KLW HOLDINGS LIMITED

BUILDING SUSTAINABILITY

Annual Report FY2018

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This annual report has been reviewed by the Company's Sponsor, R&T Corporate Services Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report including the correctness of any of the figures used, statements or opinions made.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The details of the contact person for the Sponsor are:
Name: Howard Cheam Heng Haw, Registered Professional
Address: 9 Battery Road #25-01, Singapore 049910
Telephone: 6232 0685

CORPORATE PROFILE

KLW IS AN INVESTMENT HOLDINGS COMPANY WITH TWO CORE BUSINESSES IN:

Door Manufacturing and Distribution

Property Investments and Developments

KLW HOLDINGS LIMITED ("KLW") was incorporated in Singapore in 1995 and listed on The Catalist Board (formerly "SESDAQ") of the Singapore Exchange since 1998.

OUR BUSINESSES

DOOR MANUFACTURING AND DISTRIBUTION

Over the years, KLW Group has built a name in the manufacturing and distribution of high quality doors such as timber doors, engineered doors, customized doors and others. We have been supplying our products to well-known quality home improvement DIY chain-stores, door distributors and development projects in Asia, Europe and USA.

Our operations

Our door business operates in the following bases:

MALAYSIA

Manufacturing Operations:

PLO 34, Kawasan Perindustrian Simpang Renggam, 86200 Simpang Renggam, Johor, Malaysia

PLO 32, Kawasan Perindustrian Simpang Renggam, 86200 Simpang Renggam, Johor, Malaysia

CHINA

Manufacturing Operations:

中国广东省东莞市洪梅镇洪厚路尧均段
Yao Jun Section, Hong Hou Road, Hongmei Town, Dongguan City, Guangdong, China, Post code: 523160

中国广东省东莞市洪梅镇梅沙村雄东工业区
Mei Sha, Xiong Dong Industrial Area, Hongmei Town, Dongguan City, Guangdong, China, Post code: 523160

SINGAPORE

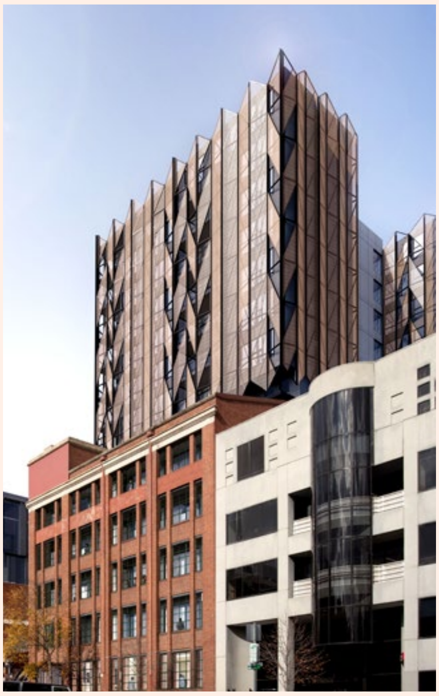
Project Management and Installation:

39 Kaki Bukit Industrial Terrace
Singapore 416119

PROPERTY INVESTMENTS AND DEVELOPMENTS

In 2014, KLW Group began its foray in property investments and developments with the aim to diversify its business and capture new opportunities available. The strategy employed is to focus on developing this business segment in our diversification effort to augment our business through development properties for capital returns.

AUSTRALIA



Artist's impression only and cannot be regarded as representations of facts.

Lincoln Square Carlton

23-31 Lincoln Square South, Carlton, Melbourne, Australia

This is a property situated in the vicinity of the renowned Melbourne University. Its proximity to Melbourne's CBD area has rendered it suitable for various types of re-development. The Group has submitted the feasibility studies to the Melbourne City Council.

Date Acquired	:	March 2015
Property Type	:	Office Building
Storey	:	5
Ownership Status	:	Freehold
Zoning	:	Mixed Use Zoning*
Land Area	:	906 sqm
Building Area	:	3,745 sqm
Purchase Price	:	A$12.52 million

* subject to potential re-zoning under Planning Amendment C196 for inclusion within a Capital City Zone.

INDONESIA

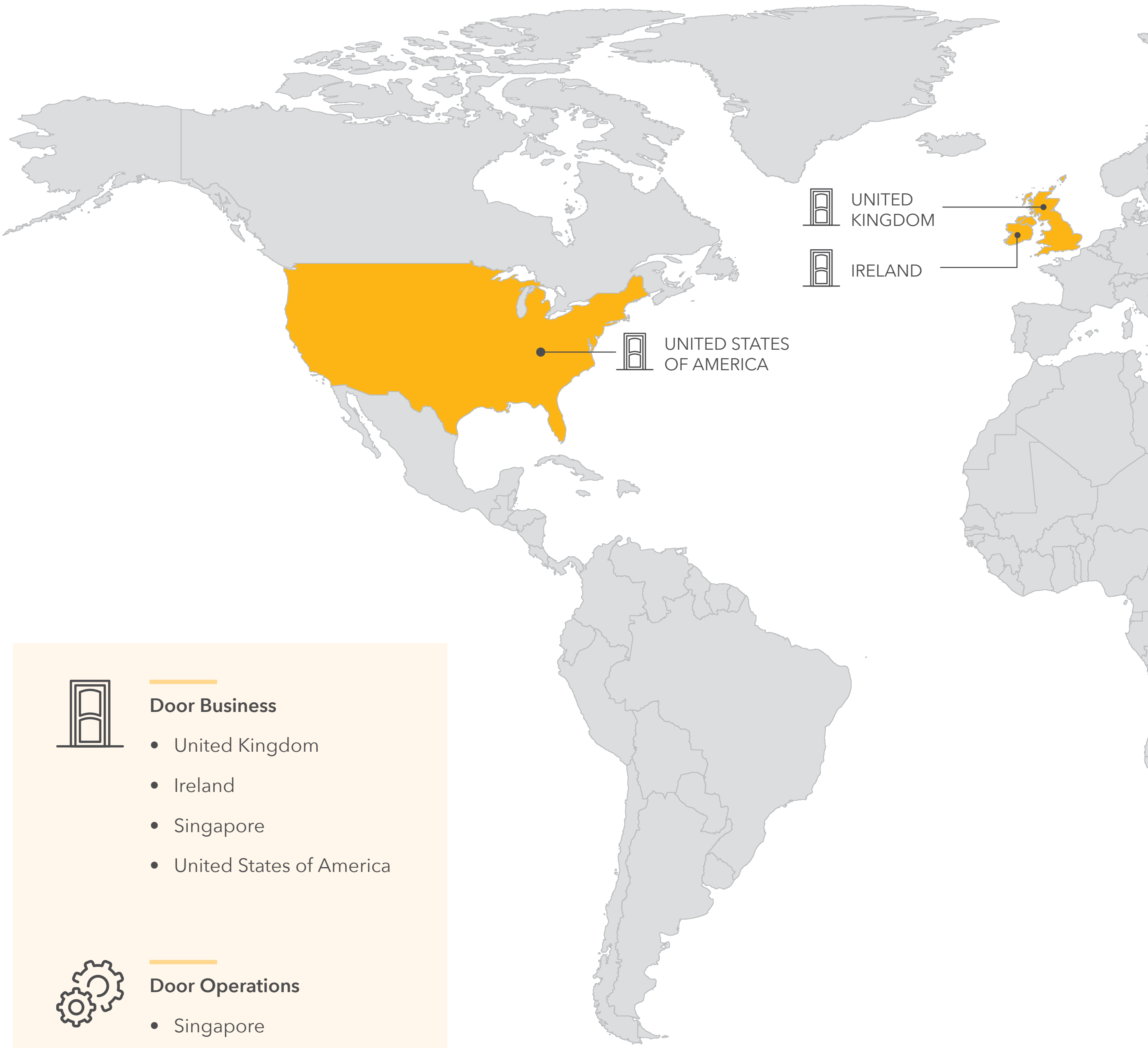
Artist's impression only and cannot be regarded as representations of facts.

South Jakarta

Jl. R.A Kartini No. 18, Jakarta, Indonesia

The land is located in a prime district of South Jakarta which is surrounded with well-developed infrastructure and future MRT track and depot. In addition, it is also complemented by existing amenities such as shopping malls, international schools and affluent neighbourhood. The Group's focus is to achieve potential upside through development of the land.

