

TT International Limited

Annual Report 2017



Together We Stand

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Financial Highlights

Financial Positions

	FY2017 \$'000	FY2016 \$'000	FY2015 \$'000	FY2014 \$'000	FY2013 \$'000 (Restated)
Property, Plant and Equipment	563,915	613,561	642,328	340,876	133,207
Investment Properties	8,913	9,829	10,360	9,538	9,310
Intangible Assets	33,805	44,315	9,771	12,480	14,608
Other Financial Assets	1,431	3,126	2,362	2,080	2,300
Current Assets	119,995	142,700	151,806	131,633	209,306
Current Liabilities	(507,286)	(495,906)	(488,349)	(146,240)	(121,014)
Net Current Assets	(387,291)	(353,206)	(336,543)	(14,607)	88,292
Non-Current Liabilities	(191,670)	(189,062)	(204,029)	(299,909)	(259,779)
Non-Controlling Interest	(53,315)	(98,974)	(46,372)	(25,968)	(3,565)
	(24,212)	29,589	77,877	24,490	(15,627)
Represented By					
Shares Capital	175,622	171,929	168,751	140,563	140,563
Reserves	(199,834)	(142,340)	(90,874)	(116,073)	(156,190)
	(24,212)	29,589	77,877	24,490	(15,627)
Net (Liabilities)Assets Per Share (cents)	(2.31)	2.89	7.76	3.00	(1.91)

Financial Results

	FY2017 \$'000	FY2016 \$'000	FY2015 \$'000	FY2014 \$'000	FY2013 \$'000 (Restated)
Revenue	304,576	346,548	261,354	318,155	355,339
Profit/(Loss) before interest, depreciation, amortisation and taxation	(25,123)	559	(18,831)	2,365	6,948
Loss before taxation	(87,607)	(57,886)	(55,151)	(26,331)	(17,418)
Taxation (Expense)/Credit	(3,380)	(1,843)	662	(467)	(903)
Loss after taxation	(90,987)	(59,729)	(54,489)	(26,798)	(18,321)
Non-controlling interest	38,454	26,391	2,555	311	(303)
Loss attributable to shareholders	(52,533)	(33,338)	(51,934)	(26,487)	(18,624)
Loss per share					
– Basic and diluted (cents) ⁽¹⁾	(5.02)	(3.26)	(5.39)	(3.24)	(2.28)

(1) Net assets per share and earnings per share have been adjusted for prior year adjustment for 2013

Chairman's Message

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you TT International's ("TTI" or the "Group") annual report for the financial year ended 31 March 2017 ("FY2017").

Continuing from the previous year, the year under review continued to be marked by a very challenging business and operating environment. The Group continue to make some progress with achieving gradual growth since the commencement of warehouse retail scheme operation in BIG BOX in the fourth quarter of FY2015. However, the slower-than-expected Indonesian economy led to a weaker consumer purchasing sentiments which had an effect on our FY2017 group financial performance.

FY 2017 Financial and Operating Performance Review

During the year, slowdown in the economy caused by low oil prices and subdued global trade, rising costs across geographical regions, volatile exchange rates in our major markets and weaker consumer purchasing sentiments had an adverse effect on the Group's business and operations. The Group's revenue decreased by S\$42.0 million or 12.1% to S\$304.6 million in FY2017 as compared to S\$346.6 million in FY2016. We recorded a gross profit of S\$83.4 million with gross profit margin rising to 27.4% in FY2017 from 25.1% in FY2016. The net loss for FY2017 amounted to S\$91.0 million as compared to S\$59.7 million in FY2016. This was mainly due to increase in other operating expenses such as goodwill and receivables impairment in our Indonesian subsidiaries, revaluation deficit in properties, loss on disposal of fixed assets, which was offset by a write-back of provision for Scheme and scheme related expenses.

Excluding the effect of expense items listed below totalling S\$73.0 million, the Group's net loss for the year would be S\$18.0 million.

No.	Description	S\$ million
(i)	Non-cash expenses such as depreciation, unrealised exchange loss and accretion of interests on Scheme liabilities	48.7
(ii)	Other Scheme-related expenses such as interests and professional fees	3.9
(iii)	Impairment of goodwill in overseas subsidiaries	11.5
(iv)	Impairment of receivables in overseas subsidiary	4.7
(v)	Tax expense and restructuring cost of overseas subsidiaries	3.7
(vi)	Legal and professional fee for tax matters and restructuring of an overseas subsidiary	0.5
	Total	73.0

Scheme of Arrangement – Issuance of Convertible Bonds

Pursuant to the Scheme Terms, the Company had, on 25 October 2011, issued to its Scheme Creditors, Redeemable Convertible Bonds (RCBs) amounting S\$139,377,000 for the Non-sustainable Debt (as determined on 18 October 2011) of an aggregate principal amount of approximately S\$139,377,000. The RCBs were issued to the Scheme Creditors on a pari passu basis on terms as set out in the Scheme Document.

Following the resolution of a disputed debt with one Scheme Creditor, new RCBs of face value amounting to approximately S\$139,634,000 were issued on 3 April 2013 to Scheme Creditors (reflecting an increase of S\$257,000) in exchange for those issued on 25 October 2011 on the same terms.

Subsequent to this, Disputed Debts amounting S\$25,428,000 in relation to certain Scheme Creditors were resolved. Accordingly, the total number of RCBs increased by S\$15,508,000 to approximately S\$155,142,000.

On 17 April 2014, the Company made an offer to each Scheme creditor to convert a number of RCB into the Company's new ordinary shares ("Dilution Shares") at a conversion price of S\$0.14 in the Company by way of a first dilution exercise (the "First Dilution Exercise") in accordance with the Scheme Terms.

On 14 May 2014 ("First Dilution Date"), 40 bondholders had exercised their rights to convert their RCBs into Dilution Shares. On the First Dilution Date, 20,285,041 Dilution Shares (representing approximately 2.42% of the enlarged issued share capital of the Company) were issued and quoted on the SGX-ST on 15 May 2014.

New RCBs issued to Scheme Creditors on 14 May 2014 reduced by a face value amounting S\$2,840,000 (being the face value of the RCBs being converted to the Company's new ordinary shares as a result of the First Dilution Exercise). As such, only RCBs of a total face value amounting S\$152,302,000 were issued to the Scheme Creditors (instead of S\$155,142,000) in exchange for those issued on 3 April 2013 on the same terms.

On 17 April 2015, the Company made an offer to each Scheme creditor to convert a number of RCB into the Company's new ordinary shares ("Dilution Shares") at a conversion price of S\$0.15 in the Company by way of a second dilution exercise (the "Second Dilution Exercise") in accordance with the Scheme Terms.

On 14 May 2015 ("Second Dilution Date"), 35 bondholders had exercised their rights to convert their RCBs into Dilution Shares. On the Second Dilution Date, 21,187,159 Dilution Shares (representing approximately 2.07% of the enlarged issued share capital of the Company) were issued and quoted on the SGX-ST on 15 May 2015.

Accordingly, the new RCBs issued to Scheme Creditors on 14 May 2015 reduced by a face value amounting S\$3,178,000 (being the face value of the RCBs being converted to the Company's new ordinary shares as a result of the Second Dilution Exercise). As such, the Company had, on 14 May 2015, issued RCBs of a total face value amounting S\$149,124,000 to the Scheme Creditors (instead of S\$152,302,000).

On 19 April 2015, Contingent debt amounting S\$127,757,000 have been deemed irrevocably, unconditionally and permanently extinguished and/or waived by the contingent creditors pursuant to the Scheme Terms. A contingent claim of S\$2,282,000 pending verification have been fully resolved and crystallised. Crystallised debts and disputed debts has also been reduced by S\$135,000 and S\$2,684,000 respectively. Accordingly, the total number of RCBs decreased by S\$42,498,000 to S\$106,626,000.

On 18 April 2016, the Company made an offer to each Scheme creditor to convert a number of RCB into the Company's new ordinary shares ("Dilution Shares") at a conversion price of S\$0.16 in the Company by way of a third dilution exercise (the "Third Dilution Exercise") in accordance with the Scheme Terms.

On 13 May 2016 ("Third Dilution Date"), 35 bondholders had exercised their rights to convert their RCBs into Dilution Shares. On the Third Dilution Date, 23,078,216 Dilution Shares (representing approximately 2.20% of the enlarged issued share capital of the Company) were issued and quoted on the SGX-ST on 16 May 2016.

Accordingly, the new RCBs issued to Scheme Creditors on 13 May 2016 reduced by a face value amounting S\$3,693,000 (being the face value of the RCBs being converted to the Company's new ordinary shares as a result of the Third Dilution Exercise). As such, the Company had, on 13 May 2016, issued RCBs of a total face value amounting S\$102,933,000 to the Scheme Creditors (instead of S\$106,626,000).

On 14 April 2016, the quantum of disputed debts under litigation (in relation to one Scheme Creditor) was preliminarily determined by the Court to be S\$18,193,000 (instead of S\$25,680,000) pending the outcome of the appeal. Accordingly, the total number of RCBs reduced by S\$3,815,000 to approximately S\$99,118,000.

On 18 April 2017, Scheme Creditors gave their approval to the termination of the Scheme upon receipt of the Settlement Sum of S\$70 million and the extension of the date of repayment of the Sustainable Debt by up to 3 months from 19 April 2017 to facilitate the completion of the documentation for the Settlement Sum.

Retail Operations

BIG BOX

To make BIG BOX a more vibrant, preferred shopping choice for consumers, the Company had implemented following initiatives during the last two years to BIG BOX operations:

(a) Destination-based Directly Supply

Direct fresh imports from source of origin (such as China, Malaysia, Taiwan, Korea, Japan, etc.) – providing authentic and fresh products directly from the source of origin – thus provide an alternative better choice to consumers from its destination-based supply; and to create a differentiated proposition for Big Box hypermart.

(b) Shop-in-Shop

Introducing new concepts from Japan Gyomu Supermart – A new shop-in-shop concept introducing a Japanese specialty section within Big Box hypermart – providing a wider range of authentic products from Japan at affordable prices to consumers. In addition, regional products from China, Vietnam, Myanmar, India, Korea and Malaysia are sourced to provide varieties to our hypermart offerings.

(c) Children's Edu-play area

To provide a family-friendly shopping environment, Children's Edu-play area is introduced – providing safe learn-and-play avenue for children while parents are shopping.

(d) Exhibitions, Events and Activities

To make BIG BOX a place of happening, we had step up our efforts in introducing more events and activities in our 70,000 sqft MEGA.BOX – the one and only Exhibition and Event Hall in Jurong area. A series of activities and programme line up for residents & families living in the western part of Singapore including Jurong East, to participate/experience the weekly events of this happening place.

The Group has set up a joint venture company, Zepp@Big Box Pte Ltd (the “JV Company”) with Zepp Hall Network Inc (“Zepp Hall”) in Singapore to operate Big Box Event Hall A located on the third floor of Big Box. Zepp Hall is a core subsidiary of Sony Music Entertainment Japan.

The JV Company presents the brand new life hall “ZEPP@BIGBOX”, which would be equipped with the state-of-art lighting and acoustics facilities, will host grand live events and concerts such as international or local musical and cultural events, and also serves to bring the most comfortable and acoustic enjoyment to audiences.

By virtue of its most strategic location in Big Box and Zepp Hall's professional hall management and operation expertise, the JV Company aims to bring in, and introduce more music and cultural events to the community of Singapore – cultivating the cultural events as part of the community lifestyle. On top of that, the JV Company will bring in visitors crowds from local and international to the west and Singapore, as well as building up the awareness of the second Central Business District towards another landmark of Singapore.

(e) Online to Offline (“O2O”) Platform

We continue actively developing e-Commerce business for Big Box – via forming strategic alliances with leading e-Commerce players by providing redemption centre / pick-up point for consumers’ convenience; as well as providing a holistic shopping experience of a combination of online sales/offline touch & feel shopping experience to e-Commerce customers.

The Company believes that its strong warehousing and logistics capabilities could effectively provide the fulfilment services and support for the O2O businesses, thereby creating a win-win business proposition to both the e-Commerce players and BIG BOX for a mutually beneficial business model in a long run.

Indonesian Retail Business

During the reporting financial year, the Indonesian economy continue to be sluggish which led to subdued retail market. This had affected our topline and in turn slowed down our expansion pace in Indonesia. Higher operating expenses and impairment of goodwill and receivables had resulted in a negative financial performance of our Indonesia businesses.

Restructuring Big Box Operations and Group Balance Sheet

In light of the weak retail industry, the Company has taken steps to review its options to restructure its Big Box operations and balance sheet. The Company has been in discussions with its counterparties to address the debt maturities and financial obligations in connection with the Big Box operations and the Group has been in discussions with arrangers and financial institutions to secure funding to refinance a term loan secured by Big Box property and other liabilities of the Group (“Refinancing Exercise”), including S\$70 million of the Settlement Sum required to discharge the Scheme in full as approved by the Scheme Creditors on 18 April 2017. The Big Box property is 51% owned by the Group and the restructuring of the Big Box operations and balance sheet is subject to agreement by all shareholders of the subsidiary, Big Box Pte Ltd.

Subject to the successful completion of the restructuring of the Big Box operations and balance sheet, including the Refinancing Exercise, and the discharge of the Scheme, the Board is of the view that the Group will be able to meet its short-term obligations as and when they fall due despite the negative working capital position as the Company continues exploring various possibilities in securing the necessary funding to provide the Group with additional working capital.

Appreciation

To our shareholders who have kept their faith in us throughout the restructuring period, I would like to express our deepest gratitude. Your continued support in our endeavours towards the next milestone of our journey as we continue to work on enhancing shareholders value will be important to the Group. We would like to thank all of our loyal shareholders for their unwavering dedication and support, especially during this difficult period.

I would like to extend my appreciation to my fellow Board members for their invaluable counsel and in forging the vision for the future of the Group together. I would also like to record my deepest appreciations to the management and staff of the Group. Without our committed and dedicated team, the Group would not be able to strive and reach where it is today. Our work to restructure the Group continues and with your strong confidence and continued support, we hope to overcome this difficult period.

Yours sincerely,

Sng Sze Hiang
Chairman and Chief Executive Officer

Business Reviews

Overview of financial results for the year ended 31 March 2017 (“FY2017”)

The Group’s revenue decreased by S\$42.0 million or 12.1% to S\$304.6 million in FY2017 from S\$346.6 million in FY2016. The decrease in revenue was mainly attributed to weaker sales generated by overseas subsidiaries as a result of lower consumers’ spending due to weakened global economic conditions. Notably, Big Box operation is making good progress in achieving gradual growth in revenue.

In line with the decline in the Group’s turnover, gross profit decreased by S\$3.7 million or 4.2% to S\$83.4 million in FY2017 from S\$87.1 million in FY2016. Despite the drop in revenue and gross profit, the Group’s gross profit margin has improved by 2.3 percentage point from 25.1% in FY2016 to 27.40% in FY2017. This is due to focus on better margin products and product mix.

The Group reported loss after tax of S\$91.0 million in FY2017 as compared to loss after tax of S\$59.7 million in FY2016. This was mainly due to increase in other operating expenses such as goodwill and receivables impairment in our Indonesian subsidiaries, revaluation deficit in properties, loss on disposal of fixed assets, which was offset by a write-back of provision for Scheme and scheme related expenses.

Excluding the effect of expense items listed below totalling S\$73.0 million, the Group’s net loss for the year would be S\$18.0 million.

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(i)	Non-cash expenses such as depreciation, unrealised exchange loss and accretion of interests on Scheme liabilities	48.7
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(iv)	Impairment of receivables in overseas subsidiary	4.7
(v)	Tax expense and restructuring cost of overseas subsidiaries	3.7
(vi)	Legal and professional fee for tax matters and restructuring of an overseas subsidiary	0.5
	Total	73.0

The Group’s cash and cash equivalents decreased to S\$9.3 million in FY2017, a decreased of S\$9.3 million from S\$18.6 million in FY2016. The decrease is due to cash used for repayment of borrowings and interest on borrowings.

Performance by Geographical segments

During the year under review, the Group’s turnover decreased across all geographical regions with ASEAN region being the most affected. The decrease in turnover in the ASEAN region was mainly due weaker sales generated by our business in Indonesia.

Retail, Distribution and Trading Segment

The retail, distribution, and trading business segments contributed S\$293.8 million to revenue in FY2017, or 96.5% of the Group's revenue, compared to S\$339.1 million or 97.9% in FY2016.

Business Strategies

To tackle the challenging operating environment and weak retail market, the Group will continue to emphasise its expertise in sourcing, trading and distribution networking. The Group will selectively expand its core subsidiaries' businesses in the ASEAN region as and when there are business opportunities. Our focus will remain targeted on businesses that are less working capital-intensive, yet able to yield higher profit margin and generate quicker cash flow. While the retail environment is likely to remain challenging from the competitive trading environment, the Group will also focus on seeking fresh retail concepts and focus on strengthening its brands, improving operations and enhancing shopper experience across all business units while keeping a tight rein on overheads and operating expenses.

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Corporate Information

Board of Directors	:	Sng Sze Hiang Tong Jia Pi Julia Yap Hock Soon Raymond Koh Bock Swi Ng Leok Cheng Yo Nagasue	Chairman and CEO Executive Director Executive Director Independent Director Independent Director Independent Director
Audit Committee	:	Raymond Koh Bock Swi (Chairman) Ng Leok Cheng Yo Nagasue	
Nominating Committee	:	Yo Nagasue (Chairman) Ng Leok Cheng Raymond Koh Bock Swi Tong Jia Pi Julia	
Remuneration Committee	:	Ng Leok Cheng (Chairman) Raymond Koh Bock Swi Yo Nagasue Tong Jia Pi Julia	
Executive Committee	:	Sng Sze Hiang (Chairman) Tong Jia Pi Julia Yap Hock Soon	
Company Secretary	:	Koh Sock Tin, CPA	
Registrars and Transfer Office	:	M&C Services Private Limited 112 Robinson Road #05-01 Singapore 068902	
Registered Office	:	1 Venture Avenue #07-07 Big Box Building Singapore 608521 Tel.: 6793 0110 Fax: 6668 0797	
Auditors	:	KPMG LLP Certified Public Accountants 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581 Partner-in-charge: Ronald Tay Ser Teck (commencing FYE 31 March 2014)	

Profile of Directors

DIRECTORS

SNG SZE HIANG

Chairman and Chief Executive Officer

Mr Sng is the Chairman, Chief Executive Officer and Founder of the Company. As Chairman of the Executive Committee he is responsible for the formulation of business policies, setting the directions and strategies of the Group as well as managing our overall business. He has over 32 years of experience in trading electrical and electronics products with emerging markets.

Mr Sng holds a Certificate in Marine Communications from Singapore Polytechnic.

TONG JIA PI JULIA

Executive Director

Ms Tong is an Executive Director and co-founder of the Company. Ms Tong is a member of the Executive, Nominating and Remuneration Committees and has over 33 years of trading experience in a wide range of consumer products in emerging markets. She is responsible for the administrative functions of the Group and ensuring the efficiency of the Group's operations as well as corporate planning and implementation of business strategies. She is also involved in new business development.

Ms Tong holds a Bachelor of Arts from the Institute of Education in Yangon, Myanmar.

YAP HOCK SOON

Executive Director

Mr Yap was appointed as an Executive Director in December 2002 and is a member of the Executive Committee. He has over 22 years of experience in logistics management in the manufacturing and trading industry. He has been with the Group for more than 20 years. Prior to joining the Company, he was the Regional Project Manager for MHE Demag.

Mr Yap holds a Masters of Science (Engineering) from University of Newcastle upon Tyne, United Kingdom.

Profile of Directors

INDEPENDENT DIRECTORS

KOH BOCK SWI, RAYMOND **Independent Director**

Mr Koh was appointed as an Independent Director in May 2000. He is the Chairman of the Audit Committee and is a member of both the Nominating and Remuneration Committees. Mr Koh has over 31 years of experience in banking and retired in March 2008.

Mr Koh graduated from the University of Singapore with a Bachelor of Business Administration.

NG LEOK CHENG **Independent Director**

Mr Ng was appointed as an Independent Director in May 2000. He is the Chairman of the Remuneration Committee and is a member of the Audit and Nominating Committees. Mr Ng has over 23 years of experience managing a listed company.

Mr Ng holds an Honours degree in Business Administration from National University of Singapore.

YO NAGASUE **Independent Director**

Mr Nagasue was appointed as an Independent Director in October 2002. He is the Chairman of the Nominating Committee and is a member of the Audit and Remuneration Committees. Mr Nagasue has served with TDK Japan and TDK Australia for more than 21 years and last held the post of Managing Director in TDK (Australia) Pty Ltd.

Mr Nagasue holds a Bachelor of Economics from Gakushuin University, Tokyo, Japan.

Corporate Governance Report

TT International Limited (the “Company”) is committed to ensure that good standards of corporate governance are practiced throughout the Company and its subsidiaries (the “Group”), as a fundamental part of its responsibilities to protect and enhance shareholder value.

In compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the following report describes the Company’s corporate governance practices with specific reference to the Code of Corporate Governance 2012 (the “2012 Code” or the “Code”), which was issued in May 2012. The board of directors (the “Board”) will review these practices from time to time to ensure that they address the specific needs of business demands and circumstances and evolving corporate governance issues.

The Board is pleased to confirm that for the financial year ended 31 March 2017, the Group has adhered to the principles and guidelines as set out in the Code where appropriate and deviations from the Code are explained.

Each section of the Code is classified into Principles and Guidance Notes. The Company recognises and supports the Principles and the spirit of the Code. The Guidance Notes will serve to guide the Company in this aspect and the Company is committed in complying with the substance and spirit of the Principles of the Code.

Board’s Conduct of its Affairs

Principle 1: Effective Board to lead and control the Company

The Board’s primary role is to protect and enhance long-term shareholder value. It sets the Group’s overall long-term corporate strategy, objective and directions, as well as ensures effective management leadership and proper conduct of the Group’s business by supervising the executive management.

