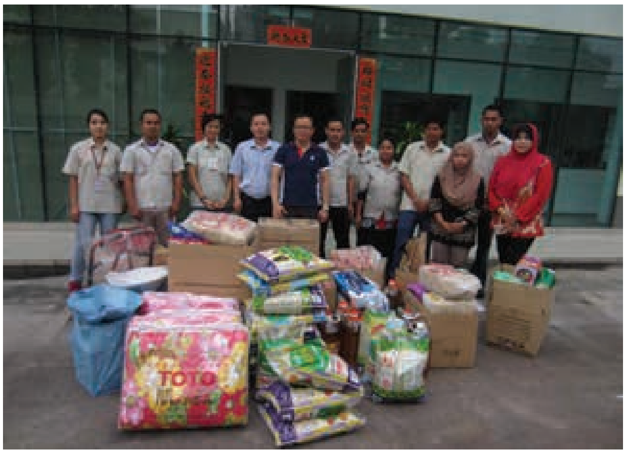
COMMUNITY

As part of our initiative to serve the community, our subsidiaries in China and Johor have organised charity events to reach out to the less fortunate groups in the respective community.

Our subsidiaries in China have organised two charity events in Maoming and Doumen Districts. Financial help was given to the needy families and students from the rural communities. Both the charity events were well supported and attended by local governments and community committees.

Our subsidiary in Johor has organised a donation drive within the company and collected daily necessities to support three needy families identified in the local community. Our employees delivered the items collected and spent time with the beneficiaries. Employees' family members have also participated in the charity events.

During the year, the Company made a donation towards the NTUC-U Care Fund, where the funds are used to improve the welfare of lower income families.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Law Kung Ying (CHAIRMAN, MANAGING DIRECTOR & CEO)
Mr Law Kung Ming
Ms Law Yu Chui
Dr Chen Yuk Fu (LEAD INDEPENDENT DIRECTOR)
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 Ngu Kuang Hua (CHAIRMAN)
Mr Law Kung Ying
Dr Chen Yuk Fu
Mr Lim Kian Wee Leonard

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 Alvin Phua
(Since financial year ended
28 February 2015)

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

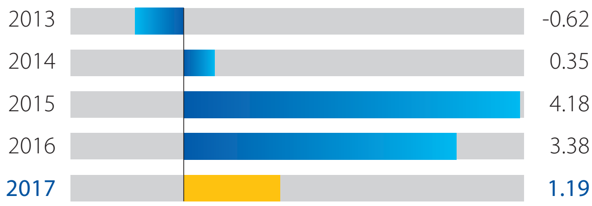
FINANCIAL HIGHLIGHTS

TURNOVER ($MILLION)

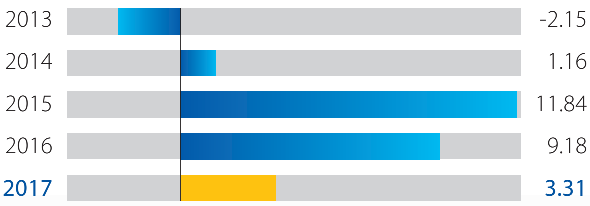
NET ASSET VALUE PER SHARE (CENTS)

SHAREHOLDERS' FUND ($MILLION)

EARNINGS PER SHARE (CENTS)



RETURN ON EQUITY (%)



FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

Cheung Woh Technologies Ltd ('Company') is continuously committed to maintaining a high standard of corporate governance and 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 2017.

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 and make decisions in the interests of the Company.

The primary roles of the Board include the following:–

a. Provide entrepreneurial leadership and ensure necessary resources are in place for the Company to meet its objectives;

b. Set the Company's objectives, strategic directions and approve major corporate policies;

c. Monitor and review financial and operating performance;

d. Approve major funding and investment proposals;

e. Appoint Board of Directors and Key Managerial Personnel;

f. Review management performance;

g. Establish a framework of prudent and effective controls, including safeguarding of shareholders' interest and the Company's assets;

h. Identify key stakeholder groups and recognise that their perceptions affect the Company's reputation;

i. Set Company's values and standards (including ethical standards) and ensure obligations to shareholders and other stakeholders are understood and met;

j. Consider sustainability issues e.g. environmental and social factors as part of its strategic formulation.

CORPORATE GOVERNANCE REPORT

The Board has placed in writing matters which are specifically reserved for the Board's decision and setting clear directions to Management on matters that must be approved by the Board. Matters reserved for the Board's decision include 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. Matters arising from each meeting will be followed up and reported to the Board.

In lieu of physical meetings, written resolutions were circulated for approval by the Directors. The Company's Articles of Association (the 'Articles') allows 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	–	–	–	–	–	–
Non-Executive and Independent Directors								
Chen Yuk Fu	4	4	2	2	2	2	4	4
Lim Kian Wee Leonard	4	4	2	2	2	2	4	4
Ngu Kuang Hua	4	4	2	2	2	2	4	4

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.

CORPORATE GOVERNANCE REPORT

Upon appointment, a 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 the newly appointed director. Depending on specific requirements, new directors may be sent for trainings and/or seminars to acquaint them on directors' duties and compliance with the relevant bodies of law and regulations in the performance of their duties. There was no new director appointed during the financial year ended 28 February 2017.

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. Annually, the external auditors update the AC and the Board on new or revised financial reporting standards. When there are changes to or new regulations, Directors will attend appropriate courses and seminars to stay abreast of relevant business developments. These include programs run by the Singapore Institute of Directors ("SID") and other institutions. During the year, the Independent Directors attended the ACRA-SGX-SID Audit Committee Seminar while our Finance and Administrative Director attended the Singapore Budget 2017 Seminar and Governance For Family Business. The Executive Director, Mr Law Kung Ming attended the training on "Understanding the Regulatory Environment in Singapore".

Principle 2: Board Composition and Guidance

The Board comprises three Non-Executive and Independent Directors and three Executive Directors. The Company has satisfied the requirement of the Code 2012 with at least half of the Board comprises Independent Directors where the Chairman is part of the Management team and is not an independent director. There is a strong and independent element on the Board.

According to the Code 2012, an Independent Director is one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interest of the Company and Group. The independence of each Director is reviewed annually by the NC which will also ensure that the size of the Board is appropriate to conduct effective discussions and decision making. 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 had considered the criteria for basis of evaluation. The evaluation criteria included the director's independent expression of views and deliberations, objective and constructive challenge to assumptions and viewpoints by Management and benefits from the presence of such director, who have over time gained valuable insight into the Group and its markets. The Board also considered the need for progressive refreshing.

Dr Chen Yuk Fu and Mr Lim Kian Wee Leonard were appointed to the Board since 15 September 2000 and 30 September 2005 respectively. Using the said criteria, the Board had rigorously reviewed and is satisfied that both Directors have remained independent in their character and judgement and can continue to discharge their duties objectively. The independence of character and judgement of both Directors are not in any way affected or impaired by the length of their service. Dr Chen and Mr Lim have constructively challenged the assumptions and viewpoints presented by Management. Each Dr Chen and Mr Lim has expressed their views independently and is actively involved in deliberations at meetings. The Board considers that their familiarity with the business will continue to contribute positively to the deliberation at the Board and Board Committees and brings valuable insight, knowledge and expertise to the Board. The Board agreed there is no need for progressive refreshing.

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. There is an appropriate balance and diversity of skills, experience, gender and knowledge of the Company.

The Board comprises one female and five male Directors. The Board does not rule out the possibility of appointing more female directors, if suitable candidates are nominated for consideration. 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. No individual or small group of individuals dominates the Board's decision making process. To facilitate a more effective check on Management, Non-Executive Directors are encouraged to meet regularly without Management present. The Non-Executive Directors met on several occasions after quarterly meetings without the management's presence.

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

The Executive Chairman, being the 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 two 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. He promotes a culture of openness and debate at Board meetings and encourages discussion on strategic issues as well as providing updates to the Directors. The Executive Chairman is responsible for ensuring all corporate governance procedures are complied with.

The role of the Chairman is not separated from that of 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.

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 and the Lead Independent Director provides feedback to the Executive Chairman after the meeting. The Lead Independent Director is available to shareholders when they have concerns and for which contact through the normal channel of the Chairman/CEO has failed to resolve or is inappropriate.

NOMINATING COMMITTEE

Principle 4: Board Membership

The NC comprises four members of whom the majority (including the Chairman) is independent. The Chairman of the NC in FY2017 is Mr Ngu Kuang Hua. The other members are Mr Law Kung Ying, Mr Lim Kian Wee Leonard and Dr Chen Yuk Fu, who is also the Lead Independent Director. 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; and

g. Review Board succession plan for Directors, in particular the Chairman/CEO.

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. The Company does not have an alternate director.

The NC discussed with the Chairman/CEO on his succession plan. Both the NC and Chairman/CEO agreed that succession planning involves a process for identifying, nurturing and developing management staffs and external talents to fill each key role within the Company. This is to ensure that the best mix of executive officers are lined up to meet the Company's strategic goals and challenges for building long-term shareholder value. The NC was updated by the Chairman/CEO on the progress of succession planning.

CORPORATE GOVERNANCE REPORT

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 Mr Law Kung Ming will retire at the forthcoming AGM in accordance with Article 107 of the Company's Articles of Association. Mr Ngu Kuang Hua and Mr Law Kung Ming have consented to continue in office. The NC, having assessed each of their attendance and contribution to the Board and the Company, had recommended to the Board that Mr Ngu Kuang Hua and Mr Law Kung Ming, Directors retiring under Article 107 of the Company's Articles, be nominated for re-appointment at the forthcoming AGM. The Board has concurred with the NC's recommendation.

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 serving on multiple boards. As a general rule, each director should hold directorship in not more than three public listed companies. As at the date of this report, none of the Directors holds directorships in more than three public listed companies. The NC has reviewed and is satisfied that all the Directors are able to devote sufficient time and attention to the affairs of the Company to adequately perform their duties as Directors of the Company effectively. Each NC member abstains from deliberating on his own performance and re-election as a Director.