OUR GLOBAL FOOTPRINT



Door Business

- United Kingdom
- Ireland
- Singapore
- United States of America

Door Operations

- Singapore
- Malaysia, Johor
- China, Dongguan City, Guangdong Province

Property Business

- Australia, Melbourne
- Indonesia, South Jakarta


CHINA
MALAYSIA
SINGAPORE
INDONESIA
AUSTRALIA

KLW GROUP STRUCTURE

KLW HOLDINGS LIMITED

- Ambertree Vic-Mel (Flinders) Pty Ltd **[Melbourne]** — 100%
- Ambertree Vic Mel (Lincoln) Pty Ltd **[Melbourne]** — 100%
- KLW Resources Sdn Bhd **[Malaysia]** — 100%
  - KLW Wood Products (M) Sdn. Bhd. **[Malaysia]** — 100%
  - Dongguan Lebex Doors Co. Ltd. **[China]** — 100%
  - KLW Joinery Pte. Ltd. **[Singapore]** — 100%
  - KLW (HK) Limited **[Hong Kong]** — 100%
  - Key Bay Furniture Co., Ltd. **[Vietnam]** — 100%
- Ambertree Pte. Ltd. **[Singapore]** — 100%
  - Ambertree Development (Singapore) Pte.Ltd. **[Singapore]** — 100%
- Ambertree Indonesia Ventures Pte. Ltd. **[Singapore]** — 100%
  - PT Ambertree Development Jakarta[1] **[Indonesia]** — 65%

[1] Incorporated on 21 August 2017.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board, we would like to present KLW Holdings Limited's ("Company" and collectively with its subsidiaries, "Group") Annual Report for the financial year ended 31 March 2018 ("FY2018").

Doors Business

FY2018 has been a challenging year for the Group. For the Doors business, our export sales faced a challenging business environment in the countries we operate where production and operational costs are in a rising trend, foreign exchange fluctuations, more stringent environmental and safety regulations, stock adjustment, staff shortages and some middle level managerial turnover.

To this end, the Board has made every single effort to address such challenges. For example, we have been rebuilding our new operation managerial team in both factories over the past year and upgrading the production facilities in both factories. Not only will this increase the efficiency level but also create a more environmentally friendly and safer working environment for our staff in the factories. While more time may be needed for fine-tuning, the situation now is more stable with new machineries in place. We are confident that the efforts and investments will produce a long term positive result to our shareholders.

Our core Doors business did not perform as well as the previous year primarily due to a lack of contribution from our local project business which is cyclical in nature. Typically, a project to supply and install doors to private residential developments takes 18 to 24 months. Thus, while we booked-in revenue in the past two years for the projects on hand secured earlier and completed, the Group did not bag any meaningful new contracts since the last financial year as the Singapore residential development market has slowed down.

During the year under review, our Company acquired the remaining 30% share capital of KLW Resources Sdn. Bhd. ("KLW Resources") from Koperasi Permodalan Felda Malaysia Berhad ("Felda" or "Seller"), thereby increasing our shareholdings in KLW Resources to 100%. The acquisition of the remaining stake held by Felda in KLW Resources represents long-term savings for the Group of a yearly sum of RM1,360,000 (equivalent to the 8% preference dividends per annum payable to Felda had Felda remained as a shareholder of KLW Resources). Business-wise, with full control and ownership of KLW Resources as a wholly-owned subsidiary, the Group can chart its future course according to the Group's strategy to realise its full potential.

"We will continue to explore other opportunities that will increase our property footprint."

Property business

For the Property business, our foray into property investment business in Melbourne, Australia is proceeding smoothly. Our redevelopment plan aims to maximise the potential of the property at Lincoln Square, Melbourne. For the Lincoln Square Project, having taken into consideration the local requirements and the on-going development in the vicinity area, we have submitted a complete package of the feasibility studies to the Melbourne City Council and will update shareholders of its progress in due course.

Nearer home, during the financial year under review, the Company, through its wholly-owned subsidiary, Ambertree Indonesia Ventures Pte Ltd ("AIV"), had together with PT Karya Bintang Utara (an affiliate of PT Codefin) ("PTKBU"), incorporated the joint venture company, PT Ambertree Development Jakarta ("PTADJ"). PT Codefin is a privately owned real estate development company that predominately operates in Jakarta, Indonesia. PTADJ has since acquired land parcels which covers an aggregate area of approximately 7,456^{m2} and is located at Jl. R.A Kartini No. 18, Jakarta, Indonesia. It is intended for PTADJ to develop a mixed use residential development with retail and commercial component on the land. The Directors believe that the land acquisition is beneficial to the Group and its shareholders as:

(a) it provides the Group with the opportunity to acquire land located in a prime district of South Jakarta and achieve a potential upside through the development of the land;

(b) it will allow the Group to expand its property investment and development portfolio into Indonesia; and

(c) it allows the Group to tap on the expertise and network of its joint venture partners for the development of real estate projects into Indonesia.

We will continue to explore other opportunities that will increase our property footprint. With our strong balance sheet, we are confident that the Group possesses potential to gear up to capitalise on opportunities that will enhance shareholders' values.

Governance

The Group is committed to attain an overall system of accountability and continue to strive for high standard in corporate governance. The Board will exercise prudence and risk management in reviewing and evaluating new investment opportunities so as to add value to all our stakeholders.

OPERATIONAL REVIEW AND FINANCIAL REVIEW

Income Statement Review

Revenue by business activities	FY2018 $'000	FY2017 $'000	Increase / (Decrease) $'000	Increase / (Decrease) %
Door business	33,215	44,262	(11,047)	(25)
Property business	93	1,386	(1,293)	(93)
Total	33,308	45,648	(12,340)	(27)

Revenue

The Group registered revenue of $33.31 million for FY2018, representing a decrease of 27% as compared with $45.65 million for FY2017. The decline of $11.05 million from door business was primarily due to the lower revenue recognised from lesser local projects and export of doors from the Door business. The decline of $1.29 million from Property business for FY2018 was due to the disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017 which was the main contributor of rental income.

Cost of sales

Although the revenue decreased by 27%, the cost of sales increased by 4% from $29.95 million in FY2017 to $31.13 million in FY2018. The reason was mainly due to the higher raw materials costs, one off stock adjustment and overheads in FY2018.

Gross profit

The Group's gross profit decreased from $15.69 million in FY2017 to $2.17 million in FY2018. The decrease in gross profit was attributed mainly from lower revenue recognised for local projects relating to the supply and installation of doors ($4.54 million) and also from the export of doors from the Door business ($7.71 million). It was also due to the absence of gross profit from Property business ($1.27 million) after the completion of the disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017.

The gross profit margin decreased from 34% in FY2017 to 7% in FY2018 mainly due to (a) the decline of gross profit margin from the local project business from 56% in FY2017 to a gross loss margin in FY2018 which was in turn largely attributed to lower value of local contracts secured for FY2018, and (b) the decline in gross profit margin from export of doors from 28% in FY2017 to 9% in FY2018 which was in turn largely attributed to higher cost of goods sold as explained in the above paragraph.

Other income

Other income decreased by 92% from $10.12 million in FY2017 to $0.84 million in FY2018. The decrease was mainly due to the absence of the fair value gain on investment property amounting to $8.85 million and the absence of net foreign currency translation gain of $0.68 million booked in FY2017.

Selling and distribution expenses

Although the revenue decreased by 27%, the selling and distribution expenses had only decreased by 4% from $1.01 million in FY2017 to $0.97 million in FY2018. The reason was because expenses incurred in relation to marketing effort (include air travel & exhibition) are more than offset against the reduction in customs, inspection fees and freight costs in FY2018.

Administrative expenses

Administrative expenses increased by 1% from $10.18 million in FY2017 to $10.31 million in FY2018 mainly due to FY2018 recorded a Group foreign exchange loss of $997,000 instead of a $676,000 foreign exchange gain in FY2017.

<u>Finance costs</u>

Finance costs decreased by 54% from $1.24 million in FY2017 to $0.57 million in FY2018. The decrease was mainly due to settlement of the term loan upon disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017.