The Board oversees the processes of evaluating the adequacy of the internal controls which enables risks to be reasonably assessed and managed and/or mitigated practically. The Board also reviews management performance, financial reporting and compliance as well as major funding proposals, investment and divestment proposals, and consider sustainability issues of policies and proposals, and assume responsibility for corporate governance.

All directors objectively discharge their duties and responsibilities, act in good faith and consider at all times the interests of the Company.

The Board has established a number of committees to assist in the execution of the Board’s responsibilities. These committees include an Audit Committee (“AC”), an Executive Committee, a Nominating Committee (“NC”) and a Remuneration Committee (“RC”).

Matters which require the approval of the Board for decision include:

- corporate strategy and business plans of the Group;
- material acquisition and disposal of assets;
- investments or divestments of a material nature;
- corporate or financial restructurings;

Corporate Governance Report

- issuance of shares;
- declaration of interim dividends and proposals of final dividends;
- interested person transactions of a material nature; and
- announcement of the Group's quarterly, half year and full year results and the release of the Annual Reports.

Any other matters are delegated by the Board to committees which the Board monitors.

The Board will consider sustainability issues such as environmental and social factors as part of its strategic formulation from time to time.

The Board has adopted a set of internal controls which sets out approval limits for capital expenditures, investments and divestments and bank borrowings at Board level. To ensure efficient and effective running of the business, approval sub-limits are set for the Executive Committee which comprises the executive directors of the Company.

The schedule of all the Board and Board Committee meetings as well as the Annual General Meeting ("AGM") for the next calendar year is planned well in advance.

The Board conducts regular scheduled meetings. The Board meets at least four times in a year. Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as required by particular circumstances, or exchange of views is held outside the formal environment of Board meetings.

Board meetings are conducted in Singapore and tele-conferencing is used when necessary. The Articles of Association of the Company provide for directors to conduct meetings by teleconferencing or videoconferencing. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circulating resolutions.

The directors' attendances at Board and its committee meetings held for the year ended 31 March 2017 are disclosed below.

Name of Director	Board Meetings	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings
Sng Sze Hiang	4	–	–	–
Tong Jia Pi Julia	4	–	1	1
Raymond Koh Bock Swi	4	5	1	1
Ng Leok Cheng	4	5	1	1
Yo Nagasue	2	2	1	1
Yap Hock Soon	4	–	–	–
No. of meetings held	4	5	1	1

Corporate Governance Report

There were no incoming directors during the course of the financial year.

When the directors were appointed, the Company had provided them with history, background information about the Group, its structure and core values, its strategic direction as well as industry-specific knowledge. Directors have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations. These periodic visits and meetings give the directors an understanding of the Group's businesses to enable them to assimilate into their role. It also allows the directors to get acquainted with the Management, thereby facilitating Board interaction and independent access to the Management.

To ensure that the directors keep pace with regulatory changes that have important bearings on the Company's or directors' disclosure obligations, the directors are briefed on such changes during Board meetings or specially-convened sessions by professionals. All directors are also updated regularly concerning any changes in major company policies. The non-executive directors are also welcome to request further explanations, briefings or informal discussions on any aspect of the Company's operations or business issues from Management. The executive directors will make the necessary arrangements for the briefings, informal discussions or explanations required.

The CEO and Management updated the Board regularly at each meeting (whether regular or ad-hoc meetings) on business and strategic developments pertaining to the Group's businesses and operations.

From time to time, the Board as a whole is also updated periodically by the Company's internal auditors, company secretariat and external auditors on various aspects such as risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board Committee members.

New releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and Accounting and Corporate Regulatory Authority which are relevant to the directors are circulated to the Board.

The Company Secretary informs the directors of upcoming conferences and seminars relevant to their roles as directors of the Company from time to time. The Company will set an on-going budget for all directors to attend appropriate courses, conferences and seminars for them to stay abreast of relevant business developments and outlook.

Newly-appointed directors will be briefed by Management on the corporate background, key personnel, group structure, the business activities of the Group and its strategic directions. All existing directors are provided, and new directors will also be provided with relevant information on the Company's policies and procedures relating to governance issues including disclosure of interests in securities, prohibitions on dealings in the Company's securities and restrictions on disclosure of price sensitive information.

A newly appointed director will be provided with a formal letter of appointment setting out among other matters, the roles, obligations, duties and responsibilities as a member of the Board.

Corporate Governance Report

Board Composition and Guidance

Principle 2: Strong and independent element of the Board

The Board consists of six directors, of which three are non-executive independent directors and three are executive directors.

Key information regarding the directors and key management personnel of the Group is set out in the section “Profile of Directors” on pages 11 to 12.

As the Group’s Chairman and the chief executive officer (the “CEO”) is the same person, in compliance with the guidelines of the Code, the three independent directors make up half of the Board.

The independence of each director is reviewed annually by the NC. The NC adopts the Code’s definition of what constitutes an independent director in its review. In its deliberation as to the independence of a director, the NC took into account examples of relationships as set out in the Code, considered whether a director had business relationships with the Group, and if so, whether such relationship could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent judgments.

Each independent director is required to complete a Director’s Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. The directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code.

Accordingly, the NC has determined that all the three non-executive directors of the Company are independent.

With three of the six directors deemed to be independent, the Board is able to exercise independent and objective judgment on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into consideration the long-term interests of the Group and its shareholders. No individual or small group of individuals dominates the Board’s decision making.

The Board has no dissenting view on the Chairman’s Message to the shareholders as set out on pages 3 to 6 of this Annual Report for the financial year under review.

The Board recognises that independent directors may over time develop significant insights in the Group’s business and operations, and can continue to provide noteworthy and valuable contribution to the Board.

The NC takes the view that a Director’s independence cannot be determined solely and arbitrarily on the basis of the length of time. A Director’s contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and effectively communicating with the Management in upholding the interest of the non-controlling shareholders are more critical measures in ascertaining a Director’s independence than the number of years served on the Board.

Corporate Governance Report

The independence of the independent directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board.

Hence the Board does not impose a limit on the length of service of the Independent Directors.

As at 31 March 2017, Mr Ng Leok Cheng, Mr Raymond Koh Bock Swi and Mr Yo Nagasue have served on the Board for more than nine years from the date of their first appointment.

The Board is of the view that Mr Ng, Mr Koh and Mr Nagasue have demonstrated strong independence character and judgement over the years in discharging their duties and responsibilities as independent directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They have expressed individual viewpoints, debated issues and objectively scrutinized and challenged Management. They have sought clarification and amplification as they deemed necessary, including through direct access to the Management.

Taking into consideration of the above and having weighed the need for the Board's refreshment against tenure for relative benefits contributed by the relevant directors, after due and careful rigorous review, the Board has resolved that Mr Ng, Mr Koh and Mr Nagasue continue to be considered independent in their exercise of judgement and objectivity in Board matters, notwithstanding that they have served on the Board for more than nine years from the date of their first appointment.

The Board reviews the size of the Board on an annual basis. The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's businesses, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, considers that a board size of six members as appropriate.

The Board believes that its current board size and the existing composition of the Board Committees effectively serve the Group. It provides sufficient diversity without interfering with efficient decision-making.

The NC is also of the view that the current Board comprises persons who, as a group, provide core competencies necessary to meet the Group's targets, and considers the present board size of six directors as appropriate for the current scope and nature of the Group's operations.

The NC is satisfied that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively. Each director has been appointed on the strength of his calibre, experience and stature and is expected to bring a valuable range of experience and expertise to contribute to the development of the Group strategy and the performance of its businesses.

The Board and the Management fully appreciate that an effective and robust board whose members engage in open and constructive debate and challenge the Management on its assumptions and proposals is fundamental to good corporate governance. A board should also aid in the development of strategic proposals and oversees the effective implementation by Management to achieve set objectives.

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For this to happen, the Board, particularly the independent directors, must be kept well informed of the Group's business and developments. To ensure that the independent directors are well supported by accurate and timely information, they have direct access to Management to communicate effectively. The independent directors also receive board briefings on prospective deals and potential development at an early stage before formal board approval is sought, and from time to time, keep informed of the relevant information on latest market development and trends, and key business initiatives in relation to the Group or the industries in which it operates.

To facilitate a more effective check on Management, the Company coordinates informal meeting sessions for independent directors to meet without the presence of the Management, where necessary.

Role of Chairman and Chief Executive Officer

Principle 3: Clear division of responsibilities at the Board level to ensure a balance of power and authority

The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure, whereby the CEO and Chairman of the Board is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

All major proposals and decisions made by the Executive Chairman who is also the CEO are discussed and reviewed by the AC. His performance and appointment to the Board is reviewed periodically by the NC and his remuneration package is reviewed periodically by the RC. As the AC, NC and RC are chaired by the independent directors, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

As the independent directors formed half of the composition of the Board, the Company believes that there is a good balance of power and authority within the Board and no individual or small group can dominate the Board's decision-making process. In addition, the independent directors have demonstrated their commitment in their role and are expected to act in good faith and in the interest of the Company.

Mr. Sng Sze Hiang serves as both the Company's Chairman and CEO. As the Group's Executive Chairman and CEO, Mr Sng plays an instrumental and pivotal role in developing the business of the Group and provides the Group with strong leadership and vision. In addition to managing the day-to-day businesses and operations of the Group, he is also responsible for the formulation of business policies, setting the directions and strategies of the Group.

The Chairman and CEO, being the most senior executive in the Company, bears executive responsibility for the Company's business, and for the workings of the Board. The Chairman and CEO, with the assistance of the Company Secretary, schedule Board meetings including those to be held as and when necessary and prepares the Board meeting agenda in consultation with the directors, and ensures sufficient allocation of time for thorough discussion of each agenda item, in particular strategic issues. He promotes an open environment for debate, and ensures that independent directors are able to speak freely and contribute effectively.

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The Chairman and CEO reviews Board papers before they are presented to the Board and ensures that Board members are provided with accurate, timely and clear information. As a general rule, Board papers are sent to directors in advance in order for directors to be adequately prepared for the meeting. Management staff who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the paper or attend at the relevant time during the Board meeting.

The Chairman and CEO monitors communications and relations between the Company and its shareholders, between the Board and Management, and between independent and non-independent directors, with a view to encourage constructive relations and dialogue amongst them. The Chairman and CEO works to facilitate the effective contribution of non-executive directors. He is also responsible for ensuring compliance with the Company's guidelines on corporate governance.

The Board has appointed Mr Raymond Koh Bock Swi as the lead independent director to co-ordinate and to lead the independent directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the principal liaison on Board issues between the independent directors and the Chairman. He is available to shareholders where they have concerns, and for which contact through the normal channels of the Chairman and CEO or ED has failed to resolve or is inappropriate.

The independent directors, led by the lead independent director, meet amongst themselves without the presence of the other directors where necessary, and the lead independent director will provide feedback to the Chairman after such meetings.

Board Membership

Principle 4: **Formal and transparent process for appointment of new directors**

The NC is set up to assist the Board on all Board appointments and re-appointments and to assess the effectiveness of the Board as a whole and the contribution of each director. The Chairman of the NC, Mr. Yo Nagasue, is an independent director. There are three other members in the NC:

- Mr. Raymond Koh Bock Swi, Independent Director
- Mr. Ng Leok Cheng, Independent Director
- Ms. Tong Jia Pi Julia, Executive Director

Key Terms of Reference of the NC

The key terms of reference of the NC are:

- (1) make recommendations to the Board on new appointments to the Board;
- (2) make recommendations to the Board on the re-nomination of retiring directors standing for re-election at the Company's annual general meeting, having regard to the directors' contribution and performance;

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- (3) determine annually whether or not a director is independent;
- (4) review the size and composition of the Board with the objective of achieving a balanced Board in terms of the mix of experience and expertise;
- (5) formulate and implement a succession plan for directors and senior management;
- (6) decide on how the Board's performance may be evaluated and recommend objective performance criteria to the Board; and
- (7) assess the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board.

Process for selection and appointment of new directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new directors.

When an existing director chooses to retire or the need for a new director arises, either to replace a retiring director or to enhance the Board's strength by adding a new board member, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new director. The NC will then meet with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for appointment as director.

Process for re-appointment of directors

The role of the NC also includes the responsibility of reviewing the re-nomination of directors who retire by rotation, taking into consideration of the director's integrity, independence mindedness, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as may be determined by the NC.

All directors, including the CEO, submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Pursuant to Article 93 of the Company's Articles of Association, one-third of the Board are to retire from office by rotation and be subject to re-appointment at the Company's AGM. In addition, Article 98 of the Company's Articles of Association provides that a newly appointed director must retire and submit himself for re-appointment at the next AGM following his appointment. Thereafter, he is subject to be re-appointed at least once every three years.

The Board recognises the contribution of its independent directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for each of its independent directors so as to be able to retain the services of the directors as necessary.

The NC is responsible for determining annually, the independence of directors. In doing so, the NC takes into account the circumstances set forth in Guideline 2.3 of the 2012 Code and any other

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salient factors. Following its annual review, the NC has endorsed the following independence status of the directors:

Sng Sze Hiang (Non-independent)
Tong Jia Pi Julia (Non-independent)
Raymond Koh Bock Swi (Independent)
Ng Leok Cheng (Independent)
Yo Nagasue (Independent)
Yap Hock Soon (Non-independent)

All directors are required to declare their board representations. When a director has multiple board representation, the NC will consider whether the director is able to adequately carry out his/her duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments.

The NC has reviewed and is satisfied that each Director is able to devote sufficient time and attention to the affairs of the Company to adequately carrying out his duties as a director of the Company, notwithstanding their multiple board appointments.

There is no alternate director on the Board.

The profiles of the directors are set out on pages 11 and 12 of this Annual Report.

The shareholdings of the individual directors of the Company are set out on pages 35 to 38 of this Annual Report. Save as disclosed on pages 35 to 38 of this Annual Report, none of the directors hold shares in the subsidiaries of the Company.

Directors who are subject to retirement by rotation and seeking re-election at the forthcoming AGM to be held on 31 July 2017 are stated in the Notice of AGM set out on pages 125 to 128 of this Annual Report.

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board as a whole and performance of individual directors

The Board, through the NC, has used its best effort to ensure that directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC is delegated with the responsibilities of assessing the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board, with inputs from the Chairman and CEO. On an annual basis, the NC will assess each director's contribution to the Board. The assessment parameters include attendance record at meetings of the Board and its committees, intensity and quality of participation at meetings and special contributions.

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Objective performance criteria used to assess the performance of the Board include both quantitative and qualitative criteria such as the Group revenue and profit growth, return on equity, the success of the strategic and long-term objectives set by the Board, and the effectiveness of the Board in monitoring management's performance against the goals that have been set by the Board.

The primary objective of the board evaluation exercise is to create a platform for the Board and Board Committees members to provide constructive feedback on the board procedures and process and the changes which should be made to enhance the effectiveness of the Board and Board Committees.

Access to Information

Principle 6: Board members to have complete, adequate and timely information

All directors have access to the Company's records and information. From time to time, they are furnished with accurate and detailed information in a timely manner concerning the Group to enable them to be fully cognisant of the decisions and actions of the Group's key management personnel.

To assist the Board in the discharge of its duties, the Management provides the Board with periodic accounts of the Company and the Group's financial performance and position. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations. The directors receive Board papers in advance of Board and its committee meetings and have separate and independent access to the Company's senior management and company secretary. There is a procedure whereby any director may in the execution of his duties, take independent professional advice.

Generally, detailed Board and Board Committees papers prepared for each meeting are normally circulated two days in advance of each meeting. This is to give directors sufficient time to review and consider the matters to be discussed so that discussion can be more meaningful and productive. Any urgent matter may be tabled for discussion at the urgent meeting called on an ad-hoc basis, without papers being distributed.

Sensitive matters may be tabled at the meeting itself or discussed without papers being distributed. The Board papers provide sufficient background and explanatory information from the Management on financial impact, business strategies, risk analysis, and corporate issues to enable the directors to be properly briefed on issues to be considered at Board and Board Committees meetings. Such explanatory information may also be in the form of briefings to provide additional insights to the directors or formal presentations made by the Management in attendance at the meetings, or by external consultants or advisors engaged on specific projects or regulatory implications (if any).

The directors have separate and independent access to the Company Secretary and to other key management personnel of the Group at all times through email, telephone and face-to-face meetings. Any additional materials or information requested by the directors to make informed decisions is promptly furnished.

The Board receives quarterly management financial statements, cash flow projections, annual budgets and explanation on material forecasts variances to enable them to oversee the Group's operational and financial performance. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

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The Company Secretary attends all Board meetings and is responsible to ensure that Board procedures are followed. It is the Company Secretary's responsibility to ensure that the Company complies with the requirements of the Companies Act. Together with the other management staff, the Company Secretary is responsible for compliance with all other rules and regulations which are applicable to the Company.

The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value.

The appointment and the removal of the Company Secretary are subject to the approval of the Board.

Where the directors, whether individually or collectively, require independent professional advice in furtherance of their duties, the Company Secretary will assist in appointing a professional advisor to render the advice and keep the Board informed of such advice. The cost of such professional advice will be borne by the Company.

Remuneration Committee ("RC")

Procedures for Developing Remuneration Policies

Principle 7: **Formal and transparent procedure for fixing the remuneration packages of directors.**

Level and Mix of Remuneration

Principle 8: **Remuneration of directors should be adequate but not excessive.**

Disclosure on Remuneration

Principle 9: **Disclosure on remuneration policy, level and mix of remuneration, and the procedure for setting remuneration.**

The RC is chaired by Mr. Ng Leok Cheng, an independent director. There are three other members in the RC:

- Mr. Raymond Koh Bock Swi, Independent Director
- Mr. Yo Nagasue, Independent Director
- Ms. Tong Jia Pi Julia, Executive Director

Out of four members of the RC, three of them are non-executive independent directors and they as well as the Board are of the view that Ms. Tong Jia Pi Julia, an executive director should remain a member of the RC as her valued contribution is important to the RC's decision making process.

The key terms of reference of the RC are:

- (1) make recommendations to the Board on the framework of remuneration for the directors and senior management of the Company and its subsidiaries;

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- (2) make recommendations to the Board on specific remuneration packages for each executive director and CEO (or executive of equivalent rank) of the Company and its subsidiaries;
- (3) review all benefits and long-term incentive schemes (including share schemes) and compensation packages for the directors and senior management of the Company and its subsidiaries;
- (4) review service contracts for the directors and senior management of the Company and its subsidiaries;
- (5) administer the employees' share option scheme ("ESOS") and performance share plan ("Share Plan") adopted by the Company; and
- (6) review remuneration packages of group employees who are immediate family members (spouse, child, adopted child, step-child, sibling or parent) of any of the directors or substantial shareholders of the Company.

The Group's remuneration policy is to provide competitive remuneration packages at market rates which reward successful performance and attract, retain and motivate directors and staff. The executive directors' remuneration packages include a variable bonus element which is performance-related. The RC determines the remuneration of executive directors based on the performance of the Group and the individual. Non-executive directors are paid directors' fees, subject to approval at the annual general meeting. Executive directors do not receive directors' fees.

The remuneration of the directors of the Company for the year ended 31 March 2017 is as follows:

Name	Band	Fees (%)	Salary (%)	Bonus (%)	Others** (%)
Sng Sze Hiang	S\$500,000 to S\$1,000,000	–	78.3	19.1	2.6
Tong Jia Pi Julia	S\$500,000 to S\$1,000,000	–	78.8	19.2	2.0
Raymond Koh Bock Swi	Below S\$250,000	100	–	–	–
Ng Leok Cheng	Below S\$250,000	100	–	–	–
Yo Nagasue	Below S\$250,000	100	–	–	–
Yap Hock Soon	Below S\$250,000	–	96.2	–	3.8

** Other benefits refer to the benefits-in-kind such as car, club membership, insurance, etc. make available to the benefits of the directors, as appropriate.

The Board is of the view that it is in the best interests of the Company that specific details of the remuneration of each individual director and key management staff be kept confidential. The Board believes that the disclosure provided is in the interest of the Company as it would avoid a situation where the information might be exploited by the competitors, while allowing directors and key management staff to maintain some degree of their personal confidentiality on remuneration matters.

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The RC has access to seek appropriate expert advice in the field of executive compensation outside the Company where required. The cost of such professional advice will be borne by the Company.

During the financial year, the RC did not require the service of an external remuneration consultant.

The RC reviews the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The Group adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the individual companies in the Group and of the individual staff. Staff appraisals are conducted at least once a year.

To align the interests of staff with that of the shareholders, the Company has also implemented the TT International Employees' Share Option Scheme and Performance Share Plan ("TT ESOS and PSP") on 8 August 2002 as another element of the variable component of the staff remuneration. The Company will seek the approval of independent shareholders prior to any granting of options and/or shares to the controlling shareholders of the Company. To date, the Company has not granted any options to directors, staff and the controlling shareholders. TT ESOS and PSP expired on 7 August 2012. The Company will be implementing a new Employee's Share Option Scheme and Performance Share Plan when the Board consider the circumstances suitable.

The Company is of the view that disclosure of the remuneration of key management staff who are not directors, will be detrimental to the Group's interest because of the very competitive nature of the industry the Group operates in. The non-disclosure of each of the top 5 key management staff's remuneration does not compromise the ability of the Company to meet the Code on good corporate governance as the RC which has a majority of independent directors review the remuneration packages of such key management staff to ensure that they are fairly remunerated. The aggregate remuneration of 5 key management staff (who are not directors or the CEO) amounted to S\$1.2 million for FY2017.

Other than the Company's executive director, Mr Yap Hock Soon who is a brother-in-law of the Chairman and CEO, there are no other family members that are holding managerial position in the Group. The remuneration of Mr Yap Hock Soon for FY2017 is in the band of S\$150,000 to S\$200,000.

Accountability and Audit

Principle 10: **The Board is accountable to the shareholders while the Management is accountable to the Board.**

The Board believes in conducting itself in ways that deliver the maximum sustainable value to the shareholders. The Management provides the Board with periodic accounts of the Company and the Group's performance and position.