Profile of each Director is set out under Board of Directors section 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 in other Listed Companies	
			Present	Past
Law Kung Ying (Managing Director)	18 May 1979	13 August 2001	Nil	Nil
Law Kung Ming	18 May 1979	26 June 2015	Nil	Nil
Law Yu Chui	15 February 1980	20 June 2016	Nil	Nil
Chen Yuk Fu	15 September 2000	20 June 2016	Nil	Nil
Lim Kian Wee Leonard	30 September 2005	26 June 2015	Nil	Nil
Ngu Kuang Hua	1 May 2012	23 June 2014	Nil	Nil

CORPORATE GOVERNANCE REPORT

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

Principle 5: Board Performance

On an annual basis, the NC will review and assess both the effectiveness 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. The assessment of the contribution by the Chairman has been included in the assessment of the Board as a whole. 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 NC has assessed the effectiveness of the current Board as a whole and its Board Committees and contribution by each Director to the effectiveness of the Board and contribution by the Chairman. The NC is of the view that the performance of the Board as a whole has been satisfactory. Each Director continues to contribute effectively to the Board and is able to discharge responsibilities in the Board Committees without any issue of time commitment. Results of the performance evaluation were reported to the Board.

Factors taken into consideration for the assessment of the Board as a whole includes the contribution to the development of strategies and effective risk management, response to problems and crisis and the evaluation that underpins the Board's effectiveness in providing timely information. The assessment of the contribution of the Chairman encompasses effective leadership and communication with shareholders and the Board. Meanwhile, the assessment of the contribution by each Director is specifically related to the individual director's duties such as preparedness, contribution and industry and business knowledge and experience which are crucial to the Group's business. Each of the Board Committees is assessed for its effectiveness to address the matters delegated under the Terms of Reference and timely resolution of issues.

Each member of the NC abstains 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 and/or discussions 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 Executive 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. The Company Secretaries work with the Chairman of the Board and Board Committees in advance for them to suggest items for the agenda and/or review of the relevance of the items in the proposed agenda. The Company Secretaries advise the Board on all governance matters. They assist with professional development, as required. The Company Secretaries 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 will be borne by the Company.

B. REMUNERATION MATTERS

REMUNERATION COMMITTEE

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 RC 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 Directors, CEO or Substantial Shareholders;

b. Determine specific remuneration packages for each Director and Key Management Personnel; and

c. 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.

CORPORATE GOVERNANCE REPORT

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.

Although no remuneration consultants were engaged by the Company in FY2017, 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 and Key Management Personnel, the RC takes into account the prevailing economic situation and link rewards to the performance of the Group and individual.

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

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 and Key Management Personnel.

Service agreement for Executive Directors are subject to review annually.

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 Board concurred with the RC that the proposed directors' fee for the financial year ended 28 February 2017 is appropriate and not excessive, taking into consideration factors such as the level of contribution by the Directors, effort and time spent for serving on the Board and Board Committees, as well as responsibilities and obligations assumed by the Directors. The Independent and Non-Executive Directors do not receive any other remuneration from the Company.

The Company does not have any share-based compensation scheme or any long term incentive scheme in place. The Company currently does not have any contractual provisions to allow the Company to reclaim incentive from Executive Directors and key management personnel in exceptional cases of misstatement of financial results, or misconduct resulting in financial loss to the Company as the variable performance bonus of the Executive Directors and key management personnel are moderate during the year.

Principle 9: Disclosure on Remuneration

a) Directors and Key Management Personnel

The Company has not fully disclosed the remuneration of each individual director and the CEO on a named basis as recommended by the Code 2012 due to the confidentiality and commercial sensitivity inherent in remuneration matters. The Board is of the opinion that the full disclosure would not be in the interest of the Company. 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 FY2017 is set out below:–

Name of Directors	Breakdown of Remuneration in percentage (%)			
	Fee (%)	Fixed (%)	Bonuses (%)	Total (%)
Above S$500,000 to S$750,000				
Law Kung Ying	5	73	22	100
Above S$250,000 to S$500,000				
Law Kung Ming	7	68	25	100
Law Yu Chui	9	70	21	100
Within S$250,000				
Chen Yuk Fu	100	–	–	100
Ngu Kuang Hua	100	–	–	100
Lim Kian Wee Leonard	100	–	–	100

A breakdown of the remuneration of the key management personnel in percentage terms showing the level and mix for FY2017 is set out below:–

Name of Key Management Personnel	Breakdown of Remuneration in percentage (%)		
	Fixed (%)	Bonuses (%)	Total (%)
Above S$250,000 to S$500,000			
Loh Yut Chai	74	26	100
Below S$250,000			
Leong Kok Kee	87	13	100
Tsun Chin Eng Melvin	87	13	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 Management Personnel were disclosed in the table above. The Company does not disclose on a named basis the remuneration of at least the top five key management personnel (who are not directors or the CEO) as recommended in the Code 2012 but remuneration was disclosed in bands of S$250,000 in order to prevent poaching of key management personnel. Total remuneration paid to Key Management Personnel was S$594,000.

There are no terminations, retirement and post-employment benefits granted to Directors or the Key Management Personnel.

b) Immediate Family Members of Director, CEO or Substantial Shareholder

There were three employees who are immediate family members of Director, CEO or Substantial Shareholder of the Company and whose remuneration exceeds S$50,000 for the financial year ended 28 February 2017. The details of such employees and their remuneration in incremental bands of S$50,000 are as follows:–

Name	**Relationship with the Director, CEO or Substantial Shareholder**	**Breakdown of Remuneration in percentage (%)**		
		Fixed (%)	**Bonuses (%)**	**Total (%)**
Above S$200,000 to S$250,000				
Law Tak Heem	1. Son of Mr Law Kung Ying, Managing Director, CEO and Substantial Shareholder of the Company.	82	18	100
	2. Nephew of Mr Law Kung Ming, Executive Director and Substantial Shareholder 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.			

Name	Relationship with the Director, CEO or Substantial Shareholder	Breakdown of Remuneration in percentage (%)		
		Fixed (%)	Bonuses (%)	Total (%)
Above S$150,000 to S$200,000				
Tan Hai Yin	1. Son of Ms Law Yu Chui, Finance and Administrative Director and Substantial Shareholder of the Company.	89	11	100
	2. Nephew of Mr Law Kung Ying, Managing Director, CEO and Substantial Shareholder of the Company.			
	3. Nephew of Mr Law Kung Ming, Executive Director and Substantial Shareholder of the Company.			
	4. Grandson of Mdm Lee Hang Ngok, a Substantial Shareholder of the Company.			
Above S$50,000 to S$100,000				
Tan Hai Ting	1. Daughter of Ms Law Yu Chui, Finance and Administrative Director and Substantial Shareholder of the Company.	82	18	100
	2. Niece of Mr Law Kung Ying, Managing Director, CEO and Substantial Shareholder of the Company.			
	3. Niece of Mr Law Kung Ming, Executive Director and Substantial Shareholder of the Company.			
	4. Granddaughter of Mdm Lee Hang Ngok, a Substantial Shareholder of the Company.			

CORPORATE GOVERNANCE REPORT

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.

The Management recognises the importance of providing the Board with accurate and relevant information on a timely basis. The Management provides the Board with a continual flow of relevant information on a timely basis so that the Board may effectively discharge its duties. All members of the Board are provided with up-to-date financial reports and other information on the Group's performance for effective monitoring and decision making.

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 failure in internal controls and recommendations for improvements are reported to the AC.

In prior financial year, the Management worked with the internal auditors, Crowe Horwath First Trust Risk Advisory Pte. Ltd. to review the risk management systems and controls and identify key risks. The risks identified have been summarised in a Risk Register. The Risk Register is updated by the Management regularly as a monitoring mechanism. During the year, the AC and the Board discussed on the updates to the Risk Register. Management continues to work with the internal auditors to implement risk management policies, processes, assessment and mitigation of risks.

The external auditors, Messrs Ernst & Young LLP, have during the course of their audit, considered key internal controls relevant to the preparation of the financial statements, as laid out in their audit plan. No non-compliance and internal control weaknesses were noted during their audit and the auditors' recommendations are reported to the AC.

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 the concurrence of the AC, are of the opinion that the Group's risk management and internal control systems, addressing financial, operational, compliance and information technology risks, were adequate and effective as at 28 February 2017. The Board is satisfied with the adequacy and effectiveness of the internal control and risk management systems.

CORPORATE GOVERNANCE REPORT

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 CEO and Finance and Administrative Director that (i) the financial statements as at 28 February 2017 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 audit 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, compliance and 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 and internal auditors were held without the presence of management. As at the date of this report, the AC has met once with the external and internal auditors without management present.

The AC has reviewed and noted that there was non-audit service provided by the external auditors during the current financial year. The AC has examined the nature and extent of such non-audit service and the fee of $24,000 paid to the external auditors. 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 recommend to the Board the re-appointment of Messrs Ernst & Young LLP as external auditors of the Company for shareholders' approval 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 in the notes to the financial statements of the Annual Report.

The Company has engaged suitable auditing firm for its foreign-incorporated subsidiaries and associate company. The Board and AC are satisfied that the appointment of different auditors for its foreign-incorporated subsidiaries and associate company would not compromise the standard and effectiveness of the audit of the Company. 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 an impact to the financial statements in the report from the external auditors.

No former partner or Director of the Company's existing auditing firm is a member of the AC.

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. There was no reported incident pertaining to whistle blowing for the financial year ended 28 February 2017.

Principle 13: Internal Audit

The AC approves the hiring, removal, evaluation and compensation of the auditing firm.

The Company has engaged Crowe Horwath First Trust Risk Advisory Pte. Ltd. ('Crowe Horwath') to provide internal audit services to the Company. Crowe Horwath carried out its function according to the Singapore Standard of Auditing set by the Institute of Singapore Chartered Accountants.

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 Auditor has unfettered access to all the Company's documents and records, including access to the AC. The Internal Auditors' primary line of reporting is the AC Chairman.

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 clear 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.

Shareholders of the Company have the opportunity to participate effectively in the vote at general meetings of shareholders. Shareholders are informed of the rules, including voting procedures that govern general meetings of shareholders.