<u>Tax expenses</u>

Tax expenses decreased from $3.45 million in FY2017 to a tax credit of $0.82 million in FY2018. This was mainly due to a reversal of deferred tax liabilities resulting from increase in unabsorbed loss carried forward and unutilised capital allowance tax provision in FY2018 and reversal of over provision of tax expenses in prior year.

<u>Loss for the year ended FY2018</u>

The Group posted a loss for the year of $8.02 million as compared to a profit of $9.94 million for FY2017.

Balance Sheet Review

<u>Non-current assets</u>

Property, plant and equipment decreased by $1.45 million from $21.17 million to $19.72 million with $5.82 million reclassified as property held-for-sale more than offset of the $4.01 million capital expenditure incurred in FY2018.

<u>Current assets</u>

Development properties increased by $27.56 million. This is mainly due to the acquisitions of land parcels held for development in Jakarta, Indonesia undertaken by the Group through its joint venture vehicle, PTADJ.

Prepayments, trade and other receivables decreased by 50% from $16.05 million in FY2017 to $7.95 million in FY2018. This is mainly due to the withdrawal of monies held in an escrow account for the acquisition of land in Jakarta, Indonesia. Cash and cash equivalents decreased by 45% from $28.08 million in FY2017 to $15.47 million in FY2018. This is mainly due to purchase of machineries and acquisition of the balance 30% of the issued share capital of KLW Resources Sdn Bhd which was completed in February 2018. Property held-for-sale decreased by 84% from 31 March 2017 to 31 March 2018. This is mainly due to the completion of the disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017 and offset of the $5.82 million reclassified from Property, plant and equipment in FY2018.

<u>Non-current liabilities</u>

Deferred tax liabilities decreased by 71% from $4.00 million as at 31 March 2017 to $1.17 million as at 31 March 2018. This is mainly due to settlement of the tax liabilities for the disposal of the property at 301 Flinders Lane, Melbourne, Australia.

Current liabilities

Borrowings decreased by 91% from $15.96 million as at 31 March 2017 to $1.48 million as at 31 March 2018. This is mainly due to settlement of the term loan upon disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017. Shares with preference rights decreased by 100% from 31 March 2017 to 31 March 2018. This is due to the completion of the acquisition of the balance 30% of the issued share capital of KLW Resources Sdn Bhd in February 2018. Income tax payable decreased by 93% from $0.7 million as at 31 March 2017 to $0.05 million as at 31 March 2018 which is in tandem to the lower profit recognised.

Equity

Total equity holder of the Company decreased by 15% from $89.33 million as at 31 March 2017 to S$76.37 million as at 31 March 2018. This is mainly due to loss in FY2018.

Cash Flow Statement Review

The Group's net cash flow used in operating activities was $32.23 million for FY2018. This was mainly attributable to the loss before income tax and changes in operating assets and liabilities for development properties, inventories, receivables and payables.

Net cash flows generated from investing activities was $31.85 million for FY2018. This was mainly attributable to the sale of property held-for-sale and offset with the purchase of property, plant and equipment.

Net cash flows used in financing activities was $11.77 million for FY2018. This was mainly attributable to the repayment of the term loan upon the disposal of the property held-for-sale and also the acquisition on the shares with preference rights and offset with the capital contributions from non-controlling interest.

As a result of the above, the Group's cash and cash equivalent stood at $15.47 million for FY2018.

OUTLOOK

For Doors business, export sales for doors remain the Group's core focus. In the face of a dearth of local projects in the last two years, the Group's performance will largely hinge on its strength in export sales of our doors. Market demand from our distributors in the United Kingdom ("UK") and Ireland remained buoyant over the last few years supported by both replacement needs and the sustained growth of their property demand. On the other hand, the Group continues to bid for local projects relating to Door business as and when the opportunities arise.

While the macroeconomic environment in which the Group operates continues to be challenging, we are putting in place mitigating measures to improve our procurement, production and operational aspects in order to be more cost effective. The Group is instituting an upgrading exercise to improve our competitiveness. Capital expenditure to expand our production facility in Johor, Malaysia has been completed

CHAIRMAN'S STATEMENT

in the last quarter of the year 2018. Our facilities in Dongguan, China is also undergoing an improvement exercise. Overall, the upgrading of production lines and purchase and installation of new machines in our factories in Malaysia and China will enhance our production efficiency and capacity to meet current and future demand. We plan to explore and develop new markets and clientele to augment our current markets and clientele.

In conjunction with the upgrading exercise, the Group has decided not to incur additional investment in new production facilities for our Vietnam factory. Instead, the Group plans to sell the Vietnam factory to augment our cash position for re-deployment in order to reap better returns to further enhance shareholders' values.

For the Property business, the Group's strategy is to focus on developing this business segment in our diversification effort to augment our business through generating income from property development. Our two property development projects possessed good upside potential and are in a good stead to reap benefits to the Group. The Australia property is situated in the vicinity of the renowned Melbourne University and proximity to Melbourne's CBD area and the Australia market remains strong at the moment. In addition, the Indonesia property is located in a prime district of South Jakarta surrounded by well-developed infrastructure and existing amenities such as shopping malls, international schools and affluent neighbourhood. With our property development projects in both Australia and Indonesia running in full speed in terms of feasibility studies, obtaining approvals and licenses, we envisage to start the pre-sale activities once they are ready.

IN APPRECIATION

On behalf of the Board, we would like to take this opportunity to thank our management and staff for their hard work, contributions and loyalty over these years. We would also like to express our sincere appreciation to our customers, vendors, business associates as well as government agencies for their valued support. To our shareholders, we thank them for the confidence they have in us. We would also like to thank the reconstituted board of directors for their guidance and contributions. For all of us at KLW, we look forward to having all stakeholders continue the journey for a sustainable growth with us to contribute to the performance of the Group in the future.

Yours sincerely,

Pengiran Muda Abdul Qawi
Non-executive Chairman

July 2018

BOARD OF DIRECTORS

Pengiran Muda Abdul Qawi
Non-Executive Chairman

Pengiran Muda Abdul Qawi joined the Board of KLW Holdings Limited on 30 September 2014 as Non-Executive Chairman and was re-elected on 28 July 2017. Prince Abdul Qawi is also the Chairman of The Brunei Hotel, National Insurance Bhd, QOS Sdn Bhd, Everon Sdn Bhd and Supremo Management Services Sdn Bhd in Brunei. His past experience includes Deputy and Executive Chairman of QAF Brunei, a member of Baiduri Group and a Director of Baiduri Bank from 2000 - 2010. He was on the ASEAN Business Advisory Council from 2002 to 2012. Prince Abdul Qawi has been an active member of the INSEAD East Asia Business Council since 2005, the Confederation of Asia-Pacific Chambers of Commerce and Industry since 2004 and a Patron for the Young Entrepreneurs Association Brunei since 2010.

Mark Leong Kei Wei
Independent Director

Mr Leong was appointed as an Independent Director on 19 September 2017 as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He presently serves as an Independent Director and Audit Committee Chairman of two SGX listed companies (including KLW Holdings Limited). He is currently the Chief Operating Officer of a SGX listed drilling equipment and engineering solutions provider for the oil & gas industry. Prior to this, in 2012, he was the Vice President (Finance and Investment) of a family office, where he managed investments and identified investment opportunities and exit strategies. In 2010, Mr Leong held the dual role of Chief Development Officer and Deputy CEO of an ASX listed group. Between 2002 and 2009, he undertook CFO roles in two SGX listed companies and prior to that, he was an auditor with a Big Four firm. Mr Leong is a fellow of the Association of Chartered Certified Accountants (ACCA), a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA) and a Member of the Singapore Institute of Directors (SID).

Chan Ka Kin Kevin
Independent Director

Mr Chan was appointed as an Independent Director on 7 September 2016 and was re-elected on 28 July 2017. He is currenttly the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Mr Chan is the co-owner of KOS International Limited and brings more than 9 years of experience in the area of corporate recruitment and executive searches, investment advisory and professional business services across industries in Hong Kong and China. He has extensive experience in the area of capital raising for corporate ventures and also involvement in various private and public financial investment projects and fund raising exercise.