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with detailed and a balanced and understandable assessment of the company's performance, position and prospects. This responsibility is extended to

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regulators. Financial reports and other price-sensitive information are disseminated to shareholders through announcement via SGXNET, press releases and the Company's website. The Company's Annual Report is accessible on the Company's website.

The Board reviews legislative and regulatory compliance reports from the Management to ensure that the Group complies with the relevant requirements.

In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

All the directors and executive officers of the Group also signed a letter of undertaking pursuant to the amended Rule 720(1) of the Listing Manual of the SGX-ST.

For the financial year under review, the CEO, the Executive Director ("ED") and the Financial Controller ("FC") have provided assurance to the Board on the integrity of the Group's financial statements. The Board also provides an opinion on the adequacy and effectiveness of the Group's risk management and internal controls systems in place, including financial, operational compliance and information technology controls.

The Group 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 in order that it may effectively discharge its duties. On a quarterly basis, Board members are provided with up-to-date financial reports and other information on the Group's performance for effective monitoring and decision making.

The Management also highlighted key business indicators and major issues that are relevant to the Group's performance from time to time in order for the Board to make a balanced and informed assessment of the company's performance, position and prospects.

Internal Controls

Principle 11: **Sound system of risk management and internal controls**

The Board is responsible for ascertaining that Management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. The Board believes that the system of internal controls that has been maintained by Management throughout the financial year is adequate to meet the needs of the Group in its current business environment. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management

The Group is continually reviewing and improving the business and operational activities to take into account the risk management perspective. This includes reviewing management and manpower resources, updating work flows, processes and procedures to meet the current and future market

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conditions. The Group has also considered the various financial risks, details of which are found on pages 107 to 120 of the Annual Report.

During the reporting financial year, the AC, on behalf of the Board, has reviewed the effectiveness of the Group's material internal controls. The processes used by the AC to review the effectiveness of the system of internal control and risk management include:

- discussions with Management on risks identified by Management;
- the audit process;
- the review of internal and external audit plans; and
- the review of significant matters arising from the audits,

The Group had engaged an external internal auditors ("IA") to review its internal control and risk management process as part of the Group's efforts to strengthen its risk management processes and framework. The AC was assisted by the IA, in formulating, updating and maintenance of an adequate and effective risk management and internal control systems.

The Group, with the assistance of the IA, has evaluated its risk profile and identified the material risks faced by the Group and the countermeasures in place and/or to be implemented in the course of time to manage or mitigate those risks for the review by the AC and the Board annually. The documentation provides an overview of the Group's key risks, how they are managed, the key personnel responsible for each identified risk type and the various assurance mechanism in place and/or to be implemented. It allows the Group to address the on-going changes and the challenges in the business environment, reduces uncertainties and facilitates the shareholder value creation process.

On an annual basis, the IA prepare the internal audit plan taking into consideration the risks identified which is approved by the AC and the audits are conducted by phases to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

In addition, major control weaknesses on financial reporting, if any, are highlighted by the external auditors in the course of the statutory audit.

Based on the internal controls established and maintained by the Group, work performed by external and internal auditors and reviews performed by senior management, the Board, with the concurrence of the Audit Committee, is of the opinion that the Company's internal control were adequate and effective as at 31 March 2017 to address the financial, operational and compliance risks of the Company. Internal controls, because of their inherent limitations, can provide reasonable but not absolute assurance regarding the achievement of their intended control objectives. In this regard, the Board will ensure that if any significant internal control failings or weaknesses were to arise, necessary remedial actions would be swiftly taken.

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The Board has received assurance from the CEO, the Executive Director and the Financial Controller (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) regarding the effectiveness of the Group's risk management and internal control systems.

Audit Committee

Principle 12: **Establishment of an Audit Committee ("AC") with written terms of reference**

The AC comprises three members, all of whom are independent directors. The Chairman of the AC is Mr. Raymond Koh Bock Swi and the other members of the AC are:

- Mr. Ng Leok Cheng
- Mr. Yo Nagasue

The members of the AC have many years of experience in business management and finance. The Board considers that the members of the AC have sufficient financial management expertise and experience to discharge the AC's responsibilities.

The main terms of reference of the AC are:

- (1) review the periodic results announcements and annual financial statements and submit to the Board for approval;
- (2) recommend to the Board the appointment and re-appointment of external and internal auditors and the external auditors' fees for shareholders' approval;
- (3) review with the external auditors and internal auditors the adequacy of internal control systems;
- (4) review the audit plans and findings of the external auditors and internal auditors; and
- (5) review transactions falling within the scope of the Listing Manual, in particular, matters pertaining to interested person transactions and acquisitions and realisations.

The AC has:

- full access to and co-operation from Management as well as full discretion to invite any director or personnel to attend its meetings;
- been given reasonable resources to enable it to complete its functions properly; and
- reviewed findings and evaluation of the system of internal controls with internal and external auditors.

The AC met a total of 5 times during the year ended 31 March 2017. The Executive Directors, Company Secretary and external auditors normally attend the meetings.

The AC meets on a quarterly basis to review the quarterly and audited annual financial statements, SGXNET announcements and all related disclosures to shareholders before submission to the Board for approval. In the process, the AC reviews the key areas of management judgment applied

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for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have an impact on the Group's financial performance so as to ensure the integrity of the financial statements.

The AC, having reviewed the volume of non-audit services to the Group by the external auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, has recommended their re-nomination. The AC reviews the independence of the external auditors annually.

The AC annually reviews the adequacy of the IA function to ensure that the resources are adequate and audits are performed effectively.

The AC examines the internal audit plans, determines the scope of audit examination and approves the internal audit budget. It also oversees the implementation of the improvements required on internal control weaknesses identified and ensures that Management provides the necessary co-operation to enable the IA to perform its function.

The AC reviews the scope and results of the audit carried out by the external auditors, the cost effectiveness of the audit and the independence and objectivity of the external auditors. It always seeks to balance the maintenance of objectivity of the external auditors and their ability to provide value-for-money professional services.

The AC recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors.

The re-appointment of the external auditors is always subject to shareholders' approval at the AGM of the Company.

Where necessary, the AC meets with the external auditors separately, at least once a year, without the presence of the Management to review any matter that might be raised.

The Company has complied with Rules 712 and 715 read with Rules 716 of Listing Rules of the Singapore Exchange Securities Trading Limited with respect to the appointment of the different external auditors for different subsidiaries, the Audit Committee and the Board confirmed that they are satisfied that such arrangement would not compromise the standard and effectiveness of the external audit of the Company.

The Company has previously established a Standard Operating Practice ("SOP") that sets the principles of the code of conduct and business ethics which applies to all employees of the Group. This code covers areas such as conduct in workplace, business conduct, protection of the Company's assets, confidentiality of information and conflict of interest, etc. The Company is currently reviewing its existing SOP to further enhance its operating practices.

The Company will be looking into putting in place a whistle blowing framework whereby accessible channels are provided for employees, in good faith and in confidence, to raise concerns about possible corporate malpractices and improprieties in matters of financial reporting or other matters which they become aware.

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

Internal Audit

Principle 13: **Independent internal audit function**

The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The Group has outsourced its internal audit function of the Company to a certified public accounting firm. The IA have been commissioned on a year-to-year basis to perform continuous monitoring and review to ensure compliance with the Group's policies, internal controls and procedures designed to manage risk and safeguard the businesses and assets of the Group. The IA reports primarily to the Chairman of the AC and has full access to the documents, records, properties and personnel of the Company and of the Group.

The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' investments and the Group's businesses and assets, while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the IA is to assist the AC's review in evaluating the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas.

The reports arising from such reviews are reviewed by Management and appropriate measures are implemented on which the AC is kept apprised of. The Board is of the opinion that the continuous monitoring and review by the internal auditors is sufficient for the current needs of the Group.

Shareholders' Rights

Principle 14: **Treat all shareholders fairly and equitably**

The Company's corporate governance practices promote the fair and equitable treatment to all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decisions in respect of their investments in TT International Limited.

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in newspapers and posted onto the SGXNET. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.

All shareholders are entitled to vote in accordance with the established voting rules and procedures.

The Company started to conduct electronic poll voting for all resolutions passed at its last Annual General Meeting held on 29 July 2016. The rules, including the voting process, were clearly explained by the scrutineers at the meeting. Announcements of the detailed results showing the number of votes cast for and against each resolution and the respective percentages are released immediately at the AGM and via SGXNET thereafter within the same day.

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Communication with Shareholders

Principle 15: **Regular, effective and fair communication with shareholders.**

The Company believes in regular and timely communication with shareholders and it is the Board's policy to inform all shareholders, in a timely, fair and transparent manner on all major developments that has an impact on the Group.

All material information on the performance and development of the Group and of the Company is disclosed in an accurate and comprehensive manner through SGXNET, press releases and the Company's website. All materials on the Group's quarterly, half-yearly and full year financial results, press releases and briefing for media and analysts are published through the SGXNET, and are available on the Company's website and Shareinvestor.com investor relations website.

All information on the Company's new initiatives are disseminated via SGXNET and/or by a news release. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Results are announced and annual reports are issued within the mandatory period and are available on the Company's website. All shareholders of the Company receive the annual report and notice of general meetings. The notice is also advertised in newspapers and made available on the SGXNET.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility.

The Company has engaged a professional team of investor relations (IR) personnel who focus on facilitating the communications with all stakeholders – shareholders, analysts and media – on a regular basis, to attend to their queries or concerns as well as to keep the investors and public apprised of the Group's corporate developments and financial performance.

The Company release its financial results through a SGXNET announcement. Unaudited results for the first three quarters are released to shareholders no later than 45 days from the end of the quarter. Unaudited full-year results are released within 60 days from the financial year end.

Outside of the financial announcement periods, when necessary and appropriate, the CEO or the Executive Director (ED) will meet analysts and fund managers who like to seek a better understanding of the Group's operations. The CEO or ED also engages with local and foreign investors to solicit feedback from the investment community on a range of strategic and topical issues which should provide valuable insights to the Board on investors' views. When opportunities arise, the CEO or ED conducts media interviews to give its shareholders and the investors' public a profound prospective of the Group's business prospects.

The Group does not have a formal dividend policy at present.

Since the Company has entered into a Scheme of Arrangement with Scheme Creditors effective 19 April 2010, the Group has not declared dividend payment to shareholders.

Corporate Governance Report

Greater Shareholder Participation

Principle 16: **Greater shareholder participation at annual general meetings**

The Company supports active shareholder participation at general meetings. The shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and visions. If shareholders are unable to attend the meetings, the Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. Relevant intermediaries as defined in Section 181 of the Companies Act may appoint more than two proxies to attend and vote at a general meeting. A proxy need not be a member of the Company.

Resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are single item resolutions.

The Chairmen of the Executive, Audit, Remuneration and Nominating Committees are in attendance at the Company's AGM to address shareholders' questions relating to the work of these Committees.

The Company's external auditors, KPMG LLP, are also invited to attend the AGM and are available to assist the directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

The Board regards the annual general meeting as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues and/or questions pertaining to Company's businesses and operations, or the resolutions tabled for approval, as well as an opportunity for the Company to communicate directly with shareholders and encourages participative dialogue. The members of the Board will attend the annual general meeting and are available to answer questions from shareholders present.

Dealings in Securities

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST on best practices in respect of dealing in securities, the Group has adopted an internal code of conduct which prohibits its directors, key management personnel and officers of the Group from dealings in the Company's securities during the "black-out" period – being two weeks and one month immediately preceding the announcement of the Company's quarterly and full-year financial results, respectively.

A system of reporting of security dealing to the company secretary by directors has been established to effectively monitor the dealings of these parties in the securities of the Company. In addition, a circular is issued before the start of each period to remind officers to refrain from dealing in the Company's securities during the period of two weeks prior to the release of the quarterly, or one month prior to the release of the year-end announcements of the Group's financial results.

In addition, directors, key management personnel and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's securities on short-term considerations.

Corporate Governance Report

Material Contracts

Save for the service agreements between the Executive Directors and the Company, and the interest-free Shareholders' loan extended to the Company by a director who is also the controlling shareholder of the Company, there were no material contracts entered into by the Company and its subsidiaries involving the interest of the Chief Executive Officer, directors or controlling shareholders of the Company for the financial year ended 31 March 2017.

Interested Person Transactions (“IPT”) Policy

The Company reviews interested person transactions in accordance with the requirements of the SGX-ST Listing Manual.

In accordance with Rule 907 of the SGX-ST Listing Manual, during the financial year Tong Jia Pi Julia had advanced financing to the Group and its subsidiaries amounting to S\$2,073,000 as at 31 March 2017.

Name of Interested Person		Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 each)	
		Transactions not conducted under shareholders' mandate pursuant to Rule 920	Transactions conducted under shareholders' mandate pursuant to Rule 920
		S\$'000	S\$'000
Tong Jia Pi Julia	Advanced financing to the Group and its subsidiaries	2,073	–

Directors' Statement

Year ended 31 March 2017

We hereby submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2017.

The Company is placed under a Scheme of Arrangement (the "Scheme") sanctioned by the Court of Appeal in Singapore on 13 October 2010. The effective date of the Scheme is 19 April 2010 (the "Scheme Effective Date"). At the date of this statement, there are claims that are currently disputed of which the amounts have not yet been determined by the Court.

The ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations as and when they fall due is dependent on the matters set out in note 2 to the financial statements.

The directors consider that different possibilities regarding the future exist and that the differing outcomes can cause the financial position as at 31 March 2017, together with profit or loss, other comprehensive income and changes in equity for the year then ended, to be very different from what is currently presented in the financial statements. The directors also consider that there are no practical means available to resolve such difficulties, due to the effect of the differing outcomes, in the preparation of these financial statements. Accordingly, the directors are of the opinion that, notwithstanding these difficulties, the preparation of these financial statements on a going concern basis provides sufficient information to serve the interests of shareholders and other stakeholders who may use these financial statements. Further details on the basis of preparation of these financial statements are set out in note 2 to the financial statements.

In our opinion:

- (a) having regard to and taking into consideration the matters disclosed in the financial statements, in particular note 2 to the financial statements, the financial statements set out on pages 44 to 122 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, subject to the matters referred to in note 2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors' Statement

Year ended 31 March 2017

Directors

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

Sng Sze Hiang
Tong Jia Pi Julia
Raymond Koh Bock Swi
Ng Leok Cheng
Yo Nagasue
Yap Hock Soon

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year in shares in the Company and in related corporations, other than wholly owned subsidiaries, are as follows:

Name of director and corporation in which interests are held	At beginning of the year	At end of the year
The Company		
Ordinary shares		
Sng Sze Hiang [^] @#1	274,311,793	281,366,775
Tong Jia Pi Julia ^{^b} #2	102,779,306	103,588,856
Raymond Koh Bock Swi	195,000	195,000
Ng Leok Cheng	195,000	195,000
Yap Hock Soon ^{>}	1,628,000	1,628,000
@ Include shares held in the name of Sng Sze Hiang's nominee	131,000,000	276,835,297
b Include shares held in the name of Tong Jia Pi, Julia's nominee	–	103,588,856
* Include shares held in the name of Yap Hock Soon's wife	688,000	688,000

[^] Tong Jia Pi Julia is the wife of Sng Sze Hiang.

[>] Yap Hock Soon is the brother-in-law of Sng Sze Hiang.

^{#1} Pursuant to the Scheme of Arrangement of the Company effective 19 April 2010, as at 1 April 2016, Sng Sze Hiang is deemed interested in \$2,537,121 Redeemable Convertible Bonds granted to his wife and \$8,382,702 Redeemable Convertible Bonds granted to the subsidiaries of the Company. As at 31 March 2017, Sng Sze Hiang is deemed interested in \$8,098,769 Redeemable Convertible Bonds granted to the subsidiaries of the Company. There is no change to such interests as at 21 April 2017.

^{#2} Pursuant to the Scheme of Arrangement of the Company effective 19 April 2010, as at 1 April 2016, Tong Jia Pi Julia is interested in \$2,537,121 Redeemable Convertible Bonds granted to her under her name and she is also deemed interested in \$8,382,702 Redeemable Convertible Bonds granted to the subsidiaries of the Company. As at 31 March 2017, Tong Jia Pi Julia is interested in deemed interest in \$8,098,769 Redeemable Convertible Bonds granted to the subsidiaries of the Company. There is no change to such interests as at 21 April 2017.

Directors' Statement

Year ended 31 March 2017

By virtue of Section 7 of the Companies Act, Chapter 50, Sng Sze Hiang and Tong Jia Pi Julia are deemed to have interests in those subsidiaries of the Company, which are wholly-owned by the Company or the Group, at the beginning and at the end of the financial year, and in the following subsidiaries which are not wholly-owned by the Group:

	Shareholdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year
<u>Related Corporations</u>		
<u>T.T. International Limited</u>		
Ordinary shares of MMK1,000 each		
Sng Sze Hiang	533	533
Tong Jia Pi Julia	533	533
<u>Akira Middle East L.L.C</u>		
Ordinary shares of AED1,000 each		
Sng Sze Hiang	147	147
Tong Jia Pi Julia	147	147
<u>AIMS Trading (Private) Limited</u>		
Ordinary shares of LKR10 each		
Sng Sze Hiang	1,320,000	1,320,000
Tong Jia Pi Julia	1,320,000	1,320,000
<u>Akira Electric Corporation Holdings Ltd</u>		
Ordinary shares of BAHT100 each		
Sng Sze Hiang	490	490
Tong Jia Pi Julia	490	490

Directors' Statement

Year ended 31 March 2017

Shareholdings in which the director
is deemed to have an interest
At beginning of
the year At end of
the year

Related Corporations

Athletic AGD Sp. z.o.o.

Ordinary shares of PLN500 each

Sng Sze Hiang	1,020	1,020
Tong Jia Pi Julia	1,020	1,020

Athletic International S.A.

Ordinary shares of PLN1 each

Sng Sze Hiang	5,728,422	5,728,422
Tong Jia Pi Julia	5,728,422	5,728,422

A & D Sp. z.o.o.

Ordinary shares of PLN500 each

Sng Sze Hiang	480	480
Tong Jia Pi Julia	480	480

A-Beyond Tex Sp. z.o.o.

Ordinary shares of PLN100 each

Sng Sze Hiang	1,560	1,560
Tong Jia Pi Julia	1,560	1,560

Brahma (Polska) Sp. z.o.o.

Ordinary shares of PLN500 each

Sng Sze Hiang	156	156
Tong Jia Pi Julia	156	156

Athletic Manufacturing Sp. z.o.o

Ordinary shares of PLN50 each

Sng Sze Hiang	64,000	64,000
Tong Jia Pi Julia	64,000	64,000

TTA Holdings Ltd

Ordinary shares

Sng Sze Hiang	117,500,000	117,500,000
Tong Jia Pi Julia	117,500,000	117,500,000

Directors' Statement

Year ended 31 March 2017

	Shareholdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year
<u>Related Corporations</u>		
<u>TEAC Australia Pty Ltd</u>		
Ordinary shares		
Sng Sze Hiang	3,000,000	3,000,000
Tong Jia Pi Julia	3,000,000	3,000,000
<u>Big Box Pte. Ltd.</u>		
Ordinary shares		
Sng Sze Hiang	5,100,000	5,100,000
Tong Jia Pi Julia	5,100,000	5,100,000
<u>Omni Centre Pte. Ltd.</u>		
Ordinary shares		
Sng Sze Hiang	54,932	54,932
Tong Jia Pi Julia	54,932	54,932
<u>PT Sumber Electrindo Makmur</u>		
Ordinary shares		
Sng Sze Hiang	82,002	82,002
Tong Jia Pi Julia	82,002	82,002

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

There were no changes in the above-mentioned directors' interests in the Company between the end of the financial year and 21 April 2017.

Except as disclosed under the "Share Options" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Statement

Year ended 31 March 2017

Share options

The TT International Employees' Share Option Scheme (the "Option Scheme") and the TT International Performance Share Plan (the "Share Plan") of the Company were approved and adopted by its members at an Extraordinary General Meeting held on 8 August 2002. The Option Scheme and the Share Plan are administered by the Remuneration Committee, comprising four directors, Ng Leok Cheng (Chairman), Raymond Koh Bock Swi, Yo Nagasue and Tong Jia Pi Julia.

Other information regarding the Option Scheme and the Share Plan are set out below:

(i) Option Scheme

- The Remuneration Committee shall have the absolute discretion to grant the options with a subscription price at no discount, or at a discount of up to a maximum of 20% of the market price, being the average of the last dealt price of the Company's shares on the Singapore Exchange Trading Limited ("SGX-ST") on the five market days immediately preceding the date of grant of such options.
- Subject to the rules and such other conditions as may be imposed by the Remuneration Committee from time to time, the options granted are exercisable in whole or in part at any time:
 - (a) after the first anniversary of the date of grant of the option if the subscription price of the option granted was at market price; and
 - (b) after the second anniversary of the date of grant of the option if the subscription price of the option granted was at a discount to the market price,provided always that an option that is granted to an eligible employee shall be exercised before the tenth anniversary of the date of grant of the option and an option which is granted to a non-executive director shall be exercised before the fifth anniversary of the date of grant of that option.
- The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

(ii) Share Plan

The Remuneration Committee may award an eligible participant with fully paid shares in the Company, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance target(s). There are no vesting periods beyond the performance achievement periods.

Directors' Statement

Year ended 31 March 2017

The total number of shares issued and issuable in respect of all options and awards pursuant to the Option Scheme and the Share Plan shall not exceed 15% of the total issued share capital of the Company on the day preceding the relevant date of the option or award.

Since the commencement of the Option Scheme and the Share Plan:

- (i) no options have been granted pursuant to the Option Scheme to any person to take up unissued shares in the Company or its subsidiaries;
- (ii) no shares in the Company have been awarded to any person pursuant to the Share Plan; and
- (iii) no shares have been issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company under option.