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. 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.

The Company does not have a fixed and written dividend policy. Declaration of dividend will be published in the financial results and dividend announcements via SGXNET. 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 0.1 cent per share for the financial year ended 28 February 2017.

CORPORATE GOVERNANCE REPORT

Principle 16: Conduct of Shareholder Meetings

The Company will be holding its forthcoming AGM on 29 June 2017. Shareholders are encouraged to participate at general meetings and have the opportunity to communicate their views affecting the Company. A shareholder who is a relevant intermediary can appoint more than two proxies to attend the AGM.

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. Each item of special business included in the notice will be accompanied by a full explanation of the effects of a proposed resolution.

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 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 by the Company and its officers and it is disseminated to all Directors and employees of the Group who have access to price-sensitive and confidential information. The Company and its officers should not deal in the Company's shares on short term considerations or during the periods commencing 2 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' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Cheung Woh Technologies Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 28 February 2017.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 28 February 2017 and the financial performance, changes in equity and cash flows of the Group for the year then ended on that date; and

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

Directors

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

Law Kung Ying
Law Kung Ming
Law Yu Chui
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, Chapter 50 (the "Act"), interests in the shares of the Company and its subsidiaries 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	–	–
Law Yu Chui	10,419,600	10,419,600	189,609,600	189,609,600
Ngu Kuang Hua	501,400	501,400	–	–
Chen Yuk Fu	–	100,000	–	–

Directors' interests in shares and debentures (Continued)

There was no change in any of the above-mentioned interests between the end of the financial year and 21 March 2017.

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

Except as disclosed in this statement, 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.

Options

There is presently no option scheme on unissued shares of the Company or any subsidiaries 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 Group and 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 Group and the Company before their submission to the Board of Directors.

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

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

- Reviewed the legal 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.

Audit committee (Continued)

- Reviewed the nature and extent of non-audit services provided by the external auditors.
- 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. The AC has also met with the external and internal auditors, without the presence of the Company's management at least once a year.

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

Auditor

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

On behalf of the Board of Directors,

Law Kung Ying
Director

Law Yu Chui
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHEUNG WOH TECHNOLOGIES LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Cheung Woh Technologies Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 28 February 2017, the statement of changes in equity of the Group and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 28 February 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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

Write-down of excess inventories

As of 28 February 2017, the carrying amounts of inventories and allowance for inventory obsolescence amounted to $11,954,000 and $347,000 respectively. The Group is principally involved in providing high-precision engineering products to the hard disk drive, communications, electrical and electronics, semiconductor and automotive industries. The Group operates in an industry where there are only few major customers and the products are subject to rapid technological changes.

Key audit matters (Continued)

Write-down of excess inventories (Continued)

The Group purchases raw materials and plans their production based on customers' order forecast. However, actual sales order from customers may deviate from their initial forecast due to unexpected change in end user demand. In the event that the Group is not able to recover the cost of excess inventories from its customers, these excess inventories may have to be written-down if these inventories cannot be used in future production or sold to others. In determining whether a write-down of excess inventories is required involved management to exercise high level of judgement in estimating the future demand for the products. As such, we identify this as key audit matter.

Our audit procedures amongst others, include the following:

- We obtained an understanding of how management plan their production volume based on customers' forecasts
- Where the actual sales orders were materially lower than the customers' initial forecast, we obtained explanations from the management the reasons for the variances and checked if the related inventories were subsequently sold
- We assessed if there were excess inventories that were not recoverable as at year end and evaluated if these inventories require write-down
- Further, we assessed the adequacy of the disclosures related to inventories in Notes 2.29 and 10 to the consolidated financial statements

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

Responsibilities of management and directors for the financial statements (Continued)

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's responsibilities for the audit of the financial statements (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Alvin Phua.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

22 May 2017

BALANCE SHEETS

AS AT 28 FEBRUARY 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**70,546**	62,609	**1,570**	1,703
Investment properties	4	**2,591**	2,657	**2,591**	2,657
Intangible assets	5	**117**	68	**109**	59
Investments in subsidiaries	6	**–**	–	**44,397**	44,397
Investments in associates	7	**18,133**	16,687	**15,662**	15,662
Investment in a quoted equity	8	**–**	1	**–**	–
Deferred tax assets	9	**199**	419	**148**	162
		91,586	82,441	**64,477**	64,640
Current assets					
Inventories	10	**11,954**	12,002	**–**	–
Trade receivables	11	**16,434**	21,131	**–**	–
Amount due from associate	12	**93**	5	**–**	–
Other receivables	13	**2,339**	2,505	**2,137**	7,597
Other current assets	14	**3,276**	5,357	**173**	166
Cash and bank balances	15	**10,745**	14,631	**920**	4,815
		44,841	55,631	**3,230**	12,578
Total assets		**136,427**	138,072	**67,707**	77,218
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	16	**5,632**	6,683	**65**	69
Other payables	17	**5,141**	6,668	**561**	2,728
Amount due to associate	12	**244**	414	**–**	–
Interest-bearing loans and borrowings	18	**10,231**	10,531	**1,784**	6,999
Income tax payable		**142**	8	**–**	–
		21,390	24,304	**2,410**	9,796
Net current assets		**23,451**	31,327	**820**	2,782
Non-current liabilities					
Interest-bearing loans and borrowings	18	**4,063**	632	**–**	–
Deferred tax liabilities	9	**2,273**	1,880	**–**	–
		6,336	2,512	**–**	–
Total liabilities		**27,726**	26,816	**2,410**	9,796
Net assets		**108,701**	111,256	**65,297**	67,422
Equity attributable to owners of the Company					
Share capital	19	**50,200**	50,200	**50,200**	50,200
Treasury shares	20	**(1,923)**	(1,923)	**(1,923)**	(1,923)
Revenue reserve	21	**63,887**	63,511	**17,020**	19,145
Statutory reserve	22	**1,219**	1,170	**–**	–
Foreign currency translation reserve	23	**(4,682)**	(1,702)	**–**	–
Total equity		**108,701**	111,256	**65,297**	67,422
Total equity and liabilities		**136,427**	138,072	**67,707**	77,218

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 2017

	Note	Group	
		2017	2016
		$'000	$'000
Turnover	24	**84,118**	93,189
Cost of sales		**(72,883)**	(73,121)
Gross profit		**11,235**	20,068
Other operating income	25	**3,728**	4,342
Distribution and selling expenses		**(3,155)**	(3,205)
General and administrative expenses		**(9,195)**	(11,698)
Finance costs	26	**(529)**	(230)
Share of results of associates		**2,430**	196
Profit before taxation	27	**4,514**	9,473
Income tax (expense)/credit	28	**(916)**	736
Profit for the year		**3,598**	10,209
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation loss		**(2,980)**	(1,214)
Other comprehensive income for the year		**(2,980)**	(1,214)
Total comprehensive income for the year		**618**	8,995
Profit attributable to:			
Equity owners of the Company		**3,598**	10,213
Non-controlling interest		**–**	(4)
		3,598	10,209
Total comprehensive income attributable to:			
Equity owners of the Company		**618**	8,999
Non-controlling interest		**–**	(4)
		618	8,995
Earnings per share (cents per share)			
Basic and diluted	29	**1.19**	3.38

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 2017

Group	Share capital (Note 19) $'000	Treasury shares (Note 20) $'000	Revenue reserve (Note 21) $'000	Statutory reserve (Note 22) $'000	Foreign currency translation reserve (Note 23) $'000	Total other reserves $'000	Total equity attributable to equity owners of the Company $'000	Non-controlling interest $'000	Total equity $'000
	Attributable to equity owners of the Company								
Balance as at 29 February 2016	50,200	(1,923)	63,511	1,170	(1,702)	(532)	111,256	–	111,256
Total comprehensive income									
Profit for the year	–	–	3,598	–	–	–	3,598	–	3,598
Other comprehensive income for the year	–	–	–	–	(2,980)	(2,980)	(2,980)	–	(2,980)
Total comprehensive income for the financial year	–	–	3,598	–	(2,980)	(2,980)	618	–	618
Contributions by and distributions to owners									
Dividends paid on ordinary shares (Note 30)	–	–	(3,173)	–	–	–	(3,173)	–	(3,173)
Total contributions by and distributions to owners	–	–	(3,173)	–	–	–	(3,173)	–	(3,173)
Others									
Transfer from revenue reserve to statutory reserve	–	–	(49)	49	–	49	–	–	–
Balance as at 28 February 2017	**50,200**	**(1,923)**	**63,887**	**1,219**	**(4,682)**	**(3,463)**	**108,701**	**–**	**108,701**
Balance as at 1 March 2015	50,200	(1,923)	57,878	1,123	(488)	635	106,790	4	106,794
Total comprehensive income									
Profit for the year	–	–	10,213	–	–	–	10,213	(4)	10,209
Other comprehensive income for the year	–	–	–	–	(1,214)	(1,214)	(1,214)	–	(1,214)
Total comprehensive income for the financial year	–	–	10,213	–	(1,214)	(1,214)	8,999	(4)	8,995
Contributions by and distributions to owners									
Dividends paid on ordinary shares (Note 30)	–	–	(4,533)	–	–	–	(4,533)	–	(4,533)
Total contributions by and distributions to owners	–	–	(4,533)	–	–	–	(4,533)	–	(4,533)
Others									
Transfer from revenue reserve to statutory reserve	–	–	(47)	47	–	47	–	–	–
Balance as at 28 February 2016	50,200	(1,923)	63,511	1,170	(1,702)	(532)	111,256	–	111,256