Lim Han Siang Peter
Independent Director

Mr Lim was appointed as an Independent director on 7 September 2016 and was re-elected on 28 July 2017. He is currently the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Mr Lim is currently a Managing Director with Standard Chartered Bank (Hong Kong) Limited covering the Greater China markets. Prior to that, he has worked in ExxonMobil, HSBC and United Overseas Bank. In total, he brings to the Company more than 26 years of experience in the corporate world and banking, especially in the area of business development and capital raising in South East Asia and North Asia. Mr Lim holds a Bachelor degree (Dean's List) in Business Administration from the National University of Singapore.

BOARD OF DIRECTORS

Wong Gloria
Executive Director

Ms Gloria Wong was appointed as an Executive Director of the Company on 1 August 2016 and was re-elected on 28 July 2017. She also serves as an Executive Director of Prosperity International Holdings (H.K.) Limited. Ms Wong is currently responsible with the Group's strategy and business development. She is also assisting in the implementation of decisions and policies approved by the Board. Ms Wong graduated from Queen Mary College, University of London with a Bachelor's degree in Economics and Finance and from King's College London with a Master's degree in International Management.

Lam Chi Yun, Terence
Executive Director

Mr Lam was appointed as an Executive Director of the Company on 1 August 2016 and was re-elected on 28 July 2017. He is in charge of the Group's Finance and Operation matters. Mr Lam is an accountant with CPA, CGA (Chartered Professional Accountant) of Canada and FCCA (Fellow Member of Association of Chartered Certified Accountant). Mr Lam is also the CFO - Malaysia Investments for the Hong Kong listed company Prosperity International Holdings (HK) Ltd. Mr Lam graduated from Canadian Universities with a Bachelor degree in Computer Science and a Bachelor degree in Commerce (Hon).

Lam Kwan, Linda
Executive Director

Ms Lam was appointed as an Executive Director of the Company on 1 August 2016 and was re-elected on 28 July 2017. She is currently a Director of various companies from Hong Kong, Macau, Mainland China and Canada, including Great Harvest (Holdings) Ltd. and Union Apex Mega Shipping Limited. Ms Lam is currently involved in the strategic planning for the Company. She brings more than 21 years of experience in the field of finance, administrative management and business operations to her publicly listed companies. She is the Chief Executive Officer of Great Harvest Maeta Group Holdings Ltd. and the Director of Adex Mining Inc. With an extensive experience in the field of steel and marine transportation industries, she is currently the Director of Hong Kong Energy and Minerals United Associations and Hong Kong Shipowners Associations. Besides her business management, she is also the Vice Chairman of Pok Oi Hospital, where she commits substantial time and effort to help the community and the people in need. Ms Lam graduated with a Bachelor's Degree in English for Finance from Dongbei University of Finance and Economics.

KEY MANAGEMENT

Albert Tan Sai Beng
Chief Operating Officer

Mr Albert Tan was appointed as Chief Operating Officer of the Company in September 2016. He is in charge of the Group's Door Business operations. He has more than 21 years of experience in various industries such as fashion and furniture retailing, building material supplies, interior renovation and construction, real estate development, property turnkey management and the hospitality industry. Mr Tan graduated from University of Brunei Darussalam in 1997 majoring in Business Management and Marketing.

Lee Wan Cha, Adeline
Head of Sales and Marketing for Door Division

Ms Adeline Lee joined the Group's marketing division in 2004 and she was one of the key people responsible for growing the Group's Door Business export sales to its current size. Prior to her current appointment, she was the General Manager for the Group's local project business from June 2010 to March 2017. Ms Lee holds a degree in Business and Marketing from University of Portsmouth, UK.

Wong Tat Yang
Group Financial Controller

Mr Wong was appointed as Group Financial Controller on 11 September 2017. He is responsible for the Group's accounting, finance, compliance, internal control and other regulatory requirements. He has more than 20 years of working experience in corporate accounting and finance management. Prior to joining the Group, he was the Financial Controller and Chief Financial Officer of four public listed companies in Singapore. Mr Wong graduated from the National University of Singapore with a Bachelor of Accountancy Degree and is a fellow member of the Institute of Singapore Chartered Accountants.

Ananthan Muniandy
General Manager for Door Business – Malaysia

Mr Ananthan joined the Group's Door Business in Malaysia in 2005. He has worked in various departments and held various appointments such as Quality Manager, Production Manager and Factory Manager and was promoted to General Manager last year and is in charge of the overall management responsibilities for the Malaysia's operations. He has more than 19 years of experience in door production in Malaysia. Mr Ananthan graduated with a Diploma in Computer Science from Informatics College.

KEY MANAGEMENT

Yip Man Chung, Gordon
Assistant General Manager for Door Business – China

Mr Gordon Yip joined the Group's Door Business in China in 2016 as an Assistant General Manager. He is in charge of the overall management responsibilities for the China's operations. Mr Yip has more than 19 years of factory management experience in China, Dongguan region. Mr Yip graduated with a Diploma of Hospitality Management in Australia.

Ngo Yu Peng, Felicia
Group Finance Manager

Ms Felicia Ngo joined KLW Holdings Limited in 2003. She is in charge of the Group's financial reporting and property business. Prior to joining the Group, she was with Deloitte & Touche LLP as an Accounts Officer. She is accredited with the Association of Chartered Certified Accountants and an associate member of the Institute of Singapore Chartered Accountants.

Peh Eng Thong, Eric
Assistant General Manager for Door Business – Singapore

Mr Eric Peh joined the Group's Door Business in Singapore in 2017 as an Assistant General Manager. He is in charge of the overall management responsibilities for the Singapore's operations. He has more than 20 years of experience in this industry. Mr Peh holds a Bachelor of Science (Computing with Management) (Hons) degree from the University of Bradford, UK.

FINANCIAL CONTENTS

REPORT ON CORPORATE GOVERNANCE

KLW Holdings Limited (the "Company" and, together with its subsidiaries, the "Group") has adopted substantially the practices based on the Code of Corporate Governance 2012 (the "Code") issued by the Monetary Authority of Singapore on 2 May 2012, which forms part of the continuing obligations of the Listing Manual Section B: Catalist Rules ("Catalist Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST") with a view to maximise long-term shareholders' value and protect the interests of the shareholders. This Report describes the Company's corporate governance practices and structures that were in place during the financial year from 1 April 2017 to 31 March 2018 ("FY2018") with specific references to principles of the Code. The Company has complied, in all material aspects, with the principles and guidelines of the Code. Where there are deviations from the recommendations of the Code, the Company has provided the reasons and explanations in relation to the Company's practices where appropriate.

THE BOARD'S CONDUCT OF AFFAIRS

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

The Board of Directors (the "Board") is committed to maintaining a high standard of corporate governance. It is responsible for charting the Group's strategies and direction. It provides an oversight for the management of the Company ("Management") including establishing goals for the Management team, monitoring the achievement of such goals, ensuring that necessary resources are in place for the Management to meet its objectives and shareholders' interests are being safeguarded. The Board has established an oversight framework and processes for the Management and the Group, including a system of internal controls which enable risks to be assessed and managed.

The principal role of the Board is to:

- set the strategic directions and the long-term goals of the Group and ensuring that adequate resources are available to meet these objectives;
- establish a proper risk management system to ensure that key potential risks faced by the Group are properly identified and managed;
- approve the nominations of Directors and appointment of key management personnel;
- set the Group's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met; and
- considering sustainability issues including environmental and social factors in the Group's strategic formulation.

<u>Board approval</u>

The Board approves all transactions exceeding certain limits in accordance with an established set of approved limits of the Group, while delegating authority for transactions below those limits to the management, to facilitate operational efficiency.

Apart from its statutory duties and responsibilities, some of the matters which are reserved for the Board's review and approval include the following:

- all capital expenditure, acquisitions, investments and divestments exceeding S$500,000 subject to requirements of the SGX-ST;
- funding decisions relating to operational matters;
- annual plans, budgets, policies, strategies and financial objectives;
- monitoring the performance of management and remuneration of the Executive Directors, Chief Operating Officer and key management executives;
- recommending dividends and other returns to shareholders, if appropriate;

REPORT ON CORPORATE GOVERNANCE

- overseeing the framework and processes for evaluating the adequacy of the Group's internal control system (including financial, operational, compliance and information technology risks);
- the Group's quarterly, half-year and full-year financial results announcements; and
- the annual report and accounts for each financial year.