Audit Committee

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

Raymond Koh Bock Swi (Chairman)
Ng Leok Cheng
Yo Nagasue

The Audit Committee has held five meetings since the last directors' statement. Specific functions of the Audit Committee include reviewing the scope of work of the external auditors and receiving and considering the auditors' reports. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit fees.

In addition, the Audit Committee has, in accordance with Chapter 9 of the Singapore Exchange Listing Manual, reviewed the requirements of approval and disclosure of interested person transactions, reviewed the internal procedures set up by the Company to identify and report and where necessary, sought approval for interested person transactions and reviewed interested person transactions.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Directors' Statement

Year ended 31 March 2017

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Sng Sze Hiang

Director

14 July 2017

Tong Jia Pi Julia

Director

Independent Auditors' Report

Members of the Company
TT International Limited

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of TT International Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2017, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 122.

We do not express an opinion on the accompanying consolidated financial statements of the Group or the balance sheet of the Company. Because of the significance of the matters described in the '*Basis for disclaimer of opinion*' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Company is placed under a Scheme of Arrangement (the "Scheme") sanctioned by the Court of Appeal in Singapore on 13 October 2010. The Company's ability to continue as a going concern is dependent on the successful implementation of the Scheme, the profitability of future operations, the ability to secure financing as and when required, and the continuing support of bank and other creditors, suppliers and other parties. The Group has incurred a net loss of \$90,987,000 (2016: \$59,729,000) for the year ended 31 March 2017 as set out on page 45. In addition, as at 31 March 2017, the Group and the Company are in a net current liabilities position of \$387,291,000 (2016: \$353,206,000) and \$238,488,000 (2016: \$202,511,000), respectively. As at 31 March 2017, a subsidiary is in default of its loan repayment obligation which was due on 31 March 2017 and a subsidiary is in breach of certain loan financial covenants. These factors indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern.

The directors consider that different possibilities regarding the future exist and that the differing outcomes can cause the financial statements as at 31 March 2017 to be very different from what is currently presented in these financial statements. The directors also consider that there are no practical means available to resolve such difficulties in the preparation of these financial statements for the financial year under review. In this respect, the directors are of the opinion that, notwithstanding these difficulties, the preparation of these financial statements on a going concern basis provides sufficient information to serve the interests of all stakeholders who may read these financial statements.

These matters are explained in greater detail in note 2 (and other notes) to these financial statements.

Independent Auditors' Report

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the financial statements in accordance with Singapore Standards on Auditing and to issue an auditors' report. However, because of the matters described in the '*Basis for disclaimer of opinion*' section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirement 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.

Report on other legal and regulatory requirements

In our opinion, except for the effect of the matters described in the '*Basis for disclaimer of opinion*' section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Ronald Tay Ser Teck.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
14 July 2017

Balance Sheets

As at 31 March 2017

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current assets					
Property, plant and equipment	5	563,915	613,561	473	473
Investment properties	6	8,913	9,829	–	–
Subsidiaries	7	–	–	21,609	36,895
Intangible assets	8	33,805	44,315	–	–
Deferred tax assets	9	1,431	3,126	–	–
Unsecured loan to a subsidiary	11	–	–	89,900	89,900
		<u>608,064</u>	<u>670,831</u>	<u>111,982</u>	<u>127,268</u>
Current assets					
Inventories	10	39,341	56,857	–	–
Trade and other receivables	11	71,343	67,217	63,045	54,044
Cash and cash equivalents	12	9,311	18,626	24	30
Assets held for sale	13	–	–	–	–
		<u>119,995</u>	<u>142,700</u>	<u>63,069</u>	<u>54,074</u>
Total assets		<u>728,059</u>	<u>813,531</u>	<u>175,051</u>	<u>181,342</u>
Equity					
Share capital	14	175,622	171,929	175,622	171,929
Reserves	15	117,636	125,903	121	121
Accumulated losses		(317,470)	(268,243)	(375,340)	(313,752)
Equity attributable to owners of the Company					
Non-controlling interests	7	(24,212)	29,589	(199,597)	(141,702)
		<u>53,315</u>	<u>98,974</u>	<u>–</u>	<u>–</u>
Total equity		<u>29,103</u>	<u>128,563</u>	<u>(199,597)</u>	<u>(141,702)</u>
Non-current liabilities					
Borrowings	16	153,063	146,940	72,349	65,624
Derivative financial liabilities		664	750	742	835
Deferred tax liabilities	9	37,943	41,372	–	–
		<u>191,670</u>	<u>189,062</u>	<u>73,091</u>	<u>66,459</u>
Current liabilities					
Borrowings	16	321,990	308,517	149,098	147,657
Provision for warranties	17	141	246	–	–
Trade and other payables	18	181,305	184,794	152,459	108,928
Current tax payable		3,850	2,349	–	–
Liabilities held for sale	13	–	–	–	–
		<u>507,286</u>	<u>495,906</u>	<u>301,557</u>	<u>256,585</u>
Total liabilities		<u>698,956</u>	<u>684,968</u>	<u>374,648</u>	<u>323,044</u>
Total equity and liabilities		<u>728,059</u>	<u>813,531</u>	<u>175,051</u>	<u>181,342</u>

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

Consolidated Income Statement

Year ended 31 March 2017

	Note	2017 \$'000	2016 \$'000
Revenue	19	304,576	346,548
Other operating income		12,901	9,815
		317,477	356,363
Changes in inventories of finished goods		(17,516)	4,411
Purchase of goods		(203,621)	(263,858)
Staff costs		(41,579)	(46,044)
Depreciation of property, plant and equipment	5	(32,801)	(30,601)
Impairment loss on intangible assets	8	(11,470)	–
Other operating expenses		(68,472)	(50,371)
Loss from operations		(57,982)	(30,100)
Finance income		167	900
Finance expense			
– Interest expense paid/payable		(18,452)	(18,093)
– Accretion of interest expense		(11,426)	(10,819)
– Others		86	226
		(29,792)	(28,686)
Net finance expense	21	(29,625)	(27,786)
Loss before income tax		(87,607)	(57,886)
Income tax expense	22	(3,380)	(1,843)
Loss for the year	20	(90,987)	(59,729)
Attributable to:			
Owners of the Company		(52,533)	(33,338)
Non-controlling interests		(38,454)	(26,391)
Loss for the year		(90,987)	(59,729)
		2017	2016
		Cents	Cents
Earnings per share			
– Basic and diluted	23	(5.02)	(3.26)

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

Consolidated Statement of Comprehensive Income

Year ended 31 March 2017

	2017	2016
	\$'000	\$'000
Loss for the year	<u>(90,987)</u>	<u>(59,729)</u>
<i>Items that will not be reclassified to profit or loss:</i>		
Net deficit on revaluation of property, plant and equipment, net of tax	(16,112)	(445)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Translation differences relating to financial statements of foreign subsidiaries	<u>3,944</u>	<u>14</u>
Other comprehensive income for the year, net of tax	<u>(12,168)</u>	<u>(431)</u>
Total comprehensive income for the year	<u>(103,155)</u>	<u>(60,160)</u>
Total comprehensive income attributable to:		
Owners of the Company	(57,786)	(33,268)
Non-controlling interests	<u>(45,369)</u>	<u>(26,892)</u>
Total comprehensive income for the year	<u>(103,155)</u>	<u>(60,160)</u>

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

Consolidated Statement of Changes in Equity

Year ended 31 March 2017

	Share capital \$'000	Capital reserves \$'000	Fair value and revaluation reserves \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Group								
At 1 April 2015	168,751	121	177,476	(28,319)	(240,152)	77,877	46,372	124,249
Total comprehensive income for the year								
Loss for the year	-	-	-	-	(33,338)	(33,338)	(26,391)	(59,729)
Other comprehensive income <i>(item that will not be reclassified to profit or loss:</i>								
Net surplus/(deficit) on revaluation of property, plant and equipment, net of tax <i>items that are or may be reclassified subsequently to profit or loss:</i>			38	-	-	38	(483)	(445)
Translation differences relating to financial statements of foreign subsidiaries			-	32	-	32	(18)	14
Total other comprehensive income			38	32	-	70	(501)	(431)
Total comprehensive income for the year								
Transactions with owners, recorded directly in equity			38	32	(33,338)	(33,268)	(26,892)	(60,160)
Contribution by owners								
Issuance of new shares upon RCB conversion	3,178	-	-	-	-	3,178	-	3,178
Total contribution by owners	3,178	-	-	-	-	3,178	-	3,178
Change in ownership interest in subsidiaries								
Contribution from non-controlling interest			-	-	-	-	58,096	58,096
Change in ownership interest in subsidiaries while retaining control		21,519	(44,964)	-	5,247	(18,198)	21,398	3,200
Total change in ownership interest		21,519	(44,964)	-	5,247	(18,198)	79,494	61,296
At 31 March 2016	171,929	21,640	132,550	(28,287)	(268,243)	29,589	98,974	128,563

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

Consolidated Statement of Changes in Equity

Year ended 31 March 2017

	Share capital \$'000	Capital reserves \$'000	Fair value and revaluation reserves \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Group								
At 1 April 2016	171,929	21,640	132,550	(28,287)	(268,243)	29,589	98,974	128,563
Total comprehensive income for the year								
Loss for the year	-	-	-	-	(52,533)	(52,533)	(38,454)	(90,987)
Other comprehensive income <i>Item that will not be reclassified to profit or loss:</i>								
Net deficit on revaluation of property, plant and equipment, net of tax <i>Items that are or may be reclassified subsequently to profit or loss:</i>	-	-	(7,850)	-	-	(7,850)	(8,262)	(16,112)
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	2,597	-	2,597	1,347	3,944
Total other comprehensive income	-	-	(7,850)	2,597	-	(5,253)	(6,915)	(12,168)
Total comprehensive income for the year								
Transactions with owners, recorded directly in equity								
Contribution by owners								
Issuance of new shares upon RCB conversion	3,693	-	-	-	-	3,693	-	3,693
Total contribution by owners	3,693	-	-	-	-	3,693	-	3,693
Change in ownership interest in subsidiaries								
Contribution from non-controlling interest	-	-	-	-	-	-	2	2
Change in ownership interest in subsidiaries while retaining control	-	(2,929)	-	(85)	3,306	292	(292)	-
Total change in ownership interest								
-	-	(2,929)	-	(85)	3,306	292	(290)	2
At 31 March 2017	175,622	18,711	124,700	(25,775)	(317,470)	(24,212)	53,315	29,103

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

Consolidated Statement of Cash Flows

Year ended 31 March 2017

	2017 \$'000	2016 \$'000
Cash flows from operating activities		
Loss for the year	(90,987)	(59,729)
Adjustments for:		
Allowance for doubtful receivables	4,702	21
Allowance for stock obsolescence made/(written back)	468	(380)
Change in fair value of derivative financial liabilities	(86)	(226)
Changes in fair value of investment properties	1,006	522
Deficit/(surplus) on revaluation of property, plant and equipment in profit or loss	719	(495)
Depreciation and amortisation	32,859	30,659
Exchange loss, unrealised	965	1,078
Finance expense	29,878	28,912
Finance income	(167)	(900)
Impairment of goodwill	11,470	–
Receivables written off	537	59
Inventories written off	196	735
Income tax expense	3,380	1,843
Loss on disposal of a subsidiary	–	105
Loss/(gain) on disposal of property, plant and equipment	676	(778)
Write back of provision for Scheme and Scheme-related expenses	–	(14,000)
	(4,384)	(12,574)
Changes in working capital:		
Inventories	17,197	(628)
Trade and other receivables	(8,687)	10,893
Trade and other payables	(11,015)	5,585
Bills payable and trust receipts	(171)	(209)
Provisions	(105)	(107)
Deposits and advance payments from customers	1,080	496
Cash (used in)/generated from operations	(6,085)	3,456
Income tax (paid)/refunded	(23)	166
Interest income received	167	900
Interest paid on bills payable and trust receipts	(38)	(54)
Net cash (used in)/generated from operating activities	(5,979)	4,468
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	264	1,949
Proceeds from transfer of business	–	7,293
Purchase of property, plant and equipment	(2,946)	(3,629)
Acquisition of businesses, net of cash acquired	25	(53,238)
Proceeds from disposal of subsidiary	13	93
Net cash used in investing activities	(2,682)	(47,532)

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

Consolidated Statement of Cash Flows

Year ended 31 March 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from financing activities			
Contribution from non-controlling interests		2	58,096
Restricted bank deposits		9,999	(56)
Repayment of bank overdrafts		(703)	(784)
Interest paid on borrowings		(10,327)	(11,456)
Payment of obligations under finance leases		(538)	(465)
Proceeds from/(repayment of) loans from directors		1,473	(739)
Proceeds from loans from non-controlling shareholders of subsidiaries		162	316
Repayment of loan from non-controlling shareholder of a subsidiary		(10)	(669)
Proceeds from interest-bearing borrowing		22,580	29,683
Repayment of borrowings		(12,723)	(37,567)
Net cash generated from financing activities		<u>9,915</u>	<u>36,359</u>
Net increase/(decrease) in cash and cash equivalents		1,254	(6,705)
Cash and cash equivalents at 1 April 2016/2015		6,919	13,746
Effect of foreign exchange rate changes on cash held in foreign currencies		133	(122)
Cash and cash equivalents at 31 March	12	<u>8,306</u>	<u>6,919</u>

Major non-cash transactions

During the year ended 31 March 2017, the Group entered into new finance leases amounting to \$558,000 (2016: \$367,000) to finance the purchase of property, plant and equipment.

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

Notes to the Financial Statements

Year ended 31 March 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 July 2017.

1 Domicile and activities

TT International Limited (the “Company”) is incorporated in Singapore and has its registered office at 1 Venture Avenue, #07-07 Big Box, Singapore 608521.

The principal activities of the Company are those relating to retail, trading and distribution of a wide range of furniture and furnishings, electrical and electronics products and investment holding. The principal activities of the significant subsidiaries are set out in note 7 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (collectively referred to as the “Group”).

2 Scheme of arrangement and financial reporting

Scheme of arrangement

The Company is being restructured under a Scheme of Arrangement (the “Scheme”) sanctioned by the Court of Appeal in Singapore on 13 October 2010. The effective date of the Scheme is 19 April 2010 (the “Scheme Effective Date”).

Pursuant to the Scheme:

- a) On 1 June 2010, the Company announced the results of its first Reverse Dutch Auction (“RDA”). The Company paid \$14,750,000 and extinguished \$89,925,000 of its Original Debt under the RDA.

The total Sustainable Debt (i.e. the projected level of debt that the Company is able to sustain) as at 31 July 2009 (the “Ascertainment Date”) is \$150,000,000. The Sustainable Debt has a term of 5 years commencing from the Scheme Effective Date of 19 April 2010. The total Non-sustainable Debt is determined after deducting the total Sustainable Debt from the Restructured Debt. The amount of Sustainable Debt owed to each Scheme Creditor shall be determined by reference to the proportion of the Scheme Creditor balance relative to the Restructured Debt multiplied by \$150,000,000. The amount of Non-sustainable Debt owed to each Scheme Creditor shall be determined by reference to the proportion of the Scheme Creditor balance relative to the Restructured Debt multiplied by total Non-sustainable Debt.

- b) On 25 October 2011, the crystallised portion of Sustainable Debt amount to \$81,047,000. The crystallised portion of Non-sustainable Debt of \$139,377,000 were converted into Redeemable Convertible Bonds (“RCBs”). These RCBs were issued by the Company at par.

Notes to the Financial Statements

Year ended 31 March 2017

2 Scheme of arrangement and financial reporting (Continued)

Scheme of arrangement (Continued)

- c) As at 31 March 2012, the aggregate restructured debt under the Scheme (the “Restructured Debt”) is \$407,337,000 which comprise of proved debts of \$221,025,000, contingent claims of \$97,546,000 and disputed debts of \$88,766,000.
- d) Following the resolution of a disputed debt with one Scheme Creditor, new RCBs with a face value of \$139,634,000 were issued on 3 April 2013 to the Scheme Creditors (reflecting an increase of \$257,000) in exchange for those issued on 25 October 2011 on the same terms. The crystallised portion of the Sustainable Debt increased by \$344,000 to \$81,391,000.

Subsequent to this, certain disputed debts of \$27,909,000 were resolved, of which \$25,428,000 of the disputed debts crystallised. This resulted in the Company’s proved debts increasing from \$221,025,000 to \$246,453,000. The crystallised portion of the total Sustainable Debt increased by \$9,920,000 to \$91,311,000. The crystallised portion of the Non-sustainable Debt increased by \$15,508,000 to \$155,142,000, for which the RCBs will be issued in due course. At the Group level, the crystallised portion of Sustainable Debt of the Group increased by \$2,567,000 to \$83,958,000. The crystallised portion of the Non-sustainable Debt of the Group increased by \$4,361,000 to \$143,995,000.

- e) During the financial year ended 31 March 2015, the Company made an offer to each Scheme Creditor to convert a number of RCBs into the Company’s new ordinary shares (“Dilution Shares”) at a conversion price of \$0.14 by way of a first dilution exercise (the “First Dilution Exercise”) in accordance with the Scheme terms. In accordance with the Bondholders’ exercising of their rights under the First Dilution Exercise to convert the RCBs entitled for conversion of Dilution Shares, the Company had, on 14 May 2014 (the first Dilution Date), issued 20,285,041 Dilution Shares which were quoted on the SGX-ST on 15 May 2014. As a result, the RCBs issued to Scheme Creditors were reduced by a face value of approximately \$2,840,000. As such, the total amount of RCBs with a total face value amounting to \$152,302,000, were issued to Scheme Creditors in exchange of those issued previously on the same terms. On 20 March 2015, Scheme Creditors approved the extension of the date of repayment of the Sustainable Debt by up to 12 months. At the Group level, the crystallised portion of Sustainable Debt of the Group remained at \$83,958,000. The crystallised portion of the Non-sustainable Debt of the Group decreased by approximately \$2,840,000 to \$141,155,000.

Notes to the Financial Statements

Year ended 31 March 2017

2 Scheme of arrangement and financial reporting (Continued)

Scheme of arrangement (Continued)

- f) On 19 April 2015, contingent debt of \$127,757,000 have been deemed irrevocably, unconditionally and permanently waived by the contingent creditors. A contingent claim of \$2,282,000 pending verification have been fully resolved and crystallised. Crystallised debts and disputed debts have also been reduced by \$135,000 and \$2,684,000 respectively. This resulted in the Company's restructured debt decreasing from \$404,856,000 to \$271,440,000. It comprises of crystallised debts of \$245,760,000 and disputed debts of \$25,680,000. The crystallised portion of the Sustainable Debt increased by \$44,645,000 to \$135,956,000. The crystallised portion of the Non-sustainable Debt decreased by \$42,498,000 to \$109,804,000. At the Group level, the crystallised portion of Sustainable Debt of the Group increased by \$44,765,000 to \$128,723,000. The crystallised portion of the Non-sustainable Debt of the Group decreased by \$42,618,000 to \$98,537,000.
- g) During the financial year ended 31 March 2016, the Company made an offer to each Scheme Creditor to convert a number of RCBs into the Company's new ordinary shares ("Dilution Shares") at a conversion price of \$0.15 by way of a second dilution exercise (the "Second Dilution Exercise") in accordance with the Scheme terms. In accordance with the Bondholders' exercising of their rights under the Second Dilution Exercise to convert the RCBs entitled for conversion of Dilution Shares, the Company had, on 14 May 2015 (the second Dilution Date), issued 21,187,159 Dilution Shares which were quoted on the SGX-ST on 15 May 2015. As a result, the RCBs issued to Scheme Creditors were reduced by a face value of approximately \$3,178,000 to \$106,626,000. At the Group level, the crystallised portion of Sustainable Debt of the Group remained at \$128,723,000. The crystallised portion of the Non-sustainable Debt of the Group decreased by \$3,178,000 to \$95,359,000.
- h) On 14 April 2016, the quantum of disputed debts under litigation was preliminary determined by the court to be \$18,193,000. Accordingly, at the Company level, the crystallised portion of the Non-sustainable Debt reduced by \$3,815,000 to \$102,811,000. At the Group level, the crystallised portion of Sustainable Debt of the Group increased by \$3,815,000 to \$132,538,000. The crystallised portion of the Non-sustainable Debt of the Group decreased by \$3,815,000 to \$91,544,000.

On 15 April 2016, Scheme Creditors approved the extension of the date of repayment of the Sustainable Debt by up to 12 months.

- i) During the financial year ended 31 March 2017, the Company made an offer to each Scheme Creditor to convert a number of RCBs into the Company's new ordinary shares ("Dilution Shares") at a conversion price of \$0.16 by way of a third dilution exercise (the "Third Dilution Exercise") in accordance with the Scheme terms. In accordance with the Bondholder's exercising of their rights under the Third Dilution Exercise to convert the RCBs entitled for conversion of Dilution Shares, the Company had, on 13 May 2016 (the third Dilution Date), issued 23,078,216 Dilution Shares which were quoted on the SGX-ST on 16 May 2016. As a result, the RCBs issued to Scheme Creditors were reduced by a face value of approximately \$3,693,000 to \$99,118,000. At the Group level, the crystallised portion of Sustainable Debt of the Group remained at \$132,538,000. The crystallised portion of the Non-sustainable Debt of the Group decreased by \$3,693,000 to \$87,851,000.

Notes to the Financial Statements

Year ended 31 March 2017

2 Scheme of arrangement and financial reporting (Continued)

Scheme of arrangement (Continued)

j) On 29 March 2017, the quantum of disputed debts under litigation was preliminary determined by the Court to be \$3,068,167.58. The relevant Scheme Creditor to that Disputed Debts under litigation had submitted their appeal to Court.

On 18 April 2017, Scheme Creditors gave their approval to the termination of the Scheme upon receipt of the Settlement Sum of \$70,000,000 and the extension of the date of repayment of Sustainable Debt by up to 3 months from 19 April 2017.