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 2017

	Group	
	2017	2016
	$'000	$'000
Cash flow from operating activities		
Profit before taxation	**4,514**	9,473
Adjustments for:		
Amortisation and depreciation	**9,091**	8,338
Unrealised exchange (gain)/loss, net	**(277)**	12
Interest expense	**529**	230
Inventories written-off	**1,215**	–
(Write-back of)/allowance for inventories obsolescence, net	**(100)**	145
Loss on struck off of a subsidiary	**–**	12
Share of results of associates	**(2,430)**	(196)
Interest income	**(43)**	(31)
Write-down of inventories	**76**	–
Write-off of property, plant and equipment	**10**	–
Loss on disposal of property, plant and equipment	**59**	430
Operating cash flows before changes in working capital	**12,644**	18,413
(Increase)/decrease in:		
Inventories	**(1,658)**	522
Trade receivables	**3,536**	(970)
Amount due from associate	**(90)**	(3)
Other receivables and prepayments	**(325)**	(240)
(Decrease)/increase in:		
Trade payables	**57**	(99)
Other payables	**(34)**	1,090
Amount due to associate	**(154)**	154
Cash flow generated from operations	**13,976**	18,867
Interest received	**43**	31
Interest paid	**(529)**	(230)
Income tax paid	**(127)**	(482)
Net cash flow generated from operating activities	**13,363**	18,186
Cash flow from investing activities		
Purchase of property, plant and equipment	**(16,672)**	(15,689)
Advance payments to suppliers of property, plant and equipment	**(2,151)**	(4,446)
Proceeds from disposal of property, plant and equipment	**652**	138
Additions to intangible assets	**(55)**	–
Proceeds from disposal of investment in a quoted equity	**1**	–
Dividend income received from associate	**935**	–
Net cash flow used in investing activities	**(17,290)**	(19,997)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017

	Group	
	2017	2016
	$'000	$'000
Cash flow from financing activities		
Repayment of interest-bearing loans and borrowings	**(16,398)**	(4,699)
Decrease in cash and cash equivalents subject to restrictions	**(5)**	(4)
Dividends paid on ordinary shares	**(3,173)**	(4,533)
Proceeds from interest-bearing loans and borrowings	**19,964**	9,361
Net cash flow generated from financing activities	**388**	125
Net decrease in cash and cash equivalents	**(3,539)**	(1,686)
Cash and cash equivalents at beginning of financial year	**14,499**	16,400
Effect of exchange rate changes on cash and cash equivalents	**(345)**	(215)
Cash and cash equivalents at end of financial year (Note 15)	**10,615**	14,499

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017

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 immediate and ultimate holding company is Nexsuss Holdings Pte Ltd, a company incorporated and domiciled in the Republic of Singapore.

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 subsidiaries 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.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange Securities Trading Limited will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 March 2018.

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 2016 or 1 March 2016. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

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
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*To be determined**
Amendments to FRS 7: Disclosure Initiative	*1 January 2017*
Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	*1 January 2017*
FRS 28 Investments in Associates and Joint Ventures: Measuring an associate or joint venture at fair value	*1 January 2017*
Improvements to FRSs (December 2016)	
– Amendments to FRS 112: Disclosure of Interest in Other Entities	*1 January 2017*
– Amendments to FRS 28: Investments in Associates and Joint Ventures	*1 January 2018*
FRS 115 Revenue from Contracts with Customers	*1 January 2018*
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	*1 January 2018*
FRS 109 Financial Instruments	*1 January 2018*
Amendments to FRS 40: Transfers of Investment Property	*1 January 2018*
INT FRS 122: Foreign Currency Transactions and Advance Consideration	*1 January 2018*
FRS 116 Leases	*1 January 2019*

* The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the ASC in December 2015 via amendments to Effective Date of Amendments to FRS 110 and FRS 28.

Except for FRS 109, FRS 115 and FRS 116, the Directors expect that the adoption of the other standards 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 FRS 109, FRS 115 and FRS 116 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

During the year, the Group performed a preliminary assessment of FRS 115 which is subject to changes arising from a more detailed ongoing analysis. The Group expects no significant impact to its revenue, and plans to adopt the new standard on the required effective date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group expects some impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

Transition

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the 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.

(a) ***Transactions and balances***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries 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 subsidiaries, 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.

(b) ***Consolidated financial statements***

For consolidation purpose, the assets and liabilities of foreign subsidiaries 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***

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Basis of consolidation and business combinations (Continued)

(b) ***Business combinations***

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.

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.

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 Company.

2.7 Subsidiaries

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

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 over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control of those policies.

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. 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 associate are eliminated to the extent of the interest in the associates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Associates (Continued)

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.

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 associate. 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 the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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 over their estimated useful lives as follows:

Leasehold land and buildings	–	20 to 60 years (lease period)
Tools and equipment	–	5 years
Renovation	–	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 de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit or loss in the financial year the asset is de-recognised.

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 over its estimated useful lives of 60 years (lease period).

Investment properties are de-recognised 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (Continued)

Intangible assets include club memberships 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.

(b) ***Patent***

Patent relates to the technical know-how of manufacturing base plates.

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

2.12 Financial assets

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

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 de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 de-recognised 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (Continued)

(a) ***Loans and receivables***

Non-derivative 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 de-recognised 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

– Cash and bank balances

(b) ***Available-for-sale financial assets***

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised 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 de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of financial 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) ***Financial assets carried at amortised cost***

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

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 financial assets (Continued)

(a) ***Impairment of financial assets*** (Continued)

(ii) ***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.

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 or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses of continuing operations 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of financial assets (Continued)

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

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.
- Finished goods and work-in-progress: costs of direct materials and 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.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value 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 amounts 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 are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

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

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

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. 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 de-recognition 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 debtor fails to make payment when due in accordance with the terms of a debt instrument.

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 capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Leases

(a) ***As lessee***

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

(b) ***As lessor***

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(c). Contingent rents are recognised as revenue in the period which they are earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

(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. The national pension schemes for Singapore, Malaysia and China are Central Provident Fund, Employees Provident Fund and Social Security Fund respectively. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Employee benefits (Continued)

(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.

2.23 Income taxes

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the 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, in the countries where the Group operates and generates taxable income.

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

(b) ***Deferred tax***

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

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

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

– In respect of taxable temporary differences associated with investments in subsidiaries and associates, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Income taxes (Continued)

(b) ***Deferred tax*** (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and unutilised tax losses, to the extent that it is not probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unutilised tax losses can be utilised except:

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

– In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Income taxes (Continued)

(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.

2.26 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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***

Management is of the opinion that there is no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

(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.

Write-down of excess inventories

The allowance for inventories obsolescence relates mainly to raw materials and finished goods. The related work-in-progress are manufactured only upon receipt of customer order. A review is made periodically on allowance for inventories obsolescence. As the inventories are subject to rapid technological changes, the determination of the carrying amounts of inventories involved a high level of management judgement. Possible changes in the judgement could result in revisions to the carrying amount of inventories. As at 28 February 2017, the carrying amount of the inventories of the Group is $11,954,000 (2016: $12,002,000).

3. PROPERTY, PLANT AND EQUIPMENT

Group	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 2015	16,203	8,758	3,008	94,211	1,482	1,795	981	126,438
Additions	7,899	2,111	971	7,867	527	438	80	19,893
Disposals	–	(39)	–	(1,525)	(16)	(181)	(7)	(1,768)
Translation differences	(1,071)	(371)	(233)	(5,174)	(102)	(115)	(75)	(7,141)
Balance as at 28 February 2016 and 29 February 2016	23,031	10,459	3,746	95,379	1,891	1,937	979	137,422
Additions	5,464	3,391	1,476	9,874	517	203	75	21,000
Disposals/write-offs	(106)	(238)	–	(3,587)	(145)	(169)	(133)	(4,378)
Translation differences	(1,133)	(568)	(241)	(4,058)	(106)	(77)	(39)	(6,222)
Balance as at 28 February 2017	**27,256**	**13,044**	**4,981**	**97,608**	**2,157**	**1,894**	**882**	**147,822**
Accumulated depreciation and impairment loss								
Balance as at 1 March 2015	4,193	4,551	1,896	57,406	1,033	1,373	855	71,307
Depreciation charge for the year	533	1,372	400	5,521	254	122	65	8,267
Disposals	–	(35)	–	(1,037)	(14)	(107)	(7)	(1,200)
Translation differences	(186)	(233)	(181)	(2,741)	(77)	(77)	(66)	(3,561)
Balance as at 28 February 2016 and 29 February 2016	4,540	5,655	2,115	59,149	1,196	1,311	847	74,813
Depreciation charge for the year	573	1,647	590	5,792	195	157	65	9,019
Disposals/write-offs	(31)	(233)	–	(2,967)	(144)	(149)	(133)	(3,657)
Translation differences	(207)	(292)	(116)	(2,150)	(58)	(44)	(32)	(2,899)
Balance as at 28 February 2017	**4,875**	**6,777**	**2,589**	**59,824**	**1,189**	**1,275**	**747**	**77,276**
Net carrying amount								
Balance as at 28 February 2016	18,491	4,804	1,631	36,230	695	626	132	62,609
Balance as at 28 February 2017	**22,381**	**6,267**	**2,392**	**37,784**	**968**	**619**	**135**	**70,546**

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 2015	2,394	37	131	435	86	373	185	3,641
Additions	–	29	–	–	2	–	1	32
Balance as at 28 February 2016 and 29 February 2016	2,394	66	131	435	88	373	186	3,673
Additions	–	–	–	–	2	–	2	4
Disposals/write-offs	–	(59)	–	(401)	(66)	–	(57)	(583)
Balance as at 28 February 2017	**2,394**	**7**	**131**	**34**	**24**	**373**	**131**	**3,094**
Accumulated depreciation								
Balance as at 1 March 2015	750	14	131	373	79	373	180	1,900
Depreciation charge for the year	40	10	–	14	4	–	2	70
Balance as at 28 February 2016 and 29 February 2016	790	24	131	387	83	373	182	1,970
Depreciation charge for the year	40	6	–	6	4	–	3	59
Disposals/write-offs	–	(23)	–	(359)	(66)	–	(57)	(505)
Balance as at 28 February 2017	**830**	**7**	**131**	**34**	**21**	**373**	**128**	**1,524**
Net carrying amount								
Balance as at 28 February 2016	1,604	42	–	48	5	–	4	1,703
Balance as at 28 February 2017	**1,564**	**–**	**–**	**–**	**3**	**–**	**3**	**1,570**

Assets pledged as security

As at 28 February 2017, leasehold land and buildings of the Group with net book value of $7,582,000 (2016: $5,022,000) were mortgaged as security for the banking facilities (Note 18).