Board and Board Committee meetings

The Board meets every quarter to review the financial performance of the Group. It also holds ad-hoc meetings as warranted by particular circumstances and as deemed appropriate by the Board members. The Board also reviews the risks relating to the assets of the Group, examines liabilities and comments from the auditors of the Group and ensures that measures are implemented in accordance with key recommendations.

The Company's constitution (the "Constitution") allows for Board meetings to be conducted by way of tele-conference and video-conference.

The following table discloses the number of meetings held for Board and Board committees and the attendance of all Directors in FY2018:

Board members	**Board**		**Audit Committee**		**Remuneration Committee**		**Nominating Committee**	
	Held	**Attendance**	**Held**	**Attendance**	**Held**	**Attendance**	**Held**	**Attendance**
Pengiran Muda Abdul Qawi	4	2	-	-	-	-	-	-
Wong Gloria	4	4	-	-	-	-	-	
Lam Chi Yun	4	4	-	-	-	-	-	-
Lam Kwan	4	4	-	-	-	-	-	-
Lim Han Siang Peter [3]	4	4	4	4	1	1	1	1
Chan Ka Kin Kevin	4	4	4	3	1	1	1	1
Mark Leong Kei Wei [1]	4	2	4	2	1	-	1	-
Wong Joo Wan [2]	4	1	4	1	1	1	1	1

(1) Mr Mark Leong Kei Wei was appointed as an Independent Non-Executive Director of the Company on 19 September 2017 and he was designated as Chairman of the Audit Committee and member of the Nominating and Remuneration Committees on 19 September 2017.

(2) Mr Wong Joo Wan retired as Independent Non-Executive Director on 28 July 2017 and ceased as Chairman of the Nominating Committee and member of the Audit and Remuneration Committees.

(3) Mr Lim Han Siang Peter was designated as Chairman of the Nominating Committee and member of the Audit and Remuneration Committees on 19 September 2017.

Delegation by the Board

The Board has established various committees to assist it in discharging its oversight function. These committees have clearly defined terms of reference. The respective terms of references set out the duties, authority and accountabilities of each committee as well as qualifications for committee membership, in line with the Code. The terms of references are reviewed on a regular basis to ensure their continued relevance, as are the committee structures and membership.

REPORT ON CORPORATE GOVERNANCE

These committees established by the Board are:
Audit Committee (the "AC");
Nominating Committee (the "NC"); and
Remuneration Committee (the "RC").

Board Orientation and Training

When a new Executive Director is to be appointed, a formal letter of appointment is provided to him, setting out his duties and obligations. Each new Director will also be provided proper briefings or explanations in respect of the regulatory requirements that a director has to comply with on appointment, the on-going obligations of a director under the Companies Act, Chapter 50 of Singapore ("Companies Act"), the Catalist Rules of the SGX-ST ("Catalist Rules") and other regulatory requirements. In addition, the director is also given access to Board resources, including the Constitution and governing documents, the Board's and each Board committee's terms of reference, the Group's policies, Annual Reports, previous Board meeting minutes and other pertinent information for his reference.

In addition, the Company conducts an orientation programme for newly appointed Directors to familiarise them with the businesses, operations, financial performance and key management executives of the Group. They also have the opportunity to visit the Group's operational facilities and meet with Management to obtain a better understanding of the Group's business operations.

All Directors who have no prior experience as directors of a listed company will undergo the necessary training and briefing on the roles and responsibilities of directors of a listed company.

The Management monitors changes to regulations, policies and financial reporting standards by the SGX-ST and the Accounting and Corporate Regulatory Authority of Singapore ("ACRA"). Any change that might impact the Group and its disclosure obligations are promptly brought to the attention of the Board, either during Board meetings or via circulation of Board papers. The Company Secretary and Sponsor also advise the Board on regulatory matters relating to the Companies Act and continuing listing obligations pursuant to the Catalist Rules.

The Company will identify relevant updates, briefing and training programs for the Directors to attend. During FY2018, the Directors attended the following:

Date	**Events**
14 September 2017	Sustainability Roundtable – Invitation to Directors of Catalist Companies by the Singapore Exchange.

BOARD COMPOSITION AND GUIDANCE

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

REPORT ON CORPORATE GOVERNANCE

As at the date of this Report, the Board comprises three (3) Executive Directors and four (4) Non-Executive Directors, of whom three (3) are Independent Directors. The current number of Independent Non-Executive Directors of the Company has fulfilled the prevailing Code's requirements during FY2018 that at least one-third of the Board members should comprise independent directors and that no individual or small group of individuals should dominate the Board's decision-making process. The Board is aware of the requirement for independent directors to make up at least half of the board (Guideline 2.2) and the Board is of the view that although the independent directors do not currently make up at least half of the Board, this current situation does not compromise the independence element and the Board is collectively able to exercise objective judgement in relation to the affairs of the Company. The Company is considering its Board composition so as to comply with Guideline 2.2 of the Code.

As at the date of this report, the Board comprises the following members:

Pengiran Muda Abdul Qawi	Non-executive Chairman
Mr Lim Han Siang Peter	Non-executive & Independent Director
Mr Mark Leong Kei Wei	Non-executive & Independent Director
Mr Chan Ka Kin Kevin	Non-executive & Independent Director
Ms Wong Gloria	Executive Director
Mr Lam Chi Yun	Executive Director
Ms Lam Kwan	Executive Director

The Constitution imposes a maximum appointment of 15 Directors and a minimum appointment of two (2) Directors to the Board.

Each year, the Board reviews its size and composition, taking into account, amongst others, the scope and nature of the Group's business and operations, and the benefits of all aspects of diversity (such as gender, age, educational background and professional experience) in order to provide the Board access to an appropriate range and balance of skills, experience and backgrounds. The NC is of the view that the current Board composition is adequate and provides a diversity of skills, experience and knowledge to the Company. The Directors hold core competencies such as business development, finance, manufacturing and strategic planning experience and such wealth of experience has enhanced the overall quality of the Board. The key information on the Directors is set out on pages 13 and 14 of the annual report.

Board Independence

The Board and NC review the independence of each Director on an annual basis based on the guidelines provided in the Code. The NC, having considered Guideline 2.3 on independence under the Code, is satisfied and confirms that the Independent Directors, who represent 43% of the Board, are in fact independent and there are no relationships that would otherwise deem any of the Independent Directors not to be independent.

The NC notes that under the Code, the independence of any Director who has served on the Board beyond nine (9) years from the date of his first appointment should be subject to particularly rigorous review.

At present, there are no Independent Directors who have served on the Board for a period of more than nine (9) years since the date of his first appointment.

REPORT ON CORPORATE GOVERNANCE

For the appointment of any new Director to the Board, the NC's search, selection and nomination process for the right candidate will include, amongst others, the use of search companies, personal contacts and recommendations, reviewing the range of expertise, skills and attributes of the existing Board members, the need for progressive renewal of the Board (including the Chairman and Executive Directors) as well as the needs of the Board, taking into consideration the Group's future business directions and strategies, before any nomination is put forward to the Board for consideration. The NC will also ensure that the new Director possesses the necessary skills, knowledge and experience to facilitate the Board's making of sound and well-considered decisions. For re-appointments, the NC takes into account the composition and progressive renewal of the Board and each director's competencies, commitment, contributions and performance.

Each Independent Director exercises his own judgment independently and in the best interests of the Company and shareholders. None of the Independent Directors has any relationship with the Company, its subsidiaries, its related corporations, its 10% shareholders[1] or its key management executives that could interfere, or reasonably be perceived to interfere, with the exercise of the Director's independent business judgment.

The Independent Directors also do not receive any remuneration, significant payments or material services payments from the Company and its subsidiaries apart from Directors' fees which are subject to shareholders' approval at an annual general meeting ("AGM"). In addition, none of the Independent Directors or his immediate family members are or were 10% shareholders of the Company as defined in the Code.