At the date of these financial statements, the process of determining the final amounts of certain claims which are currently disputed have not been resolved, finalised and/or crystallised (see note 27).

Financial reporting

The ability of the Group and the Company to continue in operation in the foreseeable future and to meet their financial obligations (both short term and long term) as and when they fall due is dependent on:

- a) the successful implementation of the Scheme;
- b) the profitability of future operations of the Company and its subsidiaries;
- c) the controlling shareholders and key management personnel of the Company remaining substantially unchanged;
- d) the ability to secure financing as and when required; and
- e) the continuing support of bank and other creditors, suppliers and other parties.

Based on these financial statements, the Group has incurred a net loss of \$90,987,000 (2016: \$59,729,000) for the year ended 31 March 2017. In addition, as at 31 March 2017, the Group and the Company are in a net current liabilities position of \$387,291,000 (2016: \$353,206,000) and \$238,488,000 (2016: \$202,511,000), respectively. As at 31 March 2017, a subsidiary is in default of its loan repayment obligation which was due on 31 March 2017 and a subsidiary is in breach of certain loan financial covenants (see note 16).

The financial statements of the Group and the Company have been prepared on a going concern basis, which assumes that the Group and the Company will continue in operation at least for a period of twelve months from the reporting date. This means that the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue in operation in the foreseeable future. Should the going concern assumption be inappropriate, adjustments would have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the balance sheet. In addition, the Group and the Company may have to provide for further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

Notes to the Financial Statements

Year ended 31 March 2017

2 Scheme of arrangement and financial reporting (Continued)

Financial reporting (Continued)

The amount of assets and liabilities currently recorded in the accounting records of the Company and its subsidiaries, including amounts recoverable from or payable to group companies, are based on claims and payables which have arisen in the ordinary course of business. It is currently difficult to assess and estimate, with any degree of certainty, the amounts at which the assets will ultimately be realised or recovered, and the amounts at which liabilities should be recorded, owing to the uncertainties caused by the current difficult operating conditions and the ongoing restructuring of the Group.

The directors consider that different possibilities regarding the future exist and that the differing outcomes can cause the financial statements as at 31 March 2017 to be very different from what is currently presented in these financial statements. The directors also consider that there are no practical means available to resolve such difficulties in the preparation of these financial statements for the financial year under review. In this respect, the directors are of the opinion that, notwithstanding these difficulties, the preparation of these financial statements on a going concern basis provides sufficient information to serve the interests of all stakeholders who may read these financial statements.

3 Basis of preparation

3.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”).

The basis of preparation (including the basis of measurement and the use of estimates and judgements) of these financial statements is affected by the matters described in note 2 above.

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are measured at fair value, as described below.

3.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

3.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes to the Financial Statements

Year ended 31 March 2017

3 Basis of preparation (Continued)

3.4 Use of estimates and judgements (Continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in note 2 and the following notes:

- Note 5 and 25 – measurement of property, plant and equipment
- Note 6 and 25 – measurement of investment properties
- Note 8 – impairment of goodwill and trademarks
- Note 4.16 and 9 – recognition of deferred tax assets
- Note 11 – impairment loss on trade and other receivables
- Note 16 and 25 – measurement of borrowings
- Note 2 and 27 – measurement of contingent liabilities

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities which addresses changes in accounting policies.

4.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.1 Basis of consolidation (Continued)

Business combinations (Continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.1 Basis of consolidation (Continued)

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Common control transactions

Common control transactions relates to business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

Accounting for subsidiaries by the Company

Investments in subsidiaries are stated in the Company's balance sheet at cost less accumulated impairment losses.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land and buildings (including land and buildings under construction), which are stated at their revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are carried out by independent professional valuers regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in the revaluation amount is credited to the revaluation reserve (net of tax) unless it offsets a previous decrease in value of the same asset that was recognised in profit or loss. A decrease in value is recognised in the profit or loss where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to accumulated profits and is not taken into account in arriving at the gain or loss on disposal.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.3 Property, plant and equipment (Continued)

The estimated useful lives for the current and comparative years are as follows:

Freehold buildings	50 years
Leasehold land and buildings	18 to 50 years
Plant and machinery	2 to 10 years
Renovations	3 to 10 years
Furniture, fittings and office equipment	2 to 10 years
Computers	3 to 5 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent that the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.

4.4 Investment properties

Investment property is property held either to earn rental income for capital appreciation or both. It does not include properties held for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes.

Investment property is measured at fair value, with any change recognised in profit or loss. Rental income from investment properties is accounted for in the manner described in note 4.13.

When the Group holds a property interest under an operating lease to earn rental income or capital appreciation, the interest is classified and accounted for as investment properties on a property-by-property basis. Any such property interest which has been classified as investment properties is accounted for as if it is held under finance lease (see note 4.9), and is accounted for in the same way as other investment properties leased under finance leases. Lease payments are accounted for as described in note 4.9.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.5 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 4.1.

Goodwill is measured at cost less accumulated impairment losses.

Trademarks

Trademarks are acquired by the Group and have finite and infinite useful life. Trademarks are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated based on the cost of trademarks less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets with a finite useful life, other than goodwill, from the date that they are available for use. The estimated useful life is 19 years.

Amortisation methods, useful life and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

4.6 Financial instruments

Non-derivative financial assets

Financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.6 Financial instruments (Continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise an unsecured loan to a subsidiary, cash and cash equivalents and trade and other receivables.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Non-derivative financial liabilities

The Group has the following non-derivative financial liabilities: borrowings, provisions and trade and other payables.

The Group initially recognises subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

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

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.6 Financial instruments (Continued)

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. As the derivative instruments are not designated in a hedge relationship for the purpose of hedge accounting, changes in the fair value of all its derivative instruments are recognised immediately in profit or loss and are included in finance income and finance expense.

Separable embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through the profit or loss. Multiple embedded derivatives in a single instrument are treated as a single compound embedded derivative if they share the same underlying risk exposures, are interdependent of each other and are not readily separable.

Changes in the fair value of separable embedded derivatives are recognised in profit or loss and are included in finance income and finance expense.

RCBs

The Company has issued redeemable convertible bonds that can be converted into ordinary shares of the Company at the option of the holder, where the number of shares to be issued will vary and not vary with changes in their fair value during certain specified periods of the RCBs. The RCBs are accounted for as a hybrid financial instrument that comprises a liability component for the principal, a derivative liability component and an equity component.

The liability component is recognised initially at its fair value, determined using a market interest rate for an equivalent non-convertible bond. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The derivative liability is recognised initially at its fair value, and subsequently carried at its fair value. Gains or losses arising from changes in the fair value of the derivative liability are recognised as finance income and finance expense in profit or loss in the financial year in which the changes in fair value arises.

The equity component is recognised initially at its fair value in equity. The carrying amount of the equity component is not adjusted in subsequent periods.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.6 Financial instruments (Continued)

Intra-group guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

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

4.7 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than that suggested by historical trends.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.7 Impairment (Continued)

Non-derivative financial assets (Continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment allowances attributable to the application of effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at the reporting date. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.7 Impairment (Continued)

Non-financial assets (Continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.8 Non-current assets held for sale or distribution

Assets or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

4.9 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern of the benefit derived. Lease incentives received are recognised in profit and loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.9 Leases (Continued)

When entities within the Group are lessors of an operating lease

Assets leased out under operating lease arrangements relate to the Group's warehouse and office facilities. These assets are used to generate rental income. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

4.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In arriving at net realisable value, due allowance is made for all obsolete and slow moving items.

4.11 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. These include salaries, annual bonuses and paid annual leave.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

TT International Employees' Share Option Scheme ("Option Scheme") and TT International Performance Share Plan ("Share Plan") have been put in place to grant options and award shares to eligible employees and participants, respectively. Details of the Option Scheme and Share Plan are disclosed in the Directors' Report.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.11 Employee benefits (Continued)

Share-based payments (Continued)

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each reporting date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

For the financial years ended 31 March 2017 and 2016, the Company did not grant options and award shares under the Company's Option Scheme and Share Plan and there are no unissued shares or outstanding options and awards of the Company as at the reporting date.

4.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.13 Revenue recognition

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, goods and services taxes or other sales taxes, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

The timing of transfer of risks and rewards varies depending on the individual terms of the contract of sale. For sales of consumer electronics and furniture and furnishing products, transfer usually occurs when the product is received by the customer. For international shipments, revenue is recognised in accordance to respective delivery terms as defined by The International Chamber of Commerce Terms of Trade (“Incoterms”).

Warehouse and logistics service

Revenue from warehouse and logistics service rendered is recognised in profit or loss when the services are rendered.

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

4.14 Finance income and expense

Finance income comprises interest income on bank balances and fixed deposits, dividend income and fair value gains on re-measurement of derivatives. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group’s right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, fair value loss on re-measurement of derivatives and accretion of interest expense. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.15 Government grants

Cash grants received from the government are recognised as income upon receipt.

4.16 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption is that the carrying amount of the investment property will be recovered through sale. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.16 Income tax expense (Continued)

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Group recognises tax liabilities based on estimates. In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.

These tax liabilities are recognised when the Group believes that certain positions may not be fully sustained upon review by tax authorities, despite the Group's belief that its tax return positions are supportable. The Group believes that its accruals for tax liabilities, at that time of such determination, are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.17 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

4.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.19 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 April 2016 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, management is assessing the transition options and the potential impact on its financial statements. The Group does not plan to adopt these standards early.

Applicable to 2018 financial statements

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group plans to adopt the standard when it becomes effective in 2018. The Group is currently performing an analysis under FRS 115 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

FRS 109 Financial Instruments

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. It will change the existing accounting standards and guidance applied by the Group and the Company in accounting for financial instruments.

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

The Group plans to adopt the standard when it becomes effective in 2018. The Group is gathering data to quantify the potential impact arising from the adoption.

Notes to the Financial Statements

Year ended 31 March 2017

4 Significant accounting policies (Continued)

4.19 New standards and interpretations not adopted (Continued)

Convergence with International Financial Reporting Standards (IFRS)

In addition, the Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for annual periods beginning on or after 1 January 2018.

The Group is currently performing an analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework.

Applicable to 2019 financial statements

FRS 116 Leases

FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients.

Notes to the Financial Statements

Year ended 31 March 2017

5 Property, plant and equipment

	← At valuation →			← At cost →				Total \$'000
	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Plant and machinery \$'000	Renovations \$'000	Furniture, fittings and office equipment \$'000	Computers \$'000	Motor vehicles \$'000	
Group								
Cost/Valuation								
At 1 April 2015	3,373	614,704	4,293	17,879	13,705	9,534	4,289	667,777
Translation differences on consolidation	(57)	(468)	(61)	(233)	(165)	(138)	(37)	(1,159)
Additions	–	–	5	4,536	1,189	3,833	221	9,784
Surplus/(deficit) on revaluation recognised directly in equity	50	(574)	–	–	–	–	–	(524)
Surplus on revaluation recognised directly in profit or loss	495	–	–	–	–	–	–	495
Adjustments	–	(2,647)	–	–	–	–	–	(2,647)
Disposals	–	–	(5)	(5,407)	(2,836)	(3,757)	(344)	(12,349)
Reversal of depreciation on revaluation	(68)	(25,479)	–	–	–	–	–	(25,547)
At 31 March 2016	3,793	585,536	4,232	16,775	11,893	9,472	4,129	635,830
At 1 April 2016	3,793	585,536	4,232	16,775	11,893	9,472	4,129	635,830
Translation differences on consolidation	456	314	63	187	106	104	–	1,230
Additions	–	20	–	1,420	506	961	597	3,504
Deficit on revaluation recognised directly in equity	(50)	(19,574)	–	–	–	–	–	(19,624)
Deficit on revaluation recognised directly in profit or loss	(719)	–	–	–	–	–	–	(719)
Disposal	–	–	(3)	(1,089)	(70)	(309)	(377)	(1,848)
Reversal of depreciation on revaluation	(32)	(27,560)	–	–	–	–	–	(27,592)
At 31 March 2017	3,448	538,736	4,292	17,293	12,435	10,228	4,349	590,781
Accumulated depreciation								
At 1 April 2015	–	–	2,875	8,103	7,086	4,838	2,547	25,449
Translation differences on consolidation	–	–	(62)	(183)	(154)	(77)	(30)	(506)
Depreciation charge for the year	68	25,479	34	2,308	970	1,257	485	30,601
Disposals	–	–	(5)	(3,457)	(2,347)	(1,693)	(226)	(7,728)
Reversal of depreciation on revaluation	(68)	(25,479)	–	–	–	–	–	(25,547)
At 31 March 2016	–	–	2,842	6,771	5,555	4,325	2,776	22,269
At 1 April 2016	–	–	2,842	6,771	5,555	4,325	2,776	22,269
Translation differences on consolidation	–	–	63	104	93	42	(6)	296
Depreciation charge for the year	32	27,560	35	2,108	1,058	1,531	477	32,801
Disposals	–	–	(3)	(559)	(58)	(4)	(284)	(908)
Reversal of depreciation on revaluation	(32)	(27,560)	–	–	–	–	–	(27,592)
At 31 March 2017	–	–	2,937	8,424	6,648	5,894	2,963	26,866
Carrying amounts								
At 1 April 2015	3,373	614,704	1,418	9,776	6,619	4,696	1,742	642,328
At 31 March 2016	3,793	585,536	1,390	10,004	6,338	5,147	1,353	613,561
At 31 March 2017	3,448	538,736	1,355	8,869	5,787	4,334	1,386	563,915

Notes to the Financial Statements

Year ended 31 March 2017

5 Property, plant and equipment (Continued)

	At valuation		At cost			Total \$'000
	Freehold building \$'000	Renovation \$'000	Furniture, fittings and office equipment \$'000	Computers \$'000	Motor vehicles \$'000	
Company						
Cost/Valuation						
At 1 April 2015	284	–	217	1,366	296	2,163
Additions	–	91	12	88	–	191
Disposals	–	–	(9)	–	–	(9)
At 31 March 2016	284	91	220	1,454	296	2,345
At 1 April 2016	284	91	220	1,454	296	2,345
Additions	–	–	3	99	23	125
At 31 March 2017	284	91	223	1,553	319	2,470
Accumulated depreciation						
At 1 April 2015	125	–	180	1,161	294	1,760
Depreciation charge for the year	6	6	8	97	1	118
Disposals	–	–	(6)	–	–	(6)
At 31 March 2016	131	6	182	1,258	295	1,872
At 1 April 2016	131	6	182	1,258	295	1,872
Depreciation charge for the year	5	9	7	99	5	125
At 31 March 2017	136	15	189	1,357	300	1,997
Carrying amounts						
At 31 March 2015	159	–	37	205	2	403
At 31 March 2016	153	85	38	196	1	473
At 31 March 2017	148	76	34	196	19	473

Freehold and leasehold land and buildings were revalued by independent professional valuers at the reporting date, at open market value, on a willing buyer and a willing seller in an arm's length transaction. A revaluation deficit of \$19,624,000 (2016: \$524,000) had been transferred to the revaluation reserves of the Group during the year. A revaluation deficit of \$719,000 (2016: revaluation surplus of \$495,000) has been recorded in the profit or loss of the Group during the year.

As at 31 March 2017, leasehold land and buildings with carrying amount of \$505,000,000 (2016: \$550,000,000) is pledged as security to secure a term loan (see note 16).

Notes to the Financial Statements

Year ended 31 March 2017

5 Property, plant and equipment (Continued)

The carrying amount of freehold and leasehold land and buildings of the Group would have been \$335,592,000 (2016: \$352,254,000) had the freehold and leasehold land and buildings been carried at cost less accumulated depreciation and impairment losses.

In respect of the revaluation surplus arising from the revaluation of the freehold and leasehold land and buildings, the Group recognised a reduction in deferred tax liability of \$3,512,000 (2016: \$79,000) (note 9).

As at 31 March 2017, property, plant and equipment with a carrying amount of \$1,326,000 (2016: \$1,258,000) for the Group and \$8,000 (2016: \$9,000) of the Company were acquired under finance lease agreements. The amounts outstanding under the finance lease agreements are set out in note 16 to the financial statements.

Information on property, plant and equipment that are pledged as security for the Group's borrowings are set out in note 16 to the financial statements.

6 Investment properties

	Note	2017 \$'000	2016 \$'000
Group			
At 1 April		9,829	10,360
Translation differences on consolidation		90	(9)
Changes in fair value	20	(1,006)	(522)
At 31 March		<u>8,913</u>	<u>9,829</u>

Investment properties were revalued at the reporting date by firms of independent professional valuers who have appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction.

Investment properties comprise a number of industrial buildings that are leased to external parties for a period ranging from 2 to 3 years. Subsequent renewals of the operating leases are negotiated with the lessees.

Information on investment properties that are pledged as security for the Group's borrowings are set out in note 16 to the financial statements.

Notes to the Financial Statements

Year ended 31 March 2017

7 Subsidiaries

	2017 \$'000	2016 \$'000
Company		
At cost:		
Quoted equity investment	1,767	1,767
Unquoted equity investments	91,730	91,730
Deemed capital distribution	(15,286)	–
Impairment losses	(56,602)	(56,602)
	21,609	36,895
Market value of quoted equity investment	6,019	5,276

A subsidiary of the Company advanced \$15,285,685 of the contributed capital to the Company of which is not repayable by the Company. Accordingly, the amount of \$15,285,685 was deemed as capital distribution to the Company.

The movement in impairment losses in respect of cost of investments in subsidiaries is as follows:

	2017 \$'000	2016 \$'000
Company		
At 1 April 2016/2015	56,602	56,602
Impairment losses made	–	–
At 31 March	56,602	56,602

The list of significant subsidiaries is as follows:

	Name of subsidiary	Principal activities	Place of incorporation	Effective interest held by the Group	
				2017 %	2016 %
λ	Akira Corporation Pte Ltd	Trading in electrical and electronic products	Singapore	100	100
λ	Big Box Pte Ltd (“BBPL”)	Property investment and management and rental of leasehold building	Singapore	51	51
λ	Big Box Singapore Pte Ltd	Warehouse retail project	Singapore	100	100
λ	Castilla Design Pte Ltd	Property investment and management and rental of leasehold building	Singapore	100	100

Notes to the Financial Statements

Year ended 31 March 2017

7 Subsidiaries (Continued)

	Name of subsidiary	Principal activities	Place of incorporation	Effective interest held by the Group	
				2017 %	2016 %
λ	Furniture & Furnishings Pte Ltd	Retail, wholesale and export of furniture and furnishing products	Singapore	100	100
λ	Novena Furnishing Centre Pte Ltd	Property investment and management and rental of leasehold building	Singapore	100	100
^	PT Tirta Damai Indah	Trading and retailing of electrical and electronics products as well as furniture and furnishing products	Indonesia	100	100
λ	Omni Centre Pte. Ltd. ("Omni Centre")	Investment holding	Singapore	48.9	54.9
*	PT Sumber Electrindo Makmur ("PT Sumber")	Trading and retailing of electrical and electronics products	Indonesia	40.1	45.1
@	Tainahong Trading Limited	Trading of electrical and electronics products	Hong Kong	100	100
λ	Food Global Pte Ltd	Restaurants and fast food operations	Singapore	100	100
∅	TTA Holdings Ltd and its subsidiary ("TTA")	Investment holding	Australia	85.5	85.5
∞	JSA Gulf FZE	General trading	Dubai, U.A.E	100	100
λ	Aki Habara Electronic Corporation Pte. Ltd.	Brand management	Singapore	100	100

λ Audited by KPMG LLP Singapore.

* Audited by Ernst & Young, Indonesia.

∅ Audited by Grant Thornton Audit Pty Ltd, Australia.

^ Audited by Kreston.

@ Audited by HKCMCPA Company Limited.

∞ Audited by AGX Auditing.

Notes to the Financial Statements

Year ended 31 March 2017

7 Subsidiaries (Continued)

Non-controlling interests in subsidiaries

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), modified for differences in the Group's accounting policies and before any intra-group eliminations.