Assets held in trust

Motor vehicles with carrying amount of $21,000 (2016: $36,000) are held in trust by directors of the Company.

4. INVESTMENT PROPERTIES

	Group and Company	
	2017	2016
	$'000	$'000
Cost		
Balance at beginning and end of financial year	**3,929**	3,929
Accumulated depreciation		
Balance at beginning of financial year	**1,272**	1,207
Depreciation for the year	**66**	65
Balance at end of financial year	**1,338**	1,272
Net carrying amount		
Balance at end of financial year	**2,591**	2,657
Fair value of the investment properties as at 28 February	**8,300**	7,811
Income statement:		
Rental income from investment properties:		
Minimum lease payments	**344**	604
Direct operating expenses (including repairs and maintenance) arising from:		
Rental generating properties	**12**	20

Leasehold buildings with carrying amount of $2,591,000 (2016: $2,657,000) of the Group are held for leasing to third parties.

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

Valuation of investment properties

The fair value of the investment properties were based on valuation performed as at 17 January 2017 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.

4. INVESTMENT PROPERTIES (CONTINUED)

The investment properties held by the Group as at 28 February 2017 are 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)
23 Tuas South Street 1 Singapore 638033	2,358	Warehouse	Leasehold (30 years from 16 January 1997, with option to renew for another 30 years)

5. INTANGIBLE ASSETS

Group	Club memberships $'000	Patent $'000	Total $'000
Cost			
Balance as at 1 March 2015, 28 February 2016	196	98	294
Additions	–	55	55
Balance as at 28 February 2017	196	153	349
Accumulated amortisation			
Balance as at 1 March 2015	186	34	220
Amortisation for the year	1	5	6
Balance as at 28 February 2016 and 29 February 2016	187	39	226
Amortisation for the year	1	5	6
Balance as at 28 February 2017	188	44	232
Net carrying amount			
Balance as at 28 February 2016	9	59	68
Balance as at 28 February 2017	**8**	**109**	**117**

5. INTANGIBLE ASSETS (CONTINUED)

Company	Club membership $'000	Patent $'000	Total $'000
Cost			
Balance as at 1 March 2015, 28 February 2016	185	98	283
Additions	–	55	55
Balance as at 28 February 2017	185	153	338
Accumulated amortisation			
Balance as at 1 March 2015	185	34	219
Amortisation for the year	–	5	5
Balance as at 28 February 2016 and 29 February 2016	185	39	224
Amortisation for the year	–	5	5
Balance as at 28 February 2017	185	44	229
Net carrying amount			
Balance as at 28 February 2016	–	59	59
Balance as at 28 February 2017	**–**	**109**	**109**

As at 28 February 2017, the patent had a remaining amortisation period of 10 to 15 (2016: 11 to 13) years.

6. INVESTMENTS IN SUBSIDIARIES

	Company 2017 $'000	Company 2016 $'000
Unquoted equity shares, at cost	**44,397**	44,397

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries as at 28 February:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Company 2017 %	2016 %	Cost of investment 2017 $'000	2016 $'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 hard disk drive components and manufacture of tool and die	People's Republic of China	**100**	100	**21,457**	21,457
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
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 (Penang) Sdn. Bhd.* (formerly known as Cheung Woh Properties Sdn Bhd)	Manufacturer and provider of stamping process for metal works and manufacture of tool and die	Malaysia	**100**	100	**1,484**	1,484
					44,397	44,397

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2017 %	Percentage of equity held by the Group 2016 %
Held by 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 Ernst & Young LLP, Singapore and member firms of Ernst & Young Global in the respective countries.

\+ Audited by HMV & Associates, Macau.

++ Audited by Union Power Certified Public Accountants, Zhuhai Branch.

Striking off of a subsidiary

On 18 December 2015, a subsidiary of the Company, Tysan Corporation Pte Ltd had been struck off the Register of Companies, under Section 344 of the Companies Act, Chapter 50 Singapore.

Analysis of impairment losses of an investment in a subsidiary is as follows:

	2017 $'000	2016 $'000
Balance at beginning of financial year	–	94
Written off	–	(94)
Balance at end of financial year	–	–

7. INVESTMENTS IN ASSOCIATES

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Unquoted shares, at cost	**15,662**	15,662	**15,662**	15,662
Share of post-acquisition reserves	**2,471**	1,025	–	–
	18,133	16,687	**15,662**	15,662

7. INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of associates as at 28 February:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Company 2017 %	2016 %
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

+ 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.

Set out in below is the summarised:

Summarised balance sheet

	Jiangsu Tysan Precision Engineering Co., Ltd 2017 $'000	2016 $'000
Non-current assets	**69,127**	73,418
Current assets	**75,595**	69,784
Total assets	**144,722**	143,202
Non-current liabilities	**8,424**	9,908
Current liabilities	**77,736**	80,453
Total liabilities	**86,160**	90,361
Net assets	**58,562**	52,841
Proportion of the Group's ownership	**31.34%**	31.34%
Group's share of net assets	**18,353**	16,560
Exchange differences	**(302)**	(216)
Other adjustments	**82**	343
Carrying amount of the investment	**18,133**	16,687

7. INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised statement of comprehensive income

The summarised financial information of the associate as at 28 February presented below is not adjusted for the proportion of ownership interest held by the Group.

	Jiangsu Tysan Precision Engineering Co., Ltd	
	2017	**2016**
	$'000	**$'000**
Revenue	**88,452**	84,871
Profit for the year	**8,252**	1,602
Total comprehensive income for the year	**8,252**	1,602

8. INVESTMENT IN A QUOTED EQUITY

	Group	
	2017	**2016**
	$'000	**$'000**
Available-for-sale financial asset:		
Quoted equity shares, at cost	**–**	1
Market value of quoted equity shares	**–**	1

As at 28 February 2016, quoted equity shares with carrying amount $1,000 were held in trust by a director of the Company.

9. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets:				
Balance at beginning of financial year	**419**	266	**162**	–
(Charge)/credit to statement of comprehensive income (Note 28)	**(217)**	186	**(14)**	162
Translation differences	**(3)**	(33)	**–**	–
Balance at end of financial year	**199**	419	**148**	162
Deferred tax liabilities:				
Balance at beginning of financial year	**(1,880)**	(2,661)	**–**	–
(Charge)/credit to statement of comprehensive income (Note 28)	**(400)**	722	**–**	–
Translation differences	**7**	59	**–**	–
Balance at end of financial year	**(2,273)**	(1,880)	**–**	–

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

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

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deferred tax liabilities:				
Differences in depreciation for tax purposes	**(454)**	(364)	**–**	–
Gross deferred tax liabilities	**(454)**	(364)	**–**	–
Deferred tax assets:				
Unutilised tax losses	**149**	162	**148**	162
Unrealised foreign exchange loss	**170**	246	**–**	–
Unutilised reinvestment allowance	**178**	183	**–**	–
Provisions	**156**	192	**–**	–
Gross deferred tax assets	**653**	783	**148**	162
Net deferred tax assets	**199**	419	**148**	162

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

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deferred tax liabilities:				
Differences in depreciation for tax purposes	**(3,877)**	(3,816)	**–**	–
Undistributed earnings of associates	**(52)**	(100)	**–**	–
Gross deferred tax liabilities	**(3,929)**	(3,916)	**–**	–
Deferred tax assets:				
Unutilised capital allowance	**1,448**	1,463	**–**	–
Unrealised foreign exchange loss	**208**	573	**–**	–
Gross deferred tax assets	**1,656**	2,036	**–**	–
Net deferred tax liabilities	**(2,273)**	(1,880)	**–**	–

10. INVENTORIES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Balance sheet:				
Raw materials (at cost)	**2,518**	2,642	**–**	–
Work-in-progress (at cost)	**5,618**	4,560	**–**	–
Finished goods (at cost or net realisable value)	**3,818**	4,800	**–**	–
	11,954	12,002	**–**	–
Statement of comprehensive income:				
Inventories recognised as an expense in cost of sales	**72,883**	73,121	**–**	597
Inclusive of the following charge/(credit):				
Inventories written-off	**1,215**	–	**–**	–
Inventories written-down	**76**	–	–	–
(Write-back of)/allowance for inventories obsolescence, net	**(100)**	145	**–**	–

The write-back of inventories obsolescence was made when the related inventories were subsequently sold during the year.

11. TRADE RECEIVABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
External parties	**16,434**	21,131	**–**	–

Trade receivables denominated in foreign currencies other than functional currencies for respective entities as at 28 February are as follows:

Euro	**772**	1,206	**–**	–
United States dollar	**48**	51	**–**	–

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

11. TRADE RECEIVABLES (CONTINUED)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $2,600,000 (2016: $1,614,000) 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	
	2017	2016
	$'000	$'000
Less than 30 days	**2,511**	1,539
30 to 60 days	**64**	35
61 to 90 days	**25**	2
More than 90 days	**–**	38
	2,600	1,614

Trade receivables that are impaired

The Group does not have any trade receivables that are collectively determined to be impaired at the balance sheet date.

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.

12. AMOUNTS DUE FROM/(TO) ASSOCIATE

Group

The amounts due from/(to) associate 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 denominated in foreign currencies other than functional currencies for respective entities as at 28 February are as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
United States dollar	**(244)**	(414)	**–**	–

13. OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Value-added tax receivables, net	**760**	824	**–**	–
Other receivables	**902**	946	**13**	12
Deposits	**464**	570	**47**	47
Tax recoverable	**102**	87	**–**	–
Advances to employees	**111**	78	**–**	–
Subsidiaries[(1)]	**–**	–	**2,077**	7,538
	2,339	2,505	**2,137**	7,597

(1) Non-trade receivables from subsidiaries are unsecured, non-interest bearing and repayable on demand. These amounts are to be settled in cash.