Management provides the Board members with quarterly management accounts to keep them abreast with the Group's business development and performance. The Independent Directors, at any time, also have separate and independent access to the Executive Directors, Chief Operating Officer and other key management executives of the Group. This in turn enables them to make enquiries or seek clarification on the Group's affairs. The Independent Directors also aid in developing proposals on strategy, actively participate in discussions and decision-making at Board and committees' level. The Independent Directors meet on their own without the presence of Management and provide feedback to the Executive Directors after such meetings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

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

Pengiran Muda Abdul Qawi is the Non-Executive Chairman of the Board. Currently, there is no Chief Executive Officer of the Company. The Executive Directors and the Chief Operating Officer of the Company are responsible for managing the Company's business. Further information on the Chairman, Executive Directors and the Chief Operating Officer can be found on pages 13 to 15 of the annual report. The roles of the Chairman, the Executive Directors and Chief Operating Officer are distinct and separate, with a clear division of responsibilities among them to ensure an appropriate balance of power and independent decision making. The Chairman, the Executive Directors and Chief Operating Officer are not related to each other.

The Chairman, Pengiran Muda Abdul Qawi, is the Non-Executive Chairman and is responsible for leading the Board. He, with the assistance of the Executive Directors, (i) sets the agenda for Board meetings, (ii) ensures that adequate time is available for discussion for all agenda items, in particular, strategic issues, and that complete, adequate and timely information is made available to the Board, (iii) encourages constructive relations within the Board and between the Board and management, (iv) facilitates effective contribution of the Independent Directors and (v) ensures effective communication with shareholders. As the Chairman, he takes a prominent role in promoting high standards of corporate governance, with the full support of the directors, the company secretary and management.

[1] The term "10% shareholder" shall refer to a person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the Company. "Voting shares" exclude treasury shares.

REPORT ON CORPORATE GOVERNANCE

The Board has not appointed a Lead Independent Director as the Chairman, the Executive Directors and Chief Operating Officer are already separate persons, are not related to each other and the Chairman is not part of the executive management team. As part of its continuous assessment of corporate governance standards, the Board will appoint a Lead Independent Director if and when the composition of the Board warrants it. The Independent Directors have demonstrated a high degree of commitment in their role as Directors. The Independent Directors had also met periodically without the presence of Executive Directors and Chief Operating Officer.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The Nominating Committee ("NC") comprises the following members:

Chairman:	**Mr Lim Han Siang Peter**	(Non-executive & Independent)
Members:	**Mr Mark Leong Kei Wei**	(Non-executive & Independent)
	Mr Chan Ka Kin Kevin	(Non-executive & Independent)

The NC pursuant to its written terms of reference shall:-

- regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- annually review whether or not a Director is independent, in accordance with Guidelines 2.3 and 2.4 of the Code and other salient factors;
- be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- review and recommend to the Board for re-election, the Directors due for retirement by rotation in considering their contribution or performance;
- review and decide whether or not a Director is able to and has been adequately carrying out his duties as Director of the Company;
- decide how the Board's performance may be evaluated and propose objective performance criteria;
- decide on the performance evaluation process;
- assess the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board;
- review the succession plan for Directors, in particular, that of the Executive Directors; and
- make recommendations concerning any matters relating to a Director's continuation in office and the appointment of new Directors at any time.

REPORT ON CORPORATE GOVERNANCE

When sourcing for potential appointees, the NC would consider candidates proposed by the other Directors, key management personnel or substantial shareholders, and may engage external search consultants, where necessary, and go through the process of shortlisting and selecting all new Directors. The factors for consideration before appointing new candidates include recommendation, executive search and knowledge of the industry.

In assessing the suitability of a candidate to be appointed or to be re-elected to the Board, the NC will consider if he is able to make the appropriate contributions to the Board and the Group. The key factors which the NC will take into consideration are:

- qualifications, industry knowledge and functional expertise which are relevant and beneficial to the Group;
- the candidate's independence, in the case of the appointment of an independent director;
- extensive experience and business contacts in the industry in which the Group operates; and
- any competing time commitments if the candidate has multiple board representations.

The NC will conduct interviews with the candidates to assess other attributes or soft skills of the candidates before a decision is made for recommendation to the Board for final approval and adoption.

Pursuant to the Constitution, one-third of the Directors, including the Managing Director, retire from office at each AGM. The Directors submit themselves for re-election at regular intervals of three (3) years.

The year of initial appointment and last re-election of each Director are set out below:-

Director	Date of Initial Appointment	Date of re-election
Pengiran Muda Abdul Qawi	30 September 2014	28 July 2017
Ms Wong Gloria	1 August 2016	28 July 2017
Mr Lam Chi Yun	1 August 2016	28 July 2017
Ms Lam Kwan	1 August 2016	28 July 2017
Mr Mark Leong Kei Wei	19 September 2017	-
Mr Lim Han Siang Peter	7 September 2016	28 July 2017
Mr Chan Ka Kin Kevin	7 September 2016	28 July 2017

After assessing the contribution and performance of the retiring Director, the NC has recommended the re-election of Ms Wong Gloria and Mr Lim Han Siang Peter, who will be retiring by rotation at the forthcoming annual general meeting under regulation 109 of the Constitution. Pengiran Muda Abdul Qawi has offered himself for re-election and the Board has accepted the recommendation of the NC.

Mr Mark Leong Kei Wei will be put up for re-election at the forthcoming AGM under regulation 119 of the Constitution.

REPORT ON CORPORATE GOVERNANCE

Directors' Commitments

The NC considers whether a Director has been and is able to adequately carry out his duties as a Director of the Company, taking into consideration, inter alia, the Director's number of listed company board representations, other principal commitments (which include, amongst others, significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organizations) and a qualitative assessment of each Director's contributions.

Name of Director	Listed Company Board Representation other than KLW Holdings Limited
Pengiran Muda Abdul Qawi	Nil
Mr Mark Leong Kei Wei	MDR Limited
Ms Wong Gloria	Prosperity International Holdings (H.K.) Ltd
Mr Lam Chi Yun	Nil
Ms Lam Kwan	Great Harvest Maeta Group Holdings Ltd and Adex Mining Inc.
Mr Lim Han Siang Peter	Nil
Mr Chan Ka Kin Kevin	Nil

The NC is of the view that the Directors have discharged their duties effectively based on the number of listed company board representations as shown above. Having a numerical limit on the number of directorships is not necessary for the Company's present circumstances and hence, the Board has not set a maximum number of listed company directorships which each Director may hold. The Board has instead tasked the NC to review if a Director with multiple board representations has devoted sufficient time and attention to the affairs of the Group. The NC is satisfied that sufficient time and attention has been given by each Director to the affairs of the Group to fulfill their responsibilities, notwithstanding that some of the Directors have multiple board representations.

BOARD PERFORMANCE

Principle 5: ***There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.***

The NC has established an annual review process to assess the performance and effectiveness of the Board as a whole. Each year, all Directors will complete a confidential Board assessment questionnaire to provide their views on the overall effectiveness of the Board, taking into account a set of performance criteria which includes, without limitation, the Board composition and size, the Board processes and standards of conduct and communication with shareholders of the Company. The completed assessment forms are collated and the consolidated responses are presented during the NC meeting for discussion, determining areas for improvement and enhancement of Board effectiveness. Based on the assessment forms received, the Board has met its performance objectives for FY2018. The NC's evaluation of the Board's performance was discussed and considered by the Board and recommendations to strengthen the effectiveness of the Board and the committees were accepted by the Board.

The performance criteria for assessment of the Board are in respect of board size, board independence, board processes, the board's key responsibilities and accountability and the board committees' performance in relation to discharging their responsibilities as set out in their terms of reference.

REPORT ON CORPORATE GOVERNANCE

In assessing the Directors' contributions and the overall performance of the Board, the NC also takes into consideration the Directors' individual performance of principal functions and fiduciary duties, attendance, preparedness and participation at and the candour of the meetings of the Board, Board committees and AGM, the individual Director's functional expertise and his commitment to the Company. Board committees' assessments are incorporated into Board assessment as a whole. The NC is reviewing the current assessment process to take into consideration the recommendation by the Code that there should be separate assessments for each of the Board committees and of the contribution of the Chairman to the Board's effectiveness.