NCI Percentage	31 March 2017			Other individually immaterial subsidiaries	Intragroup elimination	Total
	*51.1%/ @18% \$'000	49% \$'000	14.5% \$'000			
Non-current assets	30,498	505,040	3,965			
Current assets	63,059	2,363	9,988			
Non-current liabilities	(166)	(158,774)	–			
Current liabilities	(62,827)	(192,486)	(3,737)			
Net assets	30,564	156,143	10,216			
Net assets attributable to NCI	21,543	76,510	1,135	(1,182)	(44,691)	53,315
Revenue	119,298	42,012	14,793			
Loss	(26,669)	(45,015)	(2,204)			
Other comprehensive income	–	(16,851)	–			
Total comprehensive income	(26,669)	(61,866)	(2,204)			
Attributable to NCI:						
Loss	(15,666)	(22,057)	(320)	(307)	(104)	(38,454)
Other comprehensive income	–	(8,257)	–			
Total comprehensive income allocated to NCI	(15,666)	(30,314)	(320)	(307)	1,238	(45,369)
Cash flow from operating activities	(8,137)	6,202	362			
Cash flow used in investing activities	(1,364)	–	5			
Cash flow used in financing activities, before dividends to NCI	9,381	(6,197)	–			
Net (decrease)/ increase in cash and cash equivalents	(120)	5	367			

* Represents NCI's direct interest in Omni Centre

@ Represents NCI's direct interest in PT Sumber

Notes to the Financial Statements

Year ended 31 March 2017

7 Subsidiaries (Continued)

Non-controlling interests in subsidiaries (Continued)

NCI Percentage	31 March 2016			Other individually immaterial subsidiaries \$'000	Intragroup elimination \$'000	Total \$'000
	*45.1%/ @18% \$'000	49% \$'000	14.5% \$'000			
Non-current assets	41,192	568,693	6,946			
Current assets	88,210	12,613	8,909			
Non-current liabilities	(46)	(212,859)	(17)			
Current liabilities	(60,215)	(192,000)	(2,836)			
Net assets	69,141	176,447	13,002			
Net assets attributable to NCI	36,505	86,459	1,885	(1,548)	(24,327)	98,974
Revenue	120,252	39,574	17,523			
Profit/(Loss)	70	(13,380)	72			
Other comprehensive income	–	(986)	–			
Total comprehensive income	70	(14,366)	72			
Attributable to NCI:						
Profit	27	(6,557)	10	(486)	(19,385)	(26,391)
Other comprehensive income	–	(501)	–			
Total comprehensive income allocated to NCI	27	(7,058)	10	(486)	(19,385)	(26,892)
Cash flow from operating activities	(87,000)	16,500	1,536			
Cash flow used in investing activities	(64,098)	(9,456)	–			
Cash flow used in financing activities, before dividends to NCI	152,971	(14,284)	(850)			
Net increase/ (decrease) in cash and cash equivalents	1,873	(7,240)	686			

* Represents NCI's direct interest in Omni Centre

@ Represents NCI's direct interest in PT Sumber

Notes to the Financial Statements

Year ended 31 March 2017

8 Intangible assets

	Note	Goodwill \$'000	Trademarks with indefinite useful lives \$'000	Trademark with finite useful life \$'000	Total \$'000
Group					
Cost					
At 1 April 2015		8,512	12,931	1,100	22,543
Acquisition through business combinations		34,602	–	–	34,602
At 31 March 2016		43,114	12,931	1,100	57,145
Translation differences		1,018	–	–	1,018
At 31 March 2017		44,132	12,931	1,100	58,163
Accumulated amortisation and impairment losses					
At 1 April 2015		8,250	4,060	462	12,772
Amortisation charge for the year	20	–	–	58	58
At 31 March 2016		8,250	4,060	520	12,830
Amortisation charge for the year	20	–	–	58	58
Impairment loss	20	11,470	–	–	11,470
At 31 March 2017		19,720	4,060	578	24,358
Carrying amounts					
At 1 April 2015		262	8,871	638	9,771
At 31 March 2016		34,864	8,871	580	44,315
At 31 March 2017		24,412	8,871	522	33,805

Impairment tests for CGU containing goodwill

Goodwill and trademarks are allocated to the retail and distribution business segment of the Group in respect of consumer electronics businesses in Indonesia, consumer electronics and private label business in Singapore and Australia and furniture and furnishing business in Singapore, which are each regarded as a CGU.

Notes to the Financial Statements

Year ended 31 March 2017

8 Intangible assets (Continued)

Impairment tests for CGU containing goodwill (Continued)

Trademarks with indefinite useful lives consist of internationally registered brand names for both consumer electronics and private label businesses and furniture and furnishing. The Group determined that brand names are intangible assets with indefinite useful lives as the Group has the ability and intention to continuously renew the legal rights to these brand names where the expected economic benefits exceeds the cost of renewal. The amortisation of trademark with finite useful life is included in other operating expenses.

The aggregate carrying amounts of intangible assets allocated to each CGU are as follows:

	Group	
	2017	2016
	\$'000	\$'000
Consumer electronics businesses in Indonesia	24,412	34,602
Consumer electronics and private label business in Singapore and Australia	3,301	3,621
Furniture and furnishing business	6,092	6,092
	33,805	44,315

Consumer electronics businesses in Indonesia

The recoverable amount of the goodwill in respect of the consumer electronics business in Indonesia is determined based on value in use calculations. These calculations used 5 year cash flow projections based on financial budgets approved by management. Key assumptions used took into account of established distribution network and management's assessment of the market conditions.

	Discount rate		Revenue compound		Expenses compound		Terminal growth rate	
	2017	2016	2017	2016	2017	2016	2017	2016
Consumer electronics businesses in Indonesia	11.8%	9.5%	4.0%	3.6%	4.0% – 10.0%	3.8% – 4.4%	4.0%	4.8%

The discount rate used in the cash flow projections was a pre-tax measure estimated based on the industry historical weighted average cost of capital.

During the year, management reassess the performance of the Indonesia operations. Due to challenging market conditions, management had estimated a lower value-in-use estimate of the Indonesia's operations. The deficit of \$11,208,000 was recognised as impairment on goodwill.

Notes to the Financial Statements

Year ended 31 March 2017

8 Intangible assets (Continued)

Consumer electronics and private label business in Singapore and Australia

The recoverable amount of the intangible assets in respect of the consumer electronics and private label business is determined based on value-in-use calculations. These calculations used 5 year cash flow projections based on financial budgets approved by management. Key assumptions used took into account of established distribution network and management's assessment of the market conditions and are set out below:

	Discount rate		Revenue growth rate		Expenses growth rate		Terminal growth rate	
	2017	2016	2017	2016	2017	2016	2017	2016
Consumer electronics and private label business in								
– Singapore	13.7%	8.7%	0%	0%	1.3%	1.0%	0%	0%
– Australia	11.7%	13.0%	0%	0%	3.0%	3.0%	0%	0%

The discount rate used in the cash flow projections was a pre-tax measure estimated based on the industry historical weighted average cost of capital.

The declining sales over recent years and the current market conditions has resulted in the goodwill allocated to Australia's consumer electronics and private label business to be impaired by \$262,000 (2016: nil) in the current financial year. Total goodwill impaired for Australia's consumer electronics and private label business was \$2,912,000 (2016: \$2,650,000).

Furniture and furnishing business in Singapore

The Group assessed the recoverable amount of intangible assets with indefinite useful lives and no impairment loss was recognised. The recoverable amount of the intangible assets is determined based on value-in-use calculations. These calculations used 5 year cash flow projections based on financial budgets approved by management. Key assumptions that are used which are determined based on past performances and management's expectation of market conditions and are set out below:

	Discount rate		Revenue growth rate		Expenses growth rate		Terminal growth rate	
	2017	2016	2017	2016	2017	2016	2017	2016
Furniture and furnishing business in Singapore					1.0% – 1.3%	1.0% – 3.0%	0%	0%

The discount rate used in the cash flow projections was a pre-tax measure estimated based on industry historical average weighted cost of capital. The recoverable amount was estimated to be higher than its carrying amount and no impairment was required.

Notes to the Financial Statements

Year ended 31 March 2017

9 Deferred tax

Movements in deferred tax assets/(liabilities) of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 April 2015 \$'000	Exchange translation differences \$'000	Recognised in profit or loss (note 22) \$'000	Recognised in other comprehensive income \$'000	Acquired in business combinations \$'000	At 31 March 2016 \$'000	Exchange translation differences \$'000	Recognised in profit or loss (note 22) \$'000	Recognised in other comprehensive income \$'000	At 31 March 2017 \$'000
Group										
Inventories	694	(13)	(199)	-	-	482	14	29	-	525
Tax value of loss carry-forward recognised	1,395	(25)	338	-	-	1,708	50	(1,758)	-	-
Other items	273	(165)	600	-	228	936	29	(49)	(10)	906
Property, plant and equipment	(41,307)	8	(152)	79	-	(41,372)	(8)	(75)	3,512	(37,943)
	(38,945)	(195)	587	79	228	(38,246)	85	(1,853)	3,502	(36,512)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are as follows:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Deferred tax assets	1,431	3,126	-	-
Deferred tax liabilities	(37,943)	(41,372)	-	-

At the reporting date, tax losses amounting to \$67,339,000 (2016: \$53,549,000) and \$39,505,000 (2016: \$58,326,000) of the Company and certain subsidiaries respectively, have not been recognised because it is not probable that future taxable profits will be available against which the entities concerned can utilise the benefits therefrom. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the entities operate.

10 Inventories

	Group	
	2017 \$'000	2016 \$'000
Inventories	43,380	60,493
Allowance for inventories obsolescence made	(4,039)	(3,636)
	39,341	56,857

Notes to the Financial Statements

Year ended 31 March 2017

10 Inventories (Continued)

Information on inventories that are pledged as security for the Group's borrowings are set out in note 16 to the financial statements.

During the year, allowance of \$468,000 were made (2016: \$380,000 written back) and inventories of \$196,000 (2016: \$735,000) were written off and are included in other operating expenses (see note 20).

In addition, obsolete stock of \$65,000 (2016: \$1,087,000) were written off against the allowance during the year.

11 Trade and other receivables

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade receivables	34,715	36,119	899	899
Allowance for doubtful receivables	(12,624)	(12,140)	(824)	(824)
Net trade receivables	22,091	23,979	75	75
Other receivables	46,409	33,916	4,276	4,696
Allowance for doubtful receivables	(8,492)	(4,215)	(4,178)	(4,178)
Net other receivables	37,917	29,701	98	518
Trade amounts due from subsidiaries	–	–	90,631	78,966
Allowance for doubtful receivables	–	–	(32,334)	(33,134)
Net trade receivables from subsidiaries	–	–	58,297	45,832
Non-trade amounts due from subsidiaries	–	–	121,196	90,649
Allowance for doubtful receivables	–	–	(117,259)	(83,659)
Net non-trade amounts due from subsidiaries	–	–	3,937	6,990
Unsecured loan to a subsidiary	–	–	89,900	89,900
Advances to staff	46	143	13	8
Deposits	4,235	5,355	300	276
	4,281	5,498	90,213	90,184
Loans and receivables	64,289	59,178	152,620	143,599
Advance payments to suppliers	707	200	–	–
Prepaid operating expenses	6,057	7,546	36	56
Tax recoverable	290	293	289	289
	71,343	67,217	152,945	143,944
Non-current	–	–	152,945	89,900
Current	71,343	67,217	63,045	54,044
	71,343	67,217	152,945	143,944

Notes to the Financial Statements

Year ended 31 March 2017

11 Trade and other receivables (Continued)

The current non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

The unsecured loan to a subsidiary represents a loan extended by the Company to a subsidiary to develop the 8-storey retail and warehousing complex under the Warehouse Retail Scheme in Jurong, Singapore ("Big Box"). The loan is unsecured and interest-free, and is carried at cost instead of fair value because the timing and amount of repayment cannot be reliably estimated as these are subject to the agreement of all parties as well as the subsidiary's refinancing ability.

Information on trade receivables that are pledged as security for the Group's borrowings are set out in note 16 to the financial statements.

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of distribution activities, and sell in a variety of end markets.

The ageing of trade and other receivables due from external parties at the reporting date is:

	Gross 2017 \$'000	Allowance for doubtful receivables 2017 \$'000	Gross 2016 \$'000	Allowance for doubtful receivables 2016 \$'000
Group				
Not past due	17,694	–	21,521	–
Past due 0 – 1 month	12,531	–	6,034	–
Past due 1 – 2 months	2,226	–	2,530	–
Past due 2 – 3 months	1,605	–	387	–
Past due 3 – 4 months	1,597	–	713	–
More than 4 months	45,471	(21,116)	38,850	(16,355)
	<u>81,124</u>	<u>(21,116)</u>	<u>70,035</u>	<u>(16,355)</u>
Company				
Not past due	–	–	120	–
More than 4 months	5,175	(5,002)	5,475	(5,002)
	<u>5,175</u>	<u>(5,002)</u>	<u>5,595</u>	<u>(5,002)</u>

The Group and the Company believe that the unimpaired amounts that are past due by more than 4 months are still collectible, based on historic payment behaviour and analysis of customer credit risk, including underlying customers' credit ratings, when available.

Notes to the Financial Statements

Year ended 31 March 2017

11 Trade and other receivables (Continued)

The change in allowance for doubtful receivables in respect of trade receivables and other receivables due from external parties during the year is as follows:

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
At 1 April 2016/2015		16,355	16,390	5,002	5,002
Allowance made	20	4,702	21	–	–
Allowance utilised		(10)	(3)	–	–
Foreign currency translation difference		69	(53)	–	–
At 31 March		21,116	16,355	5,002	5,002

During the year, impairment of receivables of \$537,000 (2016: \$59,000) were written off and are included in other operating expenses (see note 20).

The change in allowance for doubtful receivables in respect of trade and non-trade amounts due from related parties during the year is as follows:

	Company	
	2017 \$'000	2016 \$'000
At 1 April 2016/2015	116,793	79,144
Allowance made	33,477	38,415
Allowance utilised	(677)	(766)
At 31 March	149,593	116,793

Allowance has been made for estimated irrecoverable receivables from related parties, after taking into consideration the financial and liquidity positions of these related parties which are experiencing difficulties in the collection of their trade receivables.

12 Cash and cash equivalents

	Note	2017 \$'000	2016 \$'000
Group			
Cash at bank and in hand		7,603	1,668
Fixed deposits		1,708	16,958
Cash and cash equivalents in the balance sheet		9,311	18,626
Bank overdrafts	16	–	(703)
Restricted bank deposits		(1,005)	(11,004)
Cash and cash equivalents in the consolidated statement of cash flows		8,306	6,919
Company			
Cash at bank and in hand		24	30
Cash and cash equivalents in the balance sheet		24	30

Notes to the Financial Statements

Year ended 31 March 2017

12 Cash and cash equivalents (Continued)

Restricted bank deposits are bank balances of a subsidiary pledged to a financial institution to obtain a credit facility. In prior year, the Group pledged \$10,000,000 restricted bank deposits in connection with a secured term loan amounting to \$115,865,000 (see note 16(c)). In addition, a fixed deposit of \$1,005,000 (2016: \$1,004,000) was pledged in connection with a bank guarantee.

13 Disposal group held for sale

In the previous financial year, the Group disposed a 51% owned subsidiary, TTC Sales & Marketing South Africa for a consideration of \$93,000.

Effect of disposal on the financial position of the Group

	2016 \$'000
Group	
Property, plant and equipment	*
Deferred tax assets	284
Inventories	32
Trade and other receivables	68
Current tax payable	(74)
Net assets held for sale	310
Less: Non-controlling interest	(112)
Group's share of net assets	198
Less: Sales consideration received	(93)
Loss on disposal of subsidiary	105

* Less than \$1,000.

14 Share capital

	Note	2017		2016	
		Number of shares '000	Share capital \$'000	Number of shares '000	Share capital \$'000
Fully paid ordinary shares, with no par value:					
At 1 April 2016/2015		1,025,313	171,929	1,004,126	168,751
Issuance of shares upon RCBs conversion	16(b)	23,078	3,693	21,187	3,178
At 31 March		1,048,391	175,622	1,025,313	171,929

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Notes to the Financial Statements

Year ended 31 March 2017

14 Share capital (Continued)

On 14 May 2015 in accordance with the Scheme Terms, Scheme Creditors converted RCBs with a face value of \$3,178,000 into 21,187,159 of the Company's new ordinary shares at a conversion price of \$0.15 by way of second dilution exercise ("the Second Dilution Exercise") (see note 16(b)).

On 13 May 2016 in accordance with the Scheme Terms, Scheme Creditors converted RCBs with a face value of \$3,693,000 into 23,078,216 of the Company's new ordinary shares at a conversion price of \$0.16 by way of third dilution exercise ("the Third Dilution Exercise") (see note 16(b)).

Capital management

It is the policy of the Board of Directors to maintain an appropriate capital base to support the Group's businesses and maximise shareholders' value through the optimisation of the debt and equity balance. It is also the policy of the Board of Directors to monitor the return on capital (comprising share capital and reserves) and the level of dividends to ordinary shareholders. The Company's ability to manage its capital has, however, been constrained by the current difficult operating conditions and the Scheme (note 2).

15 Reserves

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Capital reserves (distributable):				
– Realised gain on disposal of assets	54	54	54	54
– RCBs – equity component	67	67	67	67
– Change in ownership interest in subsidiaries while retaining control	18,590	21,519	–	–
Fair value and revaluation reserves	124,700	132,550	–	–
Foreign currency translation reserve	(25,775)	(28,287)	–	–
	<u>117,636</u>	<u>125,903</u>	<u>121</u>	<u>121</u>

The redeemable convertible bonds – equity component relates to the RCBs holders' right of conversion annually commencing from the 3rd to the 5th anniversary of the Scheme Effective Date (see note 16).

The fair value and revaluation reserves include the cumulative net change in the fair value of available-for-sale investments held until the investments are derecognised and the net surpluses arising from the revaluation of properties included in property, plant and equipment, including those transferred to investment properties.

The foreign currency translation reserve comprises of all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

Notes to the Financial Statements

Year ended 31 March 2017

16 Borrowings

	Note	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current liabilities					
Amounts due to Scheme Creditors					
– RCBs – loan component	(b)	64,940	58,943	72,344	65,617
		64,940	58,943	72,344	65,617
Unsecured bank loans	(c)	–	11	–	–
Unsecured loans from non-controlling shareholders of subsidiaries	(d)	87,357	87,318	–	–
Finance lease liabilities	(f)	766	668	5	7
		153,063	146,940	72,349	65,624
Current liabilities					
Amounts due to Scheme Creditors					
– Sustainable Debts	(a)	131,635	130,023	138,929	133,830
– RCBs – loan component	(b)	10,159	10,035	10,168	13,825
		141,794	140,058	149,097	147,655
Secured bank overdrafts	(c)	–	703	–	–
Secured bank loans	(c)	50,686	35,155	–	–
Secured term loans (non-bank)	(c)	112,880	115,865	–	–
Unsecured bank loans	(c)	396	371	–	–
Unsecured loans from non-controlling shareholders of subsidiaries	(d)	456	343	–	–
Bills payable and trust receipts	(c)	457	628	–	–
Bondholders' loans	(e)	15,000	15,000	–	–
Finance lease liabilities	(f)	321	394	1	2
		321,990	308,517	149,098	147,657
Total borrowings excluding finance lease liabilities		473,966	454,395	221,441	213,272
Finance lease liabilities		1,087	1,062	6	9
		475,053	455,457	221,447	213,281

The amounts due to the Scheme Creditors are secured by a fixed and floating charge over all the assets of the Company, subject to any prior rights of other creditors.

Notes to the Financial Statements

Year ended 31 March 2017

16 Borrowings (Continued)

(a) Sustainable debts

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Amortised cost as at 1 April	130,023	83,283	133,830	84,474
Interest accretion	1,612	(385)	5,099	(382)
Scheme reset adjustment	–	47,125	–	49,738
Amortised cost as at 31 March	131,635	130,023	138,929	133,830

The Sustainable Debt has a term of 5 years commencing from the Scheme Effective Date of 19 April 2010. At the end of the term, the Company shall either: (i) repay the debt in full; and/or (ii) procure new investors for the purposes for the refinancing of the debt and/or (iii) reach an agreement with the Scheme Creditors to roll-over the debt provided that no existing Scheme Creditors shall be obliged to roll-over the debt. The Sustainable Debt are subject to interest rates of SIBOR plus 1.5% per annum.

On 20 March 2015, Scheme Creditors approved the extension of the date of repayment of the Sustainable Debts by up to 12 months. On 15 April 2016, Scheme Creditors approved a further extension of the date of repayment of the Sustainable Debts by up to 12 months. On 18 April 2017, Scheme Creditors gave their approval to the termination of the Scheme upon receipt of the Settlement Sum of \$70,000,000 and the extension of the date of repayment of Sustainable Debt by up to 3 months from 19 April 2017. Please refer to note 2 for more details.

(b) RCBs – loan component

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Amortised cost as at 1 April	68,978	112,511	79,442	134,305
Issuance of shares upon RCBs conversion	(3,693)	(3,178)	(3,693)	(3,178)
Interest accretion	9,814	11,204	6,763	2,487
Scheme reset adjustment	–	(47,125)	–	(49,738)
Extinguishment of debt	–	(4,434)	–	(4,434)
Amortised cost as at 31 March	75,099	68,978	82,512	79,442

The RCBs are with zero coupon and have a term of 10 years in accordance with the terms of the Scheme. The RCBs are convertible at the option of the bondholders into new ordinary shares of the Company on a yearly basis, subject to the terms of the Scheme.

Notes to the Financial Statements

Year ended 31 March 2017

16 Borrowings (Continued)

(b) RCBs – loan component (Continued)

The key conversion terms and conditions are as follows:

- (i) The RCBs holders' right of conversion commences on the 3rd anniversary and ends on the 5th anniversary of the Scheme Effective Date of 19 April 2010, for a fixed number of shares at 14 to 16 cents per share (the "equity component"). The fair value of the equity component at inception is \$67,000 (2016: \$67,000) (see note 15).
- (ii) The RCBs holders' right of conversion commences on the 6th anniversary and ends on the 10th anniversary of the Scheme Effective Date, at a scaled discount (ranging from 15% to 25%) of the 60 days weighted average trading price of the Company's shares prior to conversion, for a pre-defined percentage (ranging from 10% to 30%) of the total RCBs value for each year (the "derivative financial liability component").

On 17 April 2015, the Company made an offer to each Scheme Creditor to convert a number of RCBs into the Company's new ordinary shares ("Dilution Shares") at a conversion price of \$0.15 by way of a second dilution exercise (the "Second Dilution Exercise") in accordance with the Scheme terms. In accordance with the Bondholders' exercising of their rights under the Second Dilution Exercise, the Company had, on 14 May 2015 (the second Dilution Date), issued 21,187,159 Dilution Shares which were quoted on the SGX-ST on 15 May 2015. As a result, the RCBs issued to Scheme Creditors were reduced by a face value of approximately \$3,178,000. As such, RCBs with a total face value amounting to \$149,124,000, were issued to Scheme Creditors in exchange for those issued previously on the same terms.

On 19 April 2015, contingent debt of \$127,757,000 have been deemed irrevocably, unconditionally and permanently waived by the contingent creditors. Accordingly, a scheme reset adjustment was made between Sustainable Debts and RCBs – loan component.

Arising from a court determination relating to a disputed debt under litigation, the RCBs – loan component was reduced by approximately \$4,434,000.

As at the reporting date, the fair value of the derivative financial liability component is \$664,000 (2016: \$750,000) and \$742,000 (2016: \$835,000) of the Group and Company level, respectively. The change in fair value of the derivative financial liability is attributable to the change in the share price of the Company.