Other receivables denominated in foreign currencies other than functional currencies for respective entities as at 28 February are as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Macau pataca	**3**	2	**–**	–
Euro	**–**	–	**1,784**	2,773
United States dollar	**–**	–	**51**	2,728

14. OTHER CURRENT ASSETS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Advanced payment to supplier of property, plant and equipment	**2,151**	4,490	**–**	–
Prepayments	**1,125**	867	**173**	166
	3,276	5,357	**173**	166

15. CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash and bank balances	**10,615**	14,499	**920**	4,815
Fixed deposits	**130**	132	**–**	–
	10,745	14,631	**920**	4,815
Pledged deposits	**(130)**	(132)	**–**	–
Cash and cash equivalents at end of year	**10,615**	14,499	**920**	4,815

Fixed deposits of $130,000 (2016: $132,000) are pledged for banker's facilities granted to a subsidiary.

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 (2016: 1 and 12) months depending on the immediate cash requirements of the Group, and earned interests at 3.45% (2016: ranging from 3.45%) per annum.

Cash and cash equivalents denominated in foreign currencies other than functional currencies for respective entities as at 28 February are as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
United States dollar	**1,339**	4,934	**693**	4,551
Euro	**798**	923	**–**	–
Macau pataca	**19**	50	**–**	–

The carrying amounts of loans and receivables comprise:

Trade receivables (Note 11)	**16,434**	21,131	**–**	–
Amount due from associate (Note 12)	**93**	5	**–**	–
Other receivables (Note 13)	**2,339**	2,505	**2,137**	7,597
Less:				
Value-added tax receivables, net	**(760)**	(824)	**–**	–
Tax recoverable	**(102)**	(87)	**–**	–
Advances to employees	**(111)**	(78)	**–**	–
	1,366	1,516	**2,137**	7,597
Cash and bank balances (Note 15)	**10,745**	14,631	**920**	4,815
	28,638	37,283	**3,057**	12,412

16. TRADE PAYABLES

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

Trade payables denominated in foreign currencies other than functional currencies for respective entities as at 28 February are as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
United States dollar	**1,132**	1,574	**–**	3
Euro	**57**	1	**–**	–
Renminbi	**5**	–	**–**	–

17. OTHER PAYABLES

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Advance payments from customers	**564**	2,072	**–**	–
Accrued personnel expenses	**1,953**	2,377	**207**	184
Accrued operating expenses	**1,064**	1,014	**317**	315
Other payables	**1,118**	834	**20**	17
Deposits received	**442**	371	**17**	99
Subsidiaries(1)	**–**	–	**–**	2,113
	5,141	6,668	**561**	2,728

(1) Non-trade payables to subsidiaries are unsecured, non-interest bearing and repayable on demand. These amounts are to be settled in cash.

Other payables denominated in foreign currencies other than functional currencies for respective entities as at 28 February are as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Euro	**62**	357	**–**	–
United States dollar	**405**	142	**6**	2,113
Macau pataca	**15**	92	**–**	–

17. OTHER PAYABLES (CONTINUED)

The carrying amounts of financial liabilities at amortised costs comprise:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade payables (Note 16)	**5,632**	6,683	**65**	69
Other payables (Note 17)	**5,141**	6,668	**561**	2,728
Amount due to associate (Note 12)	**244**	414	**–**	–
Interest-bearing loans and borrowings (Note 18)	**14,294**	11,163	**1,784**	6,999
	25,311	24,928	**2,410**	9,796
Less:				
Advance payments from customers	**(564)**	(2,072)	**–**	–
Total financial liabilities at amortised cost	**24,747**	22,856	**2,410**	9,796

18. INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Non-current:				
Bank loans (secured)	**4,063**	632	**–**	–
Current:				
Bank loans (secured)	**8,447**	3,532	**–**	–
Bank loans (unsecured)	**1,784**	6,999	**1,784**	6,999
	10,231	10,531	**1,784**	6,999
Total interest-bearing loans and borrowings	**14,294**	11,163	**1,784**	6,999

Interest-bearing loans and borrowings denominated in foreign currencies other than functional currencies for respective entities as at 28 February are as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Euro	**1,784**	2,773	**1,784**	2,773
United States dollar	**–**	4,226	**–**	4,226

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2017

18. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

The Group has undrawn loans and guarantee facilities of $14,405,000 (2016: $12,257,000) 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) legal mortgages over leasehold land and buildings of subsidiaries; and

(b) corporate guarantee from the Company.

The bank loans of the Group and the Company are repayable over 1 to 15 (2016: 1 to 5) years. The loans of the Group and of the Company bear effective interest rates ranging from 2.05% to 4.60% (2016: 2.08% to 4.60%) per annum.

19. SHARE CAPITAL

	Group and Company			
	2017		2016	
	No. of shares ‘000	$’000	No. of shares ‘000	$’000
Issued and fully paid:				
Balance at beginning and end of financial year	**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.

20. TREASURY SHARES

	Group and Company			
	2017		2016	
	No. of shares ‘000	$’000	No. of shares ‘000	$’000
Balance at beginning and end of financial year	**10,873**	**1,923**	10,873	1,923

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

21. REVENUE RESERVE

	Group	
	2017	**2016**
	$'000	**$'000**
Retained by:		
The Company	**17,020**	19,145
Subsidiaries	**46,867**	44,366
	63,887	63,511

	Company	
	2017	**2016**
	$'000	**$'000**
Movements in the Company's revenue reserve are as follows:		
Balance at beginning of financial year	**19,145**	21,494
Profit for the year	**1,048**	2,184
Dividends (Note 30)	**(3,173)**	(4,533)
Balance at end of financial year	**17,020**	19,145

22. STATUTORY RESERVE

Group

In accordance with the accounting principles and relevant financial regulations of the People's Republic of China ("PRC") applicable to wholly-owned foreign enterprises, the PRC subsidiaries 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 subsidiaries' registered capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset the prior years' losses of the PRC subsidiaries or to increase registered capital upon approval by the relevant authorities. The reserve is not available for distribution.

23. FOREIGN CURRENCY TRANSLATION RESERVE

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

	Group	
	2017	**2016**
	$'000	**$'000**
Balance at beginning of financial year	**(1,702)**	(488)
Net effect of exchange differences arising from:		
– translation of financial statements of foreign subsidiaries	**(2,980)**	(1,214)
Balance at end of financial year	**(4,682)**	(1,702)

24. 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.

25. OTHER OPERATING INCOME

	Group	
	2017	**2016**
	$'000	**$'000**
Sale of scrap metal	**2,964**	3,438
Interest income	**43**	31
Rental income	**344**	604
Income from insurance claim	**–**	14
Sundry income	**267**	255
Write-back of bad debts	**110**	–
	3,728	4,342

26. FINANCE COSTS

	Group	
	2017	**2016**
	$'000	**$'000**
Interest expense on bank loans	**529**	230

27. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	Group	
	2017	**2016**
	$'000	**$'000**
Employee benefits expense*		
– wages, salaries and bonuses	**25,065**	23,976
– defined contributions	**2,098**	1,840
– other related expenses	**2,388**	2,312
Amortisation and depreciation	**9,091**	8,338
Foreign exchange loss	**920**	2,779
Rental of:		
– Premises	**210**	305
– Land	**130**	137
– Equipment	**11**	13
Directors' fees		
– directors of the Company	**242**	242
– directors of subsidiaries	**3**	3
Audit fees paid to:		
– Auditors of the Company	**108**	101
– Other auditors	**172**	185
Inventories written-off	**1,215**	–
Inventories written-down	**76**	–
(Write-back of)/allowance for inventories obsolescence	**(100)**	145
Loss on disposal of property, plant and equipment	**59**	430
Write-off of property, plant and equipment	**10**	–

** Included the following:*		
Directors' remuneration		
– directors of the Company	**1,767**	1,721
– directors of subsidiaries	**3**	3

28. INCOME TAX EXPENSE/(CREDIT)

Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 28 February 2017 and 2016 are:

Consolidated statement of comprehensive income

	Group	
	2017	**2016**
	$'000	**$'000**
Current year:		
Income tax	**293**	170
Deferred tax	**429**	(779)
	722	(609)
Under/(over) provision in respect of prior years:		
Income tax	**6**	2
Deferred tax	**188**	(129)
	194	(127)
	916	(736)

A reconciliation between the income tax expense/(credit) and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 28 February 2017 and 2016 are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Profit before taxation	**4,514**	9,473
Income tax using the Singapore tax rate of 17% (2016: 17%)	**767**	1,610
Adjustments for:		
Non-deductible expenses	**197**	146
Income not subject to tax	**(66)**	(48)
Effect of differences in tax rates of subsidiaries	**14**	(1,788)
Share of results of associates	**(364)**	(33)
Deferred tax assets recognised on reinvestment allowance	**8**	–
Deferred tax assets not recognised	**240**	–
Utilisation of deferred tax assets not previously recognised	**–**	(220)
Utilisation of reinvestment allowances	**(60)**	(192)
Utilisation of deferred tax assets previously recognised	**(14)**	–
Under/(over) provision in respect of prior years	**194**	(127)
Others	**–**	(84)
Income tax expense/(credit) recognised in profit or loss	**916**	(736)

28. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

The Group has unutilised tax losses of approximately $869,000 (2016: $85,000) 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.

At the end of the reporting period, no deferred tax liability (2016: Nil) has been recognised for taxes that would be payable on the undistributed earnings of the Group's subsidiaries. The Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to $5,891,000 (2016: $6,412,000). The deferred tax liability is estimated to be $1,473,000 (2016: $1,603,000).

The statutory tax rate applicable to the companies incorporated in People's Republic of China and Malaysia were 25% and 24% respectively for the year of assessment 2017.

Tax consequences of proposed dividends

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.

29. EARNINGS PER SHARE (BASIC AND DILUTED)

Basic and diluted earnings per share are based on net profit attributable to ordinary shareholders of $3,598,000 (2016: $10,213,000) divided by the weighted average number of 302,212,000 (2016: 302,212,000) 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 2016 and 2017.

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.