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

ACCESS TO INFORMATION

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

Directors have separate and independent access to the Management, the Company Secretary, the Group's records and information, all of the Board's and Board committees' previous meeting minutes. Quarterly management accounts are tabled at each Board and AC meeting so as to enable the Board to carry out its duties. Directors may also liaise with key management executives and other employees to seek additional information if required. The Executive Directors and the Chief Operating Officer will highlight the business conditions and outlook of the Group when the Board meets.

Prior to each Board meeting, the Board is provided with the relevant background or explanatory information relating to the business of the meeting and information on major operational, financial and corporate issues. In respect of budgets, any material variances between the projections and actual results are disclosed and explained during Board meetings.

Should any of the Directors require professional advice in furtherance of their duties, the Board will appoint a professional advisor selected by the Company or the individual Director to render the advice. The cost of such services will be borne by the Company.

The Company Secretary or his representative(s) attends all Board and Board Committee meetings. He prepares the agenda and also writes up the minutes of the Board and Board Committee meetings. Together with the Management of the Company, the Company Secretary is responsible for ensuring that appropriate board procedures are followed and that the requirements of the Companies Act and the Catalist Rules are complied with. All Directors have separate and independent access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is subject to the approval of the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: ***There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.***

REPORT ON CORPORATE GOVERNANCE

Level and Mix of Remuneration

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

Disclosure of Remuneration

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

Remuneration Committee

The Remuneration Committee ("RC") comprises the following members:

Chairman:	**Mr Chan Ka Kin Kevin**	(Non-executive & Independent)
Members:	**Mr Lim Han Siang Peter**	(Non-executive & Independent)
	Mr Mark Leong Kei Wei	(Non-executive & Independent)

The RC shall:-

- determine and agree with the Board as to the framework or broad policy for the remuneration of the Board members and to determine specific remuneration packages for the Executive Directors, the Chief Operating Officer and the key management executives;
- in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that the Group provides the appropriate incentives to encourage enhanced performance and that each of the Board, the Chief Operating Officer and the key management executives are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group;
- determine performance targets for any performance-related remuneration schemes operated by the Group, taking into account remuneration and employment conditions within the industry and in comparable companies;
- within the terms of the agreed policy, determine the individual remuneration package of each Executive Director and the Chief Operating Officer including, where appropriate, allowances, bonuses, benefits in kind, incentive payments and share options;
- determine the policy for and scope of service agreements for the Executive Directors and the Chief Operating Officer including compensation commitments, fixing the appointment period for the Executive Directors and providing for consequences in the event of early termination; and
- determine whether the Directors and key management executives should be eligible for benefits under the long-term incentive schemes.

REPORT ON CORPORATE GOVERNANCE

The objective of the RC is to facilitate appropriateness, transparency and accountability to shareholders on issues relating to remuneration of the Executive Directors, the Chief Operating Officer and key management executives of the Company.

The Board considers that the members of the RC, who each have years of experience in senior management positions and/or on the boards of various listed companies, collectively have strong management experience and expertise on remuneration issues. If necessary, the RC members may seek expert advice inside and/or outside the Company on the remuneration of the Executive Directors, the Chief Operating Officer and the key management executives.

Procedures for Setting Remuneration

The Company has implemented a formal and transparent process in relation to determining the remuneration of the key management executives and the remuneration packages of individual Directors. The RC reviews and recommends to the Board a general framework of remuneration and specific remuneration packages for the Board and key management executives, covering all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind. The RC's recommendations are submitted for endorsement by the entire Board. Each RC member does not participate in discussions, and abstains from decision-making, in relation to any remuneration, compensation, options or any form of benefits to be granted to him.

Remuneration Policies

The Company's policy is to set a level of remuneration that is appropriate to attract, retain and motivate employees. In discharging its functions, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice will be borne by the Company.

Directors' and Key Management Executives' Remuneration

Non-executive and Independent Directors are paid yearly Directors' fees based broadly on the recommended guidelines from the Singapore Institute of Directors and taking into account the factors such as effort and time spent and the increasingly onerous responsibilities of the Directors. These fees are subject to shareholders' approval at the AGM. Other than the Directors' fees, the Independent Directors do not receive any other remuneration from the Company and do not have any service agreements with the Company.

The current Executive Directors and the Chief Operating Officer were paid based on their individual service agreements with the Company which are subject to review by the RC. The RC is of the opinion that there are no excessive or onerous removal clauses in these service agreements.

Under the terms of their service agreements, the remuneration for the Executive Directors and the Chief Operating Officer comprise a basic salary component and a variable component, namely the annual bonus.

The Group does not have any short-term or long-term incentive schemes for the Executive Directors and key management executives. The key management executives' remuneration package comprises basic salary, allowances, commission and bonuses depending on their roles and responsibilities in the organisation.

REPORT ON CORPORATE GOVERNANCE

Details of the Directors' and key management executives' remuneration are set out below.

Remuneration disclosure for the financial year from 1 April 2017 to 31 March 2018

Remuneration of Directors for the financial period under review

Name of Directors	Fixed Salary (S$)	Allowance (S$)	Commission / Incentives (S$)	Bonus (S$)	Directors' fee [1] (S$)
Pengiran Muda Abdul Qawi	-	-	-	-	75,000
Wong Gloria	220,580	-	-	18,000	-
Lam Chi Yun	220,580	-	-	18,000	-
Lam Kwan	220,580	-	-	18,000	-
Lim Han Siang Peter	-	-	-	-	45,870
Chan Ka Kin Kevin	-	-	-	-	44,000
Mark Leong Kei Wei [1]	-	-	-	-	25,565
Wong Joo Wan [2]	-	-	-	-	11,000

[1] Mr Mark Leong Kei Wei was appointed as Independent Non-Executive Director on 19 September 2017.

[2] Mr Wong Joo Wan retired as Independent Non-Executive Director on 28 July 2017.

Remuneration of Key Management Executives who are not Directors for the financial period under review

Remuneration band and name of key management executives	Fixed Salary (%)	Allowance (%)	Commission / Incentives (%)	Bonus (%)	Benefit in kind(%)
$500,000 to below $750,000					
Albert Tan Sai Beng	69	12	-	19	-
Below $250,000					
Wong Tat Yang [1]	100	-	-	-	-
Teh Teong Lay [2]	100	-	-	-	-
Lim Jit Siew [3]	100	-	-	-	-
Lee Wan Cha, Adeline	90	2	-	8	-
Ananthan Muniandy	86	8	-	6	-
Yip Man Chung, Gordon	89	6	-	5	-
Peh Eng Thong, Eric	84	14	-	2	-
Ngo Yu Peng, Felicia	90	-	-	10	-

[1] Mr Wong Tat Yang was appointed Group Financial Controller on 11 September 2017.

[2] Mr Teh Teong Lay resigned as Group Financial Controller on 31 May 2017.

[3] Mr Lim Jit Siew was appointed as Interim Group Financial Controller on 1 June 2017 and resigned on 11 September 2017.

Remuneration of employees who are immediate family members of a Director

There were no employees who are immediate family members of the Directors whose salary exceeds S$50,000 in the Group's employment during the financial year under review.

The Company does not have any share or share option schemes in place for employees.

The Group does not have long-term incentive schemes for the Executive Directors and key management executives. There are no termination, retirement, and post-employment benefits that may be granted to the Directors and key management executives. The key management executives' remuneration packages in the Group comprise fixed salary, allowances, commission and bonuses depending on their role and responsibilities in the Group. Yearly bonuses declared are based on financial and operational performance of their respective subsidiaries and individual performances.

ACCOUNTABILITY

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

In line with the Company's disclosure obligations under the Catalist Rules, the Board's policy is that shareholders shall be informed of all major developments relating to the Group. Information is communicated to shareholders on a timely basis through SGXNET and the press. The Board has taken adequate steps to ensure the Company's compliance with legislative and regulatory requirements, including requirements under the Catalist Rules, for instance, by establishing written policies where appropriate.

In line with the requirements under the Catalist Rules and with reference to Guideline 11.3 of the Code, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Executive Directors and the Group Financial Controller have provided assurance to the Board (i) that the financial records have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances and (ii) regarding the effectiveness of the Group's risk management and internal control systems.

In presenting the annual financial statements and periodic financial results announcement to shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Company's performance, position and prospects.