Notes to the Financial Statements

Year ended 31 March 2017

16 Borrowings (Continued)

(b) RCBs – loan component (Continued)

At the end of the term, for any outstanding RCBs not converted into shares of the Company, the Company shall either: (i) repay the debt in full; (ii) refinance the debt; or (iii) reach an agreement with the Scheme Creditors to roll-over the debt associated with the outstanding RCBs. Please refer to note 2 for more details.

(c) Bank borrowings and term loan

As at the reporting date, the Group's bank borrowings of \$2,070,000 (2016: \$2,909,000) bear floating interest rates of 4.59% to 7.18% (2016: 4.40% to 7.18%) and \$38,035,000 (2016: \$19,399,000) bear fixed interest rates of 4.66% to 6.29% (2016: 3.28% to 7.35%).

Defaults and breaches

A subsidiary has an outstanding term loan with a carrying amount of \$107,072,000 (2016: \$115,865,000) bearing a fixed interest rate of 6% (2016: 6%) which was due for repayment on 31 March 2017. The default was not remedied and the terms of the loan were not renegotiated before the financial statements were authorised for issue.

A subsidiary has a secured bank loan with a total carrying amount of \$12,122,000 as at 31 March 2017 (2016: \$12,041,000) bearing variable interest rates of COLF +3.25% (2016: COLF +3.25%) and 2 secured bank loans with a total carrying amount of \$5,120,000 as at 31 March 2017 (2016: \$2,519,000) bearing fixed interest rates of 11% to 12% (2016: 11%). In respect of these loans, the subsidiary is not in compliance with certain loan financial covenants as at 31 March 2017. Accordingly, these loans and other bank borrowings of the Group of \$5,821,000 are classified as current liabilities. The breach was not remedied before the financial statements were authorised for issue.

Due to cross-default clauses, the Group's borrowings from bank and bondholders are repayable on demand.

Notes to the Financial Statements

Year ended 31 March 2017

16 Borrowings (Continued)

Security

The Group's borrowings are secured by the following:

- (i) legal mortgages on subsidiaries' freehold and leasehold land and buildings and investment properties as at 31 March 2017 with carrying amounts of \$530,156,000 (2016: \$570,399,000) and \$6,200,000 (2016: \$7,000,000), respectively;
- (ii) a subsidiary's plant and machinery as at 31 March 2017 with a carrying amount of \$47,000 (2016: \$47,000);
- (iii) a subsidiary's trade receivables as at 31 March 2017 with a carrying amount of \$7,385,000 (2016: \$7,169,000); and
- (iv) a subsidiary's inventories as at 31 March 2017 with a carrying amount of \$19,953,000 (2016: \$25,735,000).

The substantial shareholders of the Company have also provided personal guarantees for the unsecured borrowings amounting to \$38,500,000.

(d) Unsecured loans from non-controlling shareholders of subsidiaries

The loans from non-controlling shareholders of the subsidiary are unsecured and interest-free, and are carried at cost instead of fair value because the timing and amount of repayment cannot be reliably estimated.

The loans are repayable from time to time and at such times as the Company and the non-controlling shareholders (the "Parties") may agree. The Parties intention in principle is that in the event the subsidiary has surplus funds for the year after payment of expenses including without limitation payments to certain financial institutions arising from certain specified borrowings of the subsidiary and after setting aside such sums as may be required to meet expenses and working capital requirements for the next twelve months, will be utilised fully towards repayment of the loans.

In connection with the issuance of the loans from non-controlling shareholders, the subsidiary had granted the non-controlling shareholders the option to capitalise \$3,200,000 of the outstanding loans into the preference shares of the subsidiary on 25 February 2015 and ending 3 months thereafter. The non-controlling shareholders may by mutual agreement by the Parties capitalise amounts under the loans by the subsidiary issuing additional preference shares to the non-controlling shareholders up to an aggregate non-controlling shareholding proportion of 49% in the subsidiary.

Notes to the Financial Statements

Year ended 31 March 2017

16 Borrowings (Continued)

(d) Unsecured loans from non-controlling shareholders of subsidiaries (Continued)

On 2 April 2015, the non-controlling shareholders, have both served a notice to the subsidiary to exercise their option to subscribe for 3,200,000 Preference Shares at an issue price of \$1.00 per Preference Share to be paid for by way of capitalisation of the loans. Accordingly, the loans were reduced by the capitalised amount of \$3,200,000.

During the financial year, there were additional loans of \$152,000 (2016: \$316,000) from non-controlling shareholders of other subsidiaries of the Company.

(e) Bondholder's loan

The bondholders extended a loan amounting to \$15,000,000 (2016: \$15,000,000) to a subsidiary of the Group to develop Big Box. The loan is unsecured and bears an interest of 10% per annum.

(f) Finance lease liabilities

As at reporting date, the Group and the Company have obligations under finance leases that bear fixed interest rates ranging from 4.60% to 8.60% (2016: 4.56% to 9.68%), that are payable as follows:

	31 March 2017			31 March 2016		
	Principal \$'000	Interest \$'000	Payments \$'000	Principal \$'000	Interest \$'000	Payments \$'000
Group						
Payable within 1 year	321	65	386	394	58	452
Payable after 1 year but within 5 years	748	82	830	642	62	704
Payable after 5 years	18	1	19	26	–	26
	766	83	849	668	62	730
	1,087	148	1,235	1,062	120	1,182
Company						
Payable within 1 year	1	1	2	2	–	2
Payable after 1 year but within 5 years	5	–	5	7	1	8
	6	1	7	9	1	10

Notes to the Financial Statements

Year ended 31 March 2017

16 Borrowings (Continued)

(f) Finance lease liabilities (Continued)

The expected contractual undiscounted cash (inflows)/outflows of financial liabilities, including interest payments and excluding the impact of netting agreements, are as follows:

	Carrying amount \$'000	Contractual cash flows			Total \$'000
		Within 1 year \$'000	After 1 year but within 5 years \$'000	More than 5 years \$'000	
Group					
31 March 2017					
Non-derivative financial liabilities					
Borrowings	387,696	340,496	65,697	19	406,212
Derivative financial liabilities	664	–	–	664	664
Trade and other payables*	177,942	177,942	–	–	177,942
Unsecured loans from non-controlling shareholders of subsidiaries	87,357	–	–	87,357	87,357
Recognised financial liabilities	653,659	518,438	65,697	88,040	672,175
31 March 2016					
Non-derivative financial liabilities					
Borrowings	368,139	323,072	59,633	27	382,732
Derivative financial liabilities	750	–	–	750	750
Trade and other payables*	182,368	182,368	–	–	182,368
Unsecured loans from non-controlling shareholders of subsidiaries	87,318	–	–	87,318	87,318
Recognised financial liabilities	638,575	505,440	59,633	88,095	653,168

* Exclude advance payments by customers

Notes to the Financial Statements

Year ended 31 March 2017

16 Borrowings (Continued)

(f) Finance lease liabilities (Continued)

	Carrying amount \$'000	Contractual cash flows			Total \$'000
		Within 1 year \$'000	After 1 year but within 5 years \$'000	More than 5 years \$'000	
Company					
31 March 2017					
Non-derivative financial liabilities					
Borrowings	221,447	153,136	72,349	–	225,485
Derivative financial liabilities	742	–	–	742	742
Trade and other payables*	152,459	152,459	–	–	152,459
Recognised financial liabilities	374,648	305,595	72,349	742	378,686
Intra-group financial guarantees	–	6,523	–	–	6,523
	374,648	312,118	72,349	742	385,209
31 March 2016					
Non-derivative financial liabilities					
Borrowings	213,281	151,448	65,625	–	217,073
Derivative financial liabilities	835	–	–	835	835
Trade and other payables*	108,928	108,928	–	–	108,928
Recognised financial liabilities	323,044	260,376	65,625	835	326,836
Intra-group financial guarantees	–	6,472	–	–	6,472
	323,044	266,848	65,625	835	333,308

* Exclude advance payments by customers

Notes to the Financial Statements

Year ended 31 March 2017

17 Provision for warranties

	Group	
	2017 \$'000	2016 \$'000
At beginning of financial year	246	353
Provision written back	3	–
Provision utilised	(108)	(107)
At end of financial year	141	246

The provision for warranties is based on estimates made from historical warranty data associated with similar products and services.

18 Trade and other payables

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade payables	35,130	46,791	–	–
Accrued operating expenses	101,929	111,602	51,588	52,420
Deposits from customers	5,016	4,873	536	–
Advance payments by customers	3,363	2,426	–	–
Other payables	33,794	18,502	3,347	4,322
Amount due to a director	2,073	600	–	–
Amounts due to subsidiaries				
– trade	–	–	1,105	1,074
– non-trade	–	–	95,883	51,112
	181,305	184,794	152,459	108,928

Included in other payables at 31 March 2017 is an amount of \$595,000 (2016: \$575,000) relating to an advance payment from a third party. This carries an interest at the aforesaid third party's own bank borrowing rate plus 3% margin per annum.

19 Revenue

	2017 \$'000	2016 \$'000
Sales of goods	277,792	321,131
Service income	11,673	8,159
Logistics income	446	496
Rental income	14,665	16,762
	304,576	346,548

Notes to the Financial Statements

Year ended 31 March 2017

20 Loss for the year

The following losses have been included in arriving at the loss for the year:

	Note	Group 2017 \$'000	2016 \$'000
Allowance for doubtful receivables			
– trade	11	454	21
– non-trade		4,248	–
Allowance for/(write back) of inventories obsolescence	10	468	(380)
Amortisation of intangible assets	8	58	58
Audit fees paid/payable to:			
– auditors of the Company		382	379
– other auditors		204	177
Non-audit fees paid/payable to:			
– auditors of the Company		59	40
– other auditors		531	65
Fair value loss of investment properties	6	1,006	522
Contributions to defined contribution plans included in staff costs		2,444	3,074
Deficit/(surplus) on revaluation of property, plant and equipment recognised in profit or loss	5	719	(495)
Depreciation of property, plant and equipment	5	32,801	30,601
Exchange loss, net		1,639	693
Fair value gain of derivative financial liabilities	25	(86)	(226)
Government grants		(947)	(1,926)
Impairment of intangible assets	8	11,470	–
Inventories written off	10	196	735
Loss/(gain) on disposal of property, plant and equipment		676	(778)
Operating expenses on investment properties		290	300
Operating lease expenses		20,222	20,691
Receivables written off:	11		
– trade		3	59
– non-trade		534	–
Rental income from investment properties		(688)	(561)
Write back of provision for scheme and scheme-related expenses		–	(14,000)

Notes to the Financial Statements

Year ended 31 March 2017

21 Finance income and expense

	Group	
	2017	2016
	\$'000	\$'000
Interest income from:		
– bank deposits	167	899
– others	–	1
Finance income	167	900
Interest expense paid/payable on:		
– term loans, bills payable and trust receipts	(11,584)	(11,649)
– finance lease liabilities	(72)	(82)
– Sustainable Debt	(3,584)	(3,726)
– others	(3,212)	(2,636)
	(18,452)	(18,093)
Accretion of interest expense:		
– Sustainable Debt	(1,612)	385
– RCBs – loan component	(9,814)	(11,204)
	(11,426)	(10,819)
Others:		
– Net change in fair value of derivative financial liabilities	86	226
Net finance expense	(29,625)	(27,786)

22 Income tax expense

		Group	
	Note	2017	2016
		\$'000	\$'000
Current tax expense			
Current year		1,514	2,380
Under provision in prior years		13	50
		1,527	2,430
Deferred tax			
Origination and reversal of temporary differences		1,853	(443)
Over provision in prior years		–	(144)
	9	1,853	(587)
Income tax expense		3,380	1,843
Reconciliation of effective tax rate			
Loss before income tax		(87,607)	(57,886)
Income tax using domestic tax rate of 17%		(14,893)	(9,841)
Effect of tax rates in foreign jurisdictions		(2,616)	(403)
Non-deductible expenses		7,233	4,443
Tax exempt revenue		(118)	(6,088)
Utilisation of previously unrecognised tax benefits		(662)	(967)
Tax benefits not recognised		14,423	14,793
Under/(over) provision in prior years (net)		13	(94)
		3,380	1,843

Notes to the Financial Statements

Year ended 31 March 2017

23 Earnings per share

	Group	
	2017 \$'000	2016 \$'000
Basic earnings per share is based on:		
Loss attributable to owners of the Company	52,533	33,338

	2017	2016
	No. of shares '000	No. of shares '000
Issued ordinary shares at 1 April 2016/2015	1,025,313	1,004,126
Issuance of shares upon RCB conversion	20,360	18,749
Weighted average number of ordinary shares at 31 March	1,045,673	1,022,875

Diluted earnings per share is the same as basic earnings per share because the Group's outstanding RCBs (note 16) do not have a dilutive effect at the reporting date.

24 Segment reporting

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products or services, and are managed separately. For each of the strategic business units, the CEO reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Retail: The sale of consumer products to its retail customers through its retail outlets.
- Distribution and trading: The distribution and trading of consumer electronic and furniture and furnishing products to distributors and dealers.
- Warehousing and logistics services: Provision of warehousing and logistics services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenue and profit before income tax, as included in the internal management reports that are reviewed by the CEO. Segment revenue and profit are 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. Inter-segment pricing is determined on an arm's length basis.

Notes to the Financial Statements

Year ended 31 March 2017

24 Segment reporting (Continued)

Business segments

	Retail \$'000	Distribution and trading \$'000	Warehousing and logistics services \$'000	Others \$'000	Inter-segment eliminations \$'000	Total \$'000
31 March 2017						
Revenue and expenses						
Total revenue from						
external customers	254,521	30,808	10,064	9,183	–	304,576
Inter-segment revenue	47,597	57,185	15,023	5,993	(125,798)	–
Total revenue	302,118	87,993	25,087	15,176	(125,798)	304,576
Finance income	146	21	–	–	–	167
Finance expense	(14,507)	(349)	(9)	–	–	(14,865)
Depreciation	(28,995)	(738)	(1,822)	(180)	–	(31,735)
Amortisation	–	(58)	–	–	–	(58)
Reportable segment loss before income tax	(43,957)	1,504	(4,160)	(2,040)	(13,543)	(62,196)
Other material non-cash items						
Allowance for doubtful receivables	(4,695)	(7)	–	–	–	(4,702)
Impairment loss on goodwill	(11,208)	(262)	–	–	–	(11,470)
Loss in fair value of investment properties	–	(206)	–	(800)	–	(1,006)
Deficit on revaluation of property, plant and equipment recognised in profit or loss	–	(719)	–	–	–	(719)
Assets and liabilities						
Reportable segment assets	649,727	37,298	14,725	7,844	–	709,594
Capital expenditure	2,508	127	625	244	–	3,504
Segment liabilities	403,215	26,070	3,809	10,879	–	443,973

Notes to the Financial Statements

Year ended 31 March 2017

24 Segment reporting (Continued)

Business segments (Continued)

	Retail \$'000	Distribution and trading \$'000	Warehousing and logistics services \$'000	Others \$'000	Inter-segment eliminations \$'000	Total \$'000
31 March 2016						
Revenue and expenses						
Total revenue from external customers	272,169	59,344	7,005	8,030	–	346,548
Inter-segment revenue	37,458	41,751	16,066	5,846	(101,121)	–
Total revenue	309,627	101,095	23,071	13,876	(101,121)	346,548
Finance income	868	32	–	–	–	900
Finance expense	(13,903)	(406)	(1)	(2)	–	(14,312)
Depreciation	(30,448)	(363)	812	(134)	–	(30,133)
Amortisation	–	(58)	–	–	–	(58)
Reportable segment loss before income tax	(37,149)	(1,887)	(10,916)	(570)	(5,088)	(50,696)
Other material non-cash items						
Loss in fair value of investment properties	–	(122)	–	(400)	–	(522)
Surplus on revaluation of property, plant and equipment recognised in profit or loss	–	495	–	–	–	495
Assets and liabilities						
Reportable segment assets	728,781	42,056	13,833	7,946	–	792,616
Capital expenditure	8,213	200	730	641	–	9,784
Segment liabilities	402,339	20,579	4,270	9,316	–	436,504

Notes to the Financial Statements

Year ended 31 March 2017

24 Segment reporting (Continued)

Business segments (Continued)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities and other material items:

	2017	2016
	\$'000	\$'000
Revenue		
Total revenue for reporting segments	307,673	348,122
Elimination of inter-segment revenue	(3,097)	(1,574)
Consolidated revenue	<u>304,576</u>	<u>346,548</u>
Profit or loss		
Total loss before income tax for reporting segments	(62,196)	(50,696)
Other unallocated amounts	(28,791)	(7,190)
Consolidated loss before tax	<u>(90,987)</u>	<u>(57,886)</u>
Assets		
Total assets for reportable segments	709,594	792,616
Other unallocated amounts*	18,465	20,915
Consolidated total assets	<u>728,059</u>	<u>813,531</u>
Liabilities		
Total liabilities for reportable segments	443,973	436,504
Other unallocated amounts*	254,983	248,464
Consolidated total liabilities	<u>698,956</u>	<u>684,968</u>

* Included in other unallocated liabilities amounts are the amounts due to Scheme Creditors with carrying amounts of \$209,685,000 (2016: \$199,001,000).

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment non-current assets are based on the geographical location of the assets.

Geographical segments are analysed by four principal geographical areas as follows:

	Revenue	Non-current
	\$'000	assets
		\$'000
31 March 2017		
ASEAN ¹	275,096	578,609
East Asia and other countries	23,680	18,469
Africa and Middle East	5,634	10,967
CIS ² , Russia and Eastern Europe	166	19
	<u>304,576</u>	<u>608,064</u>

1 Association of South East Asian Nations

2 Commonwealth of Independent States

Notes to the Financial Statements

Year ended 31 March 2017

24 Segment reporting (Continued)

Business segments (Continued)

	Revenue	Non-current
	\$'000	assets
	\$'000	\$'000
31 March 2016		
ASEAN ¹	312,050	638,777
East Asia and other countries	25,483	20,969
Africa and Middle East	8,743	11,065
CIS ² , Russia and Eastern Europe	272	20
	<hr/> 346,548	<hr/> 670,831

1 Association of South East Asian Nations

2 Commonwealth of Independent States

25 Financial risk management

Overview

As disclosed in note 2 to the financial statements, the Group and the Company's financial positions, and consequently the financial risk management and liquidity position, are dependent on a number of factors.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. The Board of Directors reviews and agrees the risk management policies and systems regularly to reflect changes in market conditions and the Group's activities. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

Credit risk

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At the reporting date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The credit risks of trade and other receivables that were not past due or impaired at the reporting date is acceptably low.

Notes to the Financial Statements

Year ended 31 March 2017

25 Financial risk management (Continued)

Liquidity risk

As the Company is restructured under the Scheme (see note 2), the Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities without incurring unacceptable losses or risk of damage to the Group's reputation. The Group achieves this mainly by managing its working capital very tightly and maintaining an adequate level of cash and cash equivalents.

Market risk

Market risk exists due to changes in market prices that will affect the Group's income or the value of its holding in investments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

At the reporting date, the Group is not subject to significant equity-price risk.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's interest-bearing liabilities and interest-earning assets. These comprise mainly interest bearing borrowings and deposits in financial institutions.

The Group adopts a policy of constantly monitoring movements in interest rates.

For the year ended 31 March 2017, a general increase in interest rates by 50 basis points, with all other variables held constant, would increase the Group's loss before income tax by \$793,000 (2016: \$799,000). Similarly, a general decrease in interest rates by 50 basis points will have the equal but opposite effect.

For the year ended 31 March 2017, a general increase of interest rates by 50 basis points, with all other variables held constant, would increase the Company's loss before income tax by \$750,000 (2016: \$750,000). A decrease of interest rate by 50 basis points will have the equal but opposite effect.

Notes to the Financial Statements

Year ended 31 March 2017

25 Financial risk management (Continued)

Foreign currency risk

The Group and the Company incur foreign currency risk on sales, purchases and borrowings that are denominated in foreign currencies, primarily in United States dollar, Euro and Australian dollar. The Group's policy is to hedge its foreign currency exposure naturally by transacting its sales and purchases in the same currency to the extent possible. The Group hedges part of its foreign currency exposure arising from those foreign currency transactions that are not naturally hedged, when it deems fit, using forward foreign exchange contracts.

	US Dollar \$'000	Euro \$'000	Others \$'000	Total \$'000
Group				
31 March 2017				
Trade and other receivables	1,412	43	–	1,455
Cash and cash equivalents	960	12	11	983
Trade and other payables	(9,618)	(1)	(141)	(9,760)
Borrowings	(1,819)	–	–	(1,819)
Net currency exposure	(9,065)	54	(130)	(9,141)
31 March 2016				
Trade and other receivables	3,725	6	–	3,731
Cash and cash equivalents	944	126	13	1,083
Trade and other payables	(9,034)	(3)	(615)	(9,652)
Borrowings	(1,765)	–	–	(1,765)
Net currency exposure	(6,130)	129	(602)	(6,603)
Company				
31 March 2017				
	US Dollar \$'000	Hong Kong Dollar \$'000	Others \$'000	Total \$'000
Trade and other receivables	3,366	24	64	3,454
Cash and cash equivalents	13	–	7	20
Trade and other payables	(1,042)	(2,259)	(1)	(3,302)
Net currency exposure	2,337	(2,235)	70	172
31 March 2016				
Trade and other receivables	3,257	–	44	3,301
Cash and cash equivalents	12	–	8	20
Trade and other payables	(1,026)	(70)	(105)	(1,201)
Net currency exposure	2,243	(70)	(53)	2,120

Notes to the Financial Statements

Year ended 31 March 2017

25 Financial risk management (Continued)

Foreign currency risk (Continued)

Sensitivity analysis

A 10% strengthening of the following currencies, assuming all other variables remain constant, will increase/(decrease) profit or loss before tax and equity:

	Group \$'000	Company \$'000
31 March 2017		
US Dollar	(907)	234
Hong Kong Dollar	–	(224)
Euro	5	–
Others	(13)	7
	<hr/>	<hr/>
31 March 2016		
US Dollar	(613)	224
Hong Kong Dollar	–	(7)
Euro	13	–
Others	(8)	(5)
	<hr/>	<hr/>

Similarly, a 10% weakening of the above currencies, assuming all other variables remain constant, will have the equal but opposite effect.