30. DIVIDENDS

	Group and Company 2017 $'000	Group and Company 2016 $'000
Declared and paid during the financial year:		
– A final tax exempt dividend of 1.0 cent per share paid in respect of FY2015	–	3,022
– An interim tax exempt dividend of 0.5 cent per share paid in respect of FY2016	–	1,511
– A final tax exempt dividend of 0.75 cent per share paid in respect of FY2016	**2,267**	–
– An interim tax exempt dividend of 0.3 cent per share paid in respect of FY2017	**906**	–
	3,173	4,533

Proposed but not recognised as a liability as at 28 February:

	Group and Company 2017 $'000	Group and Company 2016 $'000
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
A final tax exempt dividend of 0.1 cent (2016: 0.75 cent) per share	**302**	2,267

31. 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 of goods and services***

	2017 $'000	2016 $'000
Sale of goods to subsidiaries	**(728)**	(620)
Management fee from subsidiaries	**(1,501)**	(1,764)

31. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Group

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

	2017 $'000	2016 $'000
Directors' fees		
– directors of the Company	**242**	242
– directors of subsidiaries	**3**	3
Short-term employee benefits	**2,075**	1,943
Defined contributions	**44**	36
	2,364	2,224
Comprise amounts paid to:		
Directors of the Company	**1,767**	1,721
Directors of subsidiaries	**3**	3
Other key management personnel	**594**	500
	2,364	2,224

32. 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	
	2017 $'000	2016 $'000
Capital commitment in respect of property, plant and equipment	**3,757**	10,181

(b) Operating lease commitments – As lessee

The Group and the Company have entered into commercial leases for leasehold land and buildings and the use of computer equipment. These leases have an average tenure ranging from 1 to 40 (2016: 1 to 41) years. Operating lease expenses for the Group was $351,000 (2016: $455,000) for the financial year ended 28 February 2017.

Other than the operating lease agreement for leasehold land and buildings 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.

32. CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

(b) Operating lease commitments – As lessee (Continued)

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

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Not later than one year	**98**	486	**98**	108
Later than one year but not later than five years	**372**	483	**372**	426
Later than five years	**3,014**	3,481	**3,014**	3,481
	3,484	4,450	**3,484**	4,015

(c) Operating lease commitments – As lessor

The Company has entered into commercial property leases on its investment properties.

(d) Contingent liability

The Company has corporate guarantees of $12,510,000 (2016: $4,164,000) granted to subsidiaries.

33. SEGMENT INFORMATION

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

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

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

Management monitors the operating results of its business segments 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.

33. SEGMENT INFORMATION (CONTINUED)

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

	HDD Components		Precision Metal Stamping Components		Adjustments and Eliminations		Notes	Consolidated Financial Statements	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000		2017 $'000	2016 $'000
Turnover:									
External sales	**67,797**	79,060	**16,321**	14,129	**–**	–		**84,118**	93,189
Results:									
Interest income	**42**	24	**1**	7	**–**	–		**43**	31
Interest expense	**(414)**	(230)	**(115)**	–	**–**	–		**(529)**	(230)
Amortisation and depreciation	**(8,672)**	(7,946)	**(419)**	(392)	**–**	–		**(9,091)**	(8,338)
Write-down of inventories	**(76)**	–	**–**	–	**–**	–		**(76)**	–
Inventories written-off	**(1,215)**	–	**–**	–	**–**	–		**(1,215)**	–
Allowance for/(write-back of) inventories obsolescence, net	**136**	(84)	**(36)**	(61)	**–**	–		**100**	(145)
Other non-cash (expenses)/income	**(81)**	337	**–**	(5)	**12**	(762)		**(69)**	(430)
Segment (loss)/profit before taxation	**(664)**	7,005	**2,748**	2,272	**2,430**	196	a	**4,514**	9,473
Assets									
Additions to non-current assets	**20,927**	22,559	**439**	3,703	**(366)**	(6,369)	b	**21,000**	19,893
Segment assets	**157,864**	172,707	**18,868**	16,641	**(40,305)**	(51,276)	c	**136,427**	138,072
Segment liabilities	**53,339**	62,851	**13,534**	12,670	**(39,147)**	(48,705)	d	**27,726**	26,816

Notes:

(a) The following items are added to segment profit to arrive at profit before taxation presented in the consolidated statement of comprehensive income:

	2017 $'000	2016 $'000
Share of results of associates	**2,430**	196

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

33. SEGMENT INFORMATION (CONTINUED)

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

	2017 $'000	2016 $'000
Investments in associates	**18,133**	16,687
Deferred tax assets	**199**	419
Inter-segment assets	**(58,637)**	(68,382)
	(40,305)	(51,276)

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

	2017 $'000	2016 $'000
Deferred tax liabilities	**2,273**	1,880
Inter-segment liabilities	**(41,420)**	(50,585)
	(39,147)	(48,705)

Geographical segments

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

	Turnover		Non-current assets	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Thailand	**50,988**	52,900	**–**	–
Malaysia	**15,149**	28,320	**21,244**	23,590
Philippines	**399**	4,450	**–**	–
Portugal	**2,268**	3,209	**–**	–
People's Republic of China	**4,640**	1,754	**65,921**	54,264
Sultanate of Oman	**3,819**	–	**–**	–
Germany	**716**	1,329	**–**	–
United States	**1,287**	1,032	**–**	–
Singapore	**4,752**	49	**4,418**	4,582
Others	**100**	146	**3**	5
	84,118	93,189	**91,586**	82,441

Non-current assets information presented above consist of property, plant and equipment, investment properties, intangible assets, investments in associates and quoted equity as presented in the balance sheets.

33. SEGMENT INFORMATION (CONTINUED)

Information about major customer

The revenue from two major customers amounted to $53,012,000 and $9,585,000 (2016: $61,120,000 and $10,865,000) arising from sales by the HDD Components and Precision Metal Stamping Components segment respectively.

34. 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) associate, 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 and liquidity risk. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. The Board of Directors reviews and agrees on policies for managing each of these risks and they are summarised below.

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 associate 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 2017, approximately 92% (2016: 94%) of trade receivables relates to 10 (2016: 10) customers.

<u>Exposure to credit risk</u>

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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

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			
	2017		2016	
	$'000	% of total	$'000	% of total
By country:				
Thailand	**10,282**	**63**	11,252	53
Malaysia	**3,156**	**19**	6,047	29
Sultanate of Oman	**1,067**	**6**	–	–
Singapore	**674**	**4**	–	–
Philippines	**72**	**–**	1,428	7
People's Republic of China	**127**	**1**	1,156	5
United States	**269**	**2**	42	–
Others	**787**	**5**	1,206	6
	16,434	**100**	21,131	100
By industry sectors:				
HDD components	**12,516**	**76**	17,788	84
Precision metal stamping components	**3,918**	**24**	3,343	16
	16,434	**100**	21,131	100

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 reputable financial institutions 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 11 to the financial statements.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group has transactional currency exposures arising from the ordinary course of business that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly the United States Dollar ("USD") and Euro ("EUR"). The Group does not consider foreign exchange risk arising from Renminbi ("RMB") to be significant.

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 subsidiaries 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 and EUR exchange rates (against SGD and Ringgit Malaysia ("RM")), with all other variables held constant, on the Group's profit before taxation.

		Group	
		2017 $'000	2016 $'000
		Profit before taxation	Profit before taxation
USD/SGD	– strengthened 5% (2016: 6%)	**37**	56
	– weakened 5% (2016: 6%)	**(37)**	(56)
USD/RM	– strengthened 12% (2016: 15%)	**(2,311)**	(3,105)
	– weakened 12% (2016: 15%)	**2,311**	3,105
EUR/RM	– strengthened 5% (2016: 14%)	**(15)**	(153)
	– weakened 5% (2016: 14%)	**15**	153

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.

34. 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 repayment obligations.

	2017			2016		
	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	**16,434**	**–**	**16,434**	21,131	–	21,131
Amount due from associate	**93**	**–**	**93**	5	–	5
Other receivables (Note 15)	**1,366**	**–**	**1,366**	1,516	–	1,516
Cash and bank balances	**10,745**	**–**	**10,745**	14,631	–	14,631
Total undiscounted financial assets	**28,638**	**–**	**28,638**	37,283	–	37,283
Financial liabilities:						
Trade payables	**5,632**	**–**	**5,632**	6,683	–	6,683
Other payables (excluding advance payments from customers)	**4,577**	**–**	**4,577**	4,596	–	4,596
Amount due to associate	**244**	**–**	**244**	414	–	414
Interest-bearing loans and borrowings	**10,563**	**4,195**	**14,758**	10,837	650	11,487
Total undiscounted financial liabilities	**21,016**	**4,195**	**25,211**	22,530	650	23,180
Total net undiscounted financial assets/(liabilities)	**7,622**	**(4,195)**	**3,427**	14,753	(650)	14,103
Company						
Financial assets:						
Other receivables	**2,137**	**–**	**2,137**	7,597	–	7,597
Cash and bank balances	**920**	**–**	**920**	4,815	–	4,815
Total undiscounted financial assets	**3,057**	**–**	**3,057**	12,412	–	12,412
Financial liabilities:						
Trade payables	**65**	**–**	**65**	69	–	69
Other payables	**561**	**–**	**561**	2,728	–	2,728
Interest-bearing loans and borrowings	**1,841**	**–**	**1,841**	7,202	–	7,202
Total undiscounted financial liabilities	**2,467**	**–**	**2,467**	9,999	–	9,999
Total net undiscounted financial assets	**590**	**–**	**590**	2,413	–	2,413

35. FAIR VALUES OF ASSETS AND LIABILITIES

The Group does 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 categorises 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 markets for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than 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:

	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
2016				
Financial asset:				
Available-for-sale financial assets				
– Equity shares (quoted) (Note 8)	1	–	–	1

35. 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 but for which fair value is disclosed:

	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
2017					
Non-financial asset:					
Investment properties (Note 4)	**–**	**–**	**8,300**	**8,300**	**2,591**
2016					
Non-financial asset:					
Investment properties (Note 4)	–	–	7,811	7,811	2,657

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 (Notes 11, 13, 16 and 17), amount due from/(to) associate (Note 12) and cash and cash equivalents (Note 15)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

35. FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

(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 (Continued)

Interest-bearing loans and borrowings (Note 18)

The carrying amount of interest-bearing loans and borrowings are reasonable approximation of fair values estimated by discounting expected future cash flows at market incremental lending rate for similar types of arrangements at the statement of financial position date. These are based on significant observable inputs (Level 2).