Any significant variances for the comparative period are explained in the review pages of the announcement for Revenue, Income Statement, Balance Sheet and Cash Flow Statement. The Group also provides shareholders with its prospects for the following twelve-month period.

The Management provides the Board with management accounts of the Group's performance, position and prospects on a quarterly basis such that it may effectively discharge its duties.

REPORT ON CORPORATE GOVERNANCE

RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT

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

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

The Board is aware of the risk profiles which may adversely affect the Company's financial performance, financial position and cash flows in the event that any of these risk factors develop into actual events. The Board's policy is that risks should be managed within the Group's overall risk tolerance.

The AC and Management review the Group's businesses and operational activities on an ongoing basis to identify areas of significant risks. The AC and Executive Directors are responsible for monitoring the Group's risk management framework.

The financial risks management objectives and policies of the Group are set out in Note 30 of the Financial Statements.

The internal and external auditors also assist in the risk management process by identifying areas of concern that are uncovered through financial/audit checks. The key risks facing the Group have been identified and appropriate measures are in place to mitigate such risks.

Internal Audit

The Board has engaged BDO LLP as the internal auditor ("IA") to carry out the Company's internal audit function and also on the provision of Enterprise Risk Management function for FY2018. The IA reports directly to the AC Chairman and administratively to the Group Financial Controller. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that the IA is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.

The AC has set in place internal controls such as approving limits for cheque signatories and the authority of the Chief Operating Officer and has relied on the assistance of the External Auditor, Baker Tilly TFW LLP (in the course of its statutory audit) and IA (during its internal audit on the Group) to ensure compliance.

The current Board has received assurance from the Executive Directors and the Group Financial Controller during the relevant period that the financial records of the Group for the financial year ended 31 March 2018 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. In relation to the effectiveness of the Company's risk management and internal control systems, the Board has received assurance from the Executive Directors and the abovementioned Group Financial Controller that the Group's risk management and internal controls system (addressing financial, operational, compliance and information technology risks) and risk management system are adequate and effective for the period commencing from 1 April 2017 to 31 March 2018.

Based on the internal controls (addressing financial, operational, compliance and information technology risks) established and maintained by the Group, work performed by the internal and external auditors, information provided to the AC and the Board and reviews performed by the Management, the AC and the Board at least annually, the Board with the concurrence of the AC is of the opinion that the Group's internal controls (addressing financial, operations, compliance and information technology risks) and risk management system were adequate and effective as at 31 March 2018.

REPORT ON CORPORATE GOVERNANCE

The system of internal controls and risk management established by the Group provides reasonable assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

AUDIT COMMITTEE

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

The Audit Committee ("AC") comprises the following members:

Chairman:	**Mr Mark Leong Kei Wei**	(Non-Executive & Independent)
Members:	**Mr Lim Han Siang Peter**	(Non-Executive & Independent)
	Mr Chan Ka Kin Kevin	(Non-Executive & Independent)

The AC comprises all Non-Executive and Independent Directors. The members of the AC, collectively, have the relevant expertise or experience in financial management to discharge the AC's responsibilities.

The AC's primary function is to provide assistance to the Board in fulfilling its responsibility relating to corporate accounting and auditing, reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's system of internal controls regarding finance, accounting, legal compliance and ethics established by the Management and the Board.

The AC's statutory functions are:-

- to review with the internal and external auditors, their audit plans;
- to review with the internal and external auditors, their evaluation of the Group's system of internal controls;
- to review with the internal and external auditors, their audit reports;
- to review the co-operation / assistance given by the Group's key management executives to the internal and external auditors;
- to review the scope and results of the internal audit procedures;
- to review the balance sheet and statement of comprehensive income of the Company and the consolidated balance sheet and statement of comprehensive income and to submit them to the Board; and
- to nominate and review the appointment or re-appointment of the external auditor.

The AC also has full access to both the internal and external auditors and has reviewed the Group's system of internal controls including operational policies established by the Management.

The AC has the authority to investigate any matter within its terms of reference. It has full access to, and the cooperation of the Management and full discretion to invite Executive Directors and/or key management executives to attend its meetings.

REPORT ON CORPORATE GOVERNANCE

The AC has reviewed the scope and quality of work of the external auditor, Baker Tilly TFW LLP, after taking into account the resources and experience of the audit engagement partner assigned to the audit, the size and complexity of the audit for the Group as well as the number and experience of the staff assigned for the audit.

The AC meets with the external and internal auditors, without the presence of Management, at least once a year to discuss the reasonableness of the financial reporting process, the weaknesses in internal controls raised during the course of statutory audit, and the significant comments and recommendations by the auditors. The AC has met with the external and internal auditors without the presence of the Management for FY2018.

The AC is kept abreast by the Management and the external auditor of changes to accounting standards. Prior to commencement of the statutory audit, the external auditor had presented their audit planning memorandum to the AC in which they had highlighted recent changes in accounting standards and the potential impact on the Group's financial statements.

External Auditors

The AC reviews the independence and objectivity of the external auditor on an annual basis. During the financial year under review, the AC has reviewed the independence of Baker Tilly TFW LLP as well as the fees paid to them. There was no non-audit related work carried out by the external auditor in the current financial year, and accordingly, no non-audit fees were paid to Baker Tilly TFW LLP. The AC is satisfied with the independence of the external auditor and has recommended the re-appointment of the external auditor at the AGM. According to Rule 1204(6)(a) of the Catalist Rules, the audit fee to be paid to the external auditor for the year under review is reflected in Note 7 of the Financial Statements.

The Group has appointed the same auditing firm and its associates to audit all its entities for FY2018.

The Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of the auditors.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

In line with the continuing disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, the Company endeavours to maintain constant and effective communications with shareholders through timely and comprehensive announcements.

The Company disseminates its latest corporate news, strategies, announcements and notices of meetings promptly through SGXNET. In addition, shareholders are informed of general meetings through annual reports / circulars sent to them and notices published on the newspapers. The Group's corporate governance practices are disclosed in the annual reports of the Company to enable the shareholders to have a better understanding of the Group's stewardship role.

The Constitution allows each shareholder to appoint up to two (2) proxies to attend general meetings. In addition, the Companies Act also allows corporations which provide nominee or custodial services to appoint more than two proxies such that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

REPORT ON CORPORATE GOVERNANCE

COMMUNICATION WITH SHAREHOLDERS

Principle 15: ***Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.***

The Company takes a serious view of maintaining full and adequate disclosure in a timely manner of material events and matters concerning its business. All the necessary disclosures are made through public announcements, press releases and annual reports to shareholders.

The Company maintains an updated corporate website to keep shareholders abreast of the Company's developments and to serve as a platform to gather shareholders' feedback. The Company may conduct media interviews or briefings sessions to engage shareholders when opportunities present themselves.

The Company does not practise selective disclosure. Price-sensitive information is first publicly released via SGXNET before the Company meets with any group of investors or analysts.

Please refer to the section entitled "Dividend Policy" below.

CONDUCT OF SHAREHOLDER MEETINGS

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

The Company welcomes active participation from shareholders at general meetings. Shareholders of the Company are invited to attend the shareholders' meetings through notices in the annual report and circulars sent to them prior to the meetings, notices advertised in the Business Times and notices announced through SGXNET.

To facilitate voting by shareholders, the Constitution allows shareholders to vote by proxy. Proxy forms can be sent to the Company by mail. Each issue or matter requiring shareholders' approval is tabled in the form of separate and distinct resolutions at general meetings. The Board had attended the meetings for FY2018 to address any queries raised by shareholders and had called upon its professional service providers where it deemed appropriate. All minutes of general meetings and a summary of the questions and answers raised at general meetings are available to shareholders upon their request.

Resolutions are passed at the general meetings by way of poll. Results are announced via SGXNET within the same day of the meeting.

DIVIDEND POLICY

The Company does not have a fixed dividend policy at present. The Board, in determining a dividend proposal, will take into consideration the Group's profits, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate. In view of its cumulative financial performance over the years, the Board is not proposing the payment of dividends for the year.

REPORT ON CORPORATE GOVERNANCE

DEALINGS IN THE COMPANY'S SECURITIES

The Group has adopted an internal code to provide guidance to its Directors and employees with regard to dealings in the Company's securities. Guidance will be issued to inform Directors