Offsetting financial assets and financial liabilities

As the Group does not have any master netting arrangements, none of the financial assets and financial liabilities are offset in the balance sheets.

Notes to the Financial Statements

Year ended 31 March 2017

25 Financial risk management (Continued)

Accounting classification and fair value

The fair values of financial assets and liabilities, together with the carrying amount shown on the balance sheet, are as follows:

	Designated as at fair value \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
Group					
31 March 2017					
Trade and other receivables	–	64,289	–	64,289	64,289
Cash and cash equivalents	–	9,311	–	9,311	9,311
	–	73,600	–	73,600	73,600
Borrowings – Scheme Creditors	–	–	(206,734)	(206,734)	(62,767)
Borrowings – others	–	–	(268,319)	(268,319)	(268,319)
Derivative financial liabilities	(664)	–	–	(664)	(664)
Trade and other payables*	–	–	(177,942)	(177,942)	(177,942)
	(664)	–	(652,995)	(653,659)	(509,692)
31 March 2016					
Trade and other receivables	–	59,178	–	59,178	59,178
Cash and cash equivalents	–	18,626	–	18,626	18,626
	–	77,804	–	77,804	77,804
Borrowings – Scheme Creditors	–	–	(199,001)	(199,001)	(197,230)
Borrowings – others	–	–	(256,456)	(256,456)	(256,456)
Derivative financial liabilities	(750)	–	–	(750)	(750)
Trade and other payables*	–	–	(182,368)	(182,368)	(182,368)
	(750)	–	(637,825)	(638,575)	(636,804)

* Exclude advance payments by customers

Notes to the Financial Statements

Year ended 31 March 2017

25 Financial risk management (Continued)

Accounting classification and fair value (Continued)

	Designated as at fair value \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
Company					
31 March 2017					
Trade and other receivables	–	154,620	–	154,620	154,620
Cash and cash equivalents	–	24	–	24	24
	–	154,644	–	154,644	154,644
Borrowings – Scheme Creditors	–	–	(221,441)	(221,441)	(70,000)
Borrowings – others	–	–	(6)	(6)	(6)
Derivative financial liabilities	(742)	–	–	(742)	(742)
Trade and other payables*	–	–	(152,459)	(152,459)	(152,459)
	(742)	–	(373,906)	(374,648)	(223,207)
31 March 2016					
Trade and other receivables	–	143,599	–	143,599	143,599
Cash and cash equivalents	–	30	–	30	30
	–	143,629	–	143,629	143,629
Borrowings – Scheme Creditors	–	–	(213,272)	(213,272)	(211,300)
Borrowings – others	–	–	(9)	(9)	(9)
Derivative financial liabilities	(835)	–	–	(835)	(835)
Trade and other payables*	–	–	(108,928)	(108,928)	(108,928)
	(835)	–	(322,209)	(323,044)	(321,072)

* Exclude advance payments by customers

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods disclosed below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Notes to the Financial Statements

Year ended 31 March 2017

25 Financial risk management (Continued)

Determination of fair values

Property, plant and equipment

The fair values of freehold land and buildings, leasehold land and buildings and leasehold land and building under construction are determined based on independent professional valuations, using valuation methods such as residual land value method, income capitalisation method, discounted cash flow and comparison method. The key assumptions used to determine the fair values include capitalisation rate, terminal yield and discount rate.

Intangible assets

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and/or eventual sale of the assets.

Investment properties

External independent valuers having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The term and reversion approach capitalises net rental income on a fully leased basis with regards to the current passing rental income from existing tenancies and potential future reversionary income at the market level. The market comparison approach is based on price per square metre for the buildings derived from observable market data from an active and transparent market.

Investments in quoted equity securities

The fair value of available-for-sale quoted equity securities is determined with reference to their quoted bid prices at the reporting date.

RCBs – Derivative liability component

The Group engaged a professional valuer to assess the fair value of the derivative liability component of the RCBs relating to the Scheme at each reporting date. The value of the derivative component is the aggregate of the present value of the future expected pay off from the options during the option period from the effective date of the Scheme Date, using the Black Scholes model. The fair value is then determined by estimating the aggregated expected pay off using Monte Carlo simulations.

Notes to the Financial Statements

Year ended 31 March 2017

25 Financial risk management (Continued)

Determination of fair values (Continued)

Sustainable Debt and loan component of RCBs

The Sustainable Debt and loan component of RCBs are carried at amortised cost. For the purpose of disclosure, the Group had engaged a professional valuer to assess the fair value of the Sustainable Debt and loan component of RCBs relating to the Scheme at each reporting date. Fair value is determined by discounting the future expected payments by a risk adjusted rate of return after taking into account spreads of comparable bonds and the risk free rate. In prior year, in arriving at the fair value, it was assumed that there were no redemptions of issued RCBs, certain disputed debts were resolved and crystallised with any balances being extinguished and a rebalancing of Sustainable Debt and RCBs would only occur within 12 months from April 2017.

On 18 April 2017, Scheme Creditors gave their approval to the termination of the Scheme upon receipt of the Settlement Sum of \$70,000,000 and the extension of the date of repayment of the Sustainable Debt by up to 3 months from 19 April 2017. As such, the fair value of the Sustainable Debt and loan component of RCBs is estimated to be \$70,000,000.

Interest-bearing loans and borrowings (excluding amounts due to Scheme Creditors)

The carrying value of interest-bearing loans and borrowings approximate their fair values because they are either short term in nature or reprice frequently.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) approximate their fair values because of the short period to maturity. Other than loans to a subsidiary from the Company and loans from a subsidiary's non-controlling shareholders which are stated at cost (see notes 11 and 16), all other financial assets and liabilities are discounted to determine their fair values.

Valuation processes applied by the Group

The Group's finance division oversees the Group's financial reporting valuation process and is responsible for all significant fair value measurements, including Level 3 fair values.

Significant changes in fair value measurements from period to period are evaluated by the finance division for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The fair value of property, plant and equipment and investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Notes to the Financial Statements

Year ended 31 March 2017

25 Financial risk management (Continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

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

Financial assets and financial liabilities carried at fair value:

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Group				
31 March 2017				
Derivative financial liabilities	–	–	(664)	(664)
31 March 2016				
Derivative financial liabilities	–	–	(750)	(750)
Company				
31 March 2017				
Derivative financial liabilities	–	–	(742)	(742)
31 March 2016				
Derivative financial liabilities	–	–	(835)	(835)

Notes to the Financial Statements

Year ended 31 March 2017

25 Financial risk management (Continued)

Fair value hierarchy (Continued)

Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed*:

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group					
31 March 2017					
Borrowings – Scheme Creditors	16	(62,767)	–	–	(62,767)
31 March 2016					
Borrowings – Scheme Creditors	16	–	–	(197,230)	(197,230)
Company					
31 March 2017					
Borrowings – Scheme Creditors	16	(70,000)	–	–	(70,000)
31 March 2016					
Borrowings – Scheme Creditors	16	–	–	(211,300)	(211,300)

* Exclude financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements.

	Group \$'000	Company \$'000
Derivative financial liabilities		
Balance at 1 April 2015	(976)	(1,073)
Changes in fair value	226	238
Balance at 31 March 2016	(750)	(835)
Changes in fair value	86	93
Balance at 31 March 2017	(664)	(742)

Notes to the Financial Statements

Year ended 31 March 2017

25 Financial risk management (Continued)

Level 3 fair values (Continued)

	Group \$'000	Company \$'000
Amount due to Scheme Creditors		
Balance at 1 April 2015	(200,438)	(214,005)
Changes in fair value	3,208	2,705
Balance at 31 March 2016	<u>(197,230)</u>	<u>(211,300)</u>

The following table shows the key unobservable inputs used in the valuation models:

Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Derivative financial liabilities	The expected share price for 60 days prior to conversion date and expected exercise price at conversion date. Illiquidity discount of 49.7% (2016: 48.5%)	The estimated fair value varies inversely with changes in the exercise price and illiquidity discount.
Sustainable Debt	2016: Credit spreads of 7.73%	2016: The estimated fair value varies inversely with changes in credit spreads.
RCBs – loan component	2016: Credit spreads from 10.92% to 11.59%	2016: The estimated fair value varies inversely with changes in credit spreads.

Notes to the Financial Statements

Year ended 31 March 2017

25 Financial risk management (Continued)

Level 3 fair values (Continued)

The table below analyses recurring non-financial assets carried at fair value.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
31 March 2017				
Property, plant and equipment	–	26,284	515,901	542,185
Investment properties	–	6,200	2,713	8,913
	–	32,484	518,614	551,098
31 March 2016				
Property, plant and equipment	–	28,307	561,022	589,329
Investment properties	–	7,000	2,829	9,829
	–	35,307	563,851	599,158
Company				
31 March 2017				
Property, plant and equipment	–	148	–	148
31 March 2016				
Property, plant and equipment	–	153	–	153

The entity's policy is to recognise transfers out of Level 3 as of the end of the reporting period during which the transfer has occurred.

Notes to the Financial Statements

Year ended 31 March 2017

25 Financial risk management (Continued)

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements of non-financial assets.

Group	Property, plant and equipment \$'000	Investment properties \$'000
Balance at 1 April 2015	590,110	2,960
Reversal of depreciation on revaluation	(25,123)	–
Capital expenditure	(2,647)	–
Changes in fair value recognised in other comprehensive income	(1,318)	(9)
Changes in fair value recognised in the profit or loss	–	(122)
Balance at 31 March 2016	561,022	2,829
Balance at 1 April 2016	561,022	2,829
Reversal of depreciation on revaluation	(25,850)	–
Capital expenditure	20	–
Changes in fair value recognised in other comprehensive income	(19,291)	90
Changes in fair value recognised in the profit or loss	–	(206)
Balance at 31 March 2017	515,901	2,713

The following table shows the key unobservable inputs used in the valuation models:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Property, plant and equipment	<ul style="list-style-type: none"> – Capitalisation rate of 6.9% to 11.5% (2016: 6.75% to 11.5%) – Discount rate of 7.65% (2016: 7.5%) – Terminal yield of 7.15% (2016: 7.0%) 	The estimated fair value varies inversely against the capitalisation, discount and terminal yield rates.
Investment properties	<ul style="list-style-type: none"> – Capitalisation rate of 7.5% (2016: 7.5%) 	The estimated fair value varies inversely against the capitalisation rate.

Notes to the Financial Statements

Year ended 31 March 2017

25 Financial risk management (Continued)

Key unobservable inputs

Key unobservable inputs correspond to:

- Discount rate, based on the risk-free rate for 10 year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in the asset class.
- Capitalisation rate correspond to a rate of return on investment properties based on the expected income that the property will generate.

26 Commitments

Lease commitments

The Group leases a number of warehouse and office facilities under operating leases. The leases run for an initial period of 2 to 10 years, with an option to renew after that date. Lease payments are usually increased annually to reflect market rentals.

As at 31 March, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2017	2016
	\$'000	\$'000
Payable:		
– Within 1 year	10,893	15,762
– After 1 year but within 5 years	20,979	18,818
– After 5 years	2,885	774
	<u>34,757</u>	<u>35,354</u>

The Group sub-leases its leased warehouse and office facilities. Non-cancellable operating lease rentals are receivable as follows:

	Group	
	2017	2016
	\$'000	\$'000
Receivable:		
– Within 1 year	882	807
– After 1 year but within 5 years	330	433
	<u>1,212</u>	<u>1,240</u>

Notes to the Financial Statements

Year ended 31 March 2017

27 Contingent liabilities

Bank guarantees

The Company had provided unsecured guarantees amounting to \$6,523,000 (2016: \$6,472,000) to banks in respect of credit facilities granted to its subsidiaries. The facilities utilised by the subsidiaries as at 31 March 2017 amounted to \$2,466,000 (2016: \$2,577,000).

One of the subsidiaries in the Group had provided unsecured guarantees amounting to \$17,294,000 (2016: \$14,759,400) to a bank in respect of credit facilities granted to its subsidiary. As at 31 March 2017, \$14,716,000 (2016: \$14,560,500) was utilised.

Disputed debts and contingent claims

As disclosed in note 2 to the financial statements, as at the reporting date, there are disputed debts of \$18,193,000 (2016: \$18,193,000) under the Scheme which were considered in connection with the valuation of the Scheme Debts. Whilst the directors have accounted for such potential liabilities arising from these disputed claims as defined under the Scheme, the amounts will be adjusted when the process of determining the final amounts of claims which are currently disputed in nature is resolved, finalised and/or crystallised.

Potential tax liabilities

One of the overseas subsidiaries of the Group has potential income tax liabilities relating to prior years amounting to \$1,048,781 (2016: \$1,048,781); arising from tax positions that are in dispute with the local tax authorities. The subsidiary has filed appeals against these disputed tax positions. As at 31 March 2017, no provision has been made because the directors are of the view that the tax positions taken are reasonable and supportable.

28 Related parties

Key management personnel compensation

	Group	
	2017	2016
	\$'000	\$'000
Short-term employee benefits	2,950	3,042
Contributions to defined contribution plans	85	79

Remuneration paid to key management personnel includes salaries, fees, bonuses and other benefits-in-kind. Key management personnel comprise of Board of Directors and other key/senior management staff.

Transactions with Directors

As at the reporting date, the outstanding amount due to a director for advances to the Group and its subsidiaries is \$2,073,000 (2016: \$600,000).

Notes to the Financial Statements

Year ended 31 March 2017

29 Subsequent events

On 18 April 2017, Scheme Creditors gave their approval to the termination of the scheme upon receipt of the Settlement Sum of \$70,000,000 and the extension of the date of repayment of Sustainable Debt by up to 3 months from 19 April 2017.

Shareholding Statistics

As at 30 June 2017

No of Issued Shares	– 1,048,391,917
Class of shares	– Ordinary shares
No. of subsidiary holdings	– Nil
Voting rights	– On a show of hands: 1 vote for each member On a poll: 1 vote for each ordinary share

There are no treasury shares held by the Company as at 30 June 2017.

Analysis Of Shareholdings

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	103	2.92	1,861	0.00
100 – 1,000	216	6.12	108,691	0.01
1,001 – 10,000	653	18.50	3,948,620	0.38
10,001 – 1,000,000	2,459	69.68	274,506,616	26.18
1,000,001 and above	98	2.78	769,826,129	73.43
	3,529	100.00	1,048,391,917	100.00

Shareholdings Held in Hands of Public

61.4% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

Top 20 Shareholders

No.	Name of Shareholders	No. of Shares	%
1	Raffles Nominees (Pte) Ltd	259,548,855	24.76
2	KBC Bank N.V. – Charge	131,000,000	12.49
3	Lim Hock Chee	39,504,000	3.77
4	CIMB Securities (S) Pte Ltd	24,912,377	2.38
5	HL Bank Nominees (S) Pte Ltd	21,199,000	2.02
6	DBS Nominees Pte Ltd	17,442,774	1.66
7	OCBC Securities Private Ltd	12,021,446	1.15
8	Phillip Securities Pte Ltd	11,392,690	1.09
9	Teh Kiu Cheong @ Teong Cheng @ Cheng Chiu Chang	11,273,000	1.07
10	Tan Ta Sen	9,761,200	0.93
11	Koh Pau Moy	7,493,900	0.71
12	KGI Securities (Singapore) Pte Ltd	7,087,605	0.68
13	Lee Chong Chin	6,850,000	0.65
14	Koh Beng Keong (Xu Minqiang)	6,688,700	0.64
15	Chang Koong Chean	6,472,000	0.62
16	Goh Hou Lin	6,340,000	0.60
17	Maybank Kim Eng Securities Pte Ltd	6,289,949	0.60
18	OCBC Nominees Singapore Pte Ltd	6,276,580	0.60
19	United Overseas Bank Nominees Pte Ltd	5,982,030	0.57
20	Daw May Yee @ Htout Kyain	5,850,000	0.56
		603,386,106	57.55

Shareholding Statistics

As at 30 June 2017

SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

Substantial Shareholder	Shareholdings beneficially held by the substantial shareholder		Other shareholdings in which the substantial shareholder is deemed to have an interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1. Sng Sze Hiang	281,366,775 ^{#1}	26.83	103,588,856 ^{#2}	9.88
2. Tong Jia Pi Julia	103,588,856 ^{#3}	9.88	281,366,775 ^{#4}	26.83

#1 Include 276,835,297 shares held in the name of Sng Sze Hiang's nominee.

#2 Sng Sze Hiang is deemed interested in 103,588,856 shares beneficially owned by his wife, Tong Jia Pi Julia.

#3 All the 103,588,856 shares were held in the name of Tong Jia Pi's nominee.

#4 Tong Jia Pi Julia is deemed interested in 281,366,775 shares beneficially owned by her husband, Sng Sze Hiang.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the annual general meeting of the Company will be held at No. 1 Venture Avenue #07-07 Big Box, Singapore 608521 on 31 July 2017 at 11.00 a.m. to transact the following business:

Ordinary Business

- 1 To receive and adopt the directors' statement and audited financial statements for the year ended 31 March 2017 and the auditors' report thereon. (Resolution 1)
- 2 To approve directors' fees of S\$150,000 for the year ended 31 March 2017.
[Year 2016: S\$150,000/-] (Resolution 2)
- 3 To re-elect the following directors retiring by rotation in accordance with Article 93 of the Company's Constitution: [See Explanatory Note (a)]
 - (a) Mr Sng Sze Hiang (Resolution 3a)
 - (b) Mr Yap Hock Soon (Resolution 3b)
- 4 To re-appoint KPMG LLP as auditors and to authorise the directors to fix their remuneration. (Resolution 4)

Special Business

- 5 To consider and, if thought fit, to pass the following as an ordinary resolution, with or without modifications:
 - (1) That pursuant to Section 161 of the Companies Act, Cap. 50 and the rules of the listing manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGXST"), authority be and is hereby given to the directors of the Company to:
 - (i) issue shares in the capital of the Company ("Shares") (whether by way of placements, 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 warrants, debentures or any other instruments convertible or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and
 - (2) 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 is in force, PROVIDED THAT:
 - (i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution but excluding Shares which may be issued pursuant to any

Notice of Annual General Meeting

adjustments effected under any relevant Instrument) does not exceed 50 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) 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 but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

- (ii) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above:
 - (a) the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this resolution, after adjusting for:
 - (aa) new Shares arising from the conversion or exercise of any convertible securities and share options that have been issued pursuant to any previous shareholders' approval and which are outstanding as at the date of the passing of this resolution; and
 - (bb) any subsequent bonus issue, consolidation or subdivision of Shares; and
 - (b) in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;
- (iii) in exercising the authority conferred by this resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and 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 Constitution of the Company for the time being; and
- (iv) 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 (b)]

(Resolution 5)

Notice of Annual General Meeting

- 6 To transact any other business which may properly be transacted at an annual general meeting.

BY ORDER OF THE BOARD

KOH SOCK TIN
COMPANY SECRETARY

Singapore,
Date: 14 July 2017

Notes

- 1 (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 annual general meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the 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 annual general 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, Cap 50.
- 2 A proxy need not be a member of the Company.
- 3 An instrument appointing a proxy must be deposited at the Company's registered office at No. 1 Venture Avenue #07-07 Big Box, Singapore 608521 not less than 48 hours before the time appointed for holding the annual general meeting.

Explanatory Notes

- (a) For ordinary resolutions 3(a) and 3(b) above, detailed information on the two directors can be found on the “Profile of Directors” and “Corporate governance report” sections of the Annual Report 2017.

Information on Mr Sng Sze Hiang's shareholdings can be found in the Directors' Statement and on the “Statistics of Shareholdings” section of the Annual Report 2017. There are no other relationships including immediate family relationships between Mr Sng and the other Directors, the Company or its 10% shareholders, except for his spouse, Ms Tong Jia Pi Julia who is an Executive Director as well as a substantial shareholder of the Company.

Information on Mr Yap Hock Soon's shareholdings can be found in the Directors' Statement of the Annual Report 2017. There are no other relationships including immediate family relationships between Mr Yap and the other Directors, the Company or its 10% shareholders.

Notice of Annual General Meeting

- (b) Ordinary resolution 5, if passed, will empower the directors from the date of the above meeting until the date of the next annual general meeting, to issue shares and convertible securities in the Company up to a number not exceeding in total 50 per cent. of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, with a sub-limit of 20 per cent. for issues other than on a pro-rata basis to shareholders, as more particularly set out in the resolution.

Personal data privacy

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

TT INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198403771D)

PROXY FORM ANNUAL GENERAL MEETING

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the annual general meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in TT International Limited, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of annual general meeting dated 14 July 2017.

I/We _____, NRIC/Passport/Co. Registration No. _____

of _____

being a member/members of TT International Limited (the "Company") hereby appoint

Name	Address	NRIC/Passport No.	No. of Shares

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	No. of Shares

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the annual general meeting of the Company to be held at No. 1 Venture Avenue #07-07 Big Box, Singapore 608521 on 31 July 2017 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the annual general meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the annual general meeting

No.	Resolutions	For*	Against*
1	To adopt the directors' statement and financial statements		
2	To approve directors' fees		
3	To re-elect the following directors retiring under Article 93:-		
	(a) Mr Sng Sze Hiang		
	(b) Mr Yap Hock Soon		
4	To re-appoint KPMG LLP as auditors		
	Special Business		
5	To authorise directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.

Dated this _____ day of _____ 2017

Total Number of Shares Held

--

Signature(s) of Member(s) or Common Seal

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes

- 1 A member should insert the total number of shares held by him. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by the member.
- 2 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the 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, Cap. 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 No. 1 Venture Avenue #07-07 Big Box, Singapore 608521 not less than 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 seal.
- 6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
- 7 A corporation which 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, Cap. 50.
- 8 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 entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Together We Stand



TT International Limited

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