There was no significant differences between the fair values and the carrying amounts of the interest-bearing loans and borrowings of the Group as at 28 February 2017 and 2016.

36. 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.

The Group is required by one of the banks to ensure that the consolidated total liabilities shall not exceed 150% of the consolidated tangible net worth at all times. Total liabilities are calculated as consolidated total liabilities including contingent liabilities. Tangible net worth is the total of share capital, treasury shares, statutory reserve and revenue reserve.

	Group	
	2017	**2016**
	$'000	**$'000**
Total liabilities	**27,726**	26,816
Share capital	**50,200**	50,200
Treasury share	**(1,923)**	(1,923)
Statutory reserve	**1,219**	1,170
Revenue reserve	**63,887**	63,511
Tangible net worth	**113,383**	112,958
	24%	24%

36. CAPITAL MANAGEMENT (CONTINUED)

The Group is also required by the bank to maintain a consolidated debt service coverage ratio of not less than 120% at all times. The debt service coverage ratio for a financial year is calculated by net profit after tax plus depreciation and total interest payable in that financial year, divided by the total principal and interest payable in the same financial year.

	Group	
	2017	**2016**
	$'000	**$'000**
Net profit after tax plus depreciation and total interest payable	**13,218**	18,706
Total principal and interest payable	**4,105**	4,929
	322%	380%

37. COMPARATIVE FIGURES

The Group revisited classification of consolidated statement of cash flows and the following comparative figures have been reclassified to conform to the current year's presentation and to better reflect the nature of transactions. There was no impact to the Group's net assets and cash flow used in investing activities.

	Group	
	As previously reported	**As restated**
	$'000	**$'000**
Cash flow from investing activities		
Purchase of property, plant and equipment	(19,893)	(15,689)
Proceeds from disposal of property, plant and equipment	138	138
Advance payments made to suppliers of property, plant and equipment	(242)	(4,446)
Net cash flow used in investing activities	(19,997)	(19,997)

38. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Group and the Company for the financial year ended 28 February 2017 were authorised for issue in accordance with a resolution of the directors on 22 May 2017.

STATISTICS OF SHAREHOLDERS

AS AT 16 MAY 2017

Total number of issued shares	:	313,084,800
Total number of issued shares excluding treasury shares	:	302,211,800
Total number of treasury shares held	:	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 Shareholders	No. of Shares	% of Issued Share Capital*
1 – 99	2	0.17	100	0.00
100 – 1,000	29	2.53	15,300	0.01
1,001 – 10,000	287	25.00	1,504,487	0.50
10,001 – 1,000,000	816	71.08	47,887,652	15.84
1,000,001 and above	14	1.22	252,804,261	83.65
TOTAL	1,148	100.00	302,211,800	100.00

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 YING	10,419,600	3.45
3	LAW KUNG MING	10,419,600	3.45
4	LAW YU CHUI	10,419,600	3.45
5	LEE HANG NGOK	10,419,600	3.45
6	PHILLIP SECURITIES PTE LTD	3,974,100	1.31
7	TEO POH HONG	3,195,360	1.06
8	DBS NOMINEES PTE LTD	3,120,100	1.03
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,018,000	1.00
10	OCBC SECURITIES PRIVATE LTD	2,999,000	0.99
11	CIMB SECURITIES (SINGAPORE) PTE LTD	1,625,001	0.54
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,396,600	0.46
13	ZOU YAOZHONG	1,178,000	0.39
14	SEE BENG LIAN JANICE	1,010,100	0.33
15	WAN WING TAI	927,840	0.31
16	JONATHAN CHADWICK	800,000	0.26
17	NG KWONG CHONG OR LIU OI FUI IVY	785,000	0.26
18	OCBC NOMINEES SINGAPORE PTE LTD	774,000	0.26
19	SHIRLAW JAMES NICHOLAS	684,000	0.23
20	HAN CHEE JUAN	679,920	0.22
	TOTAL	**257,455,021**	**85.19**

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

STATISTICS OF SHAREHOLDERS

AS AT 16 MAY 2017

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 16 May 2017)

	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	142,000	0.05	189,609,600(1)	62.74
Law Tak Lun	–	–	189,609,600(1)	62.74

Note:–

(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 16 May 2017, approximately 23.19% 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 16 May 2017, the Company held 10,873,000 treasury shares, representing 3.6% 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 Thursday, 29 June 2017 at 11:00 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 2017 together with the Directors' Statement and Independent Auditor's Report thereon. **Resolution 1**

2. To approve a tax exempt (one-tier) final dividend of 0.1 cent per ordinary share for the financial year ended 28 February 2017 as recommended by the Directors. **Resolution 2**

3. To approve Directors' Fees of S$242,000 for the financial year ended 28 February 2017 (2016: S$242,000). **Resolution 3**

4. To re-elect Mr. Law Kung Ming who is retiring in accordance with Article 107 of the Company's Articles of Association. **Resolution 4**

   Please refer to the "Board of Directors" section of the Company's Annual Report 2017 for information on Mr. Law Kung Ming. Mr. Law Kung Ming is the brother of Mr. Law Kung Ying and Ms. Law Yu Chui. Save for the abovementioned relationships, Mr. Law Kung Ming has no relationship (including immediate family relationships) with other Directors, the Company or its 10% shareholders.

5. To re-elect Mr. Ngu Kuang Hua who is retiring in accordance with Article 107 of the Company's Articles of Association. **Resolution 5**

   Please refer to the "Board of Directors" section of the Company's Annual Report 2017 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.

   Mr. Ngu Kuang Hua, if re-elected, will remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. Mr. Ngu Kuang Hua will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

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

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 resolution (with or without amendments) as Ordinary Resolution:–

8. Authority to allot and issue shares up to 50 per cent of issued shares in the capital of the Company **Resolution 7**

"That pursuant to Section 161 of the Companies Act, Chapter 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:

(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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) 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 1]

BY ORDER OF THE BOARD

LAW YU CHUI
CHAN LAI YIN
Company Secretaries
Singapore, 14 June 2017

Explanatory Note on Business to be transacted

(1) Resolution 7 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 and subsidiary holdings) in the capital of the Company, of which up to 20 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 and subsidiary holdings) in the capital of the Company at the time that Resolution 7 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 7 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

i. A depositor's name must appear on the Depository Register not less than 72 hours before the time appointed for holding the meeting.

ii. A proxy need not be a Member of the Company. A Member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

iii. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

iv. The instrument appointing a proxy must be deposited at the Registrar's Office of the Company at 23 Tuas South Street 1, Singapore 638033 not less than 48 hours before the time appointed for holding the meeting.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN THAT, subject to shareholders' approval to the proposed final dividend at the forthcoming Annual General Meeting, the Share Transfer Books and Register of Members of the Company will be closed on 7 July 2017 for the purpose of preparing dividend warrants. Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902 up to 5:00 p.m. on 6 July 2017 will be registered to determine shareholders' entitlement to the proposed tax exempt (one-tier) final dividend. The tax exempt (one-tier) final dividend of 0.1 cent per ordinary share, if approved at the Annual General Meeting, will be paid on 18 July 2017.

BY ORDER OF THE BOARD

LAW YU CHUI
CHAN LAI YIN
Company Secretaries

Singapore, 14 June 2017

PERSONAL DATA PRIVACY

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

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CHEUNG WOH TECHNOLOGIES LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 197201205Z)

PROXY FORM

Personal data privacy
By submitting an instrument appointing a proxy and/or representative, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 June 2017.

IMPORTANT

1. For Investors who have used their CPF monies to buy Cheung Woh Technologies Ltd's shares, this Annual Report is sent to them at the request of their CPF Approved Nominees 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 vote should contact their CPF Approved Nominees.

*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 Number	Proportion of Shareholdings (%)

and/or

Name	Address	*NRIC/ Passport Number	Proportion of Shareholdings (%)

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 Thursday, 29 June 2017 at 11:00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder with a tick [√] in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
Ordinary Business			
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended 28 February 2017 together with the Directors' Statement and Independent Auditor's Report thereon.		
2.	Approval of a tax exempt (one-tier) final dividend of 0.1 cent per ordinary share for the financial year ended 28 February 2017.		
3.	Approval of Directors' Fees for financial year ended 28 February 2017.		
4.	Re-election of Mr. Law Kung Ming who is retiring in accordance with Article 107 of the Company's Articles of Association.		
5.	Re-election of Mr. Ngu Kuang Hua who is retiring in accordance with Article 107 of the Company's Articles of Association.		
6.	Re-appointment of Messrs Ernst & Young LLP as Auditors and to authorise Directors to fix their remuneration.		
Special Business			
7.	Authority to allot and issue shares.		

Note:
If you wish to exercise all your votes "For" or "Against", please indicate with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ________________ 2017.

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

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

* Please 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 (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of his shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

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

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 23 Tuas South Street 1, Singapore 638033 not less than forty eight (48) hours before the time appointed for the meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorized officer.

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

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

8. The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the Meeting if he so wishes.

9. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

10. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at seventy two (72) 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 and 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 and factory building with floor area of 6,711 square metres	Leasehold (60 years from 15 October 1991)
	1065, Lorong Perusahaan Maju 2, 13600 Prai, Penang, Malaysia	A single-storey factory building with floor area of 7,459 square metres	Leasehold (60 years from 10 May 1992)
	PLO 170 Kawasan Perindustrian Senai Phase III, 81400 Senai, Johor, Malaysia	A 2-storey office and factory building with floor area of 4,047 square metres	Leasehold (56 years from 19 December 2003)
	PLO 107 and 108 Kawasan Perindustrian Senai, Phase III, 81400 Senai, Johor, Malaysia	A single-storey factory building and a double storey office and factory building with a total floor area of 8,080 square metres	Leasehold (60 years from 16 June 2004)
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 and a 4-storey factory buildings with floor area of 2,730 and 13,756 square metres respectively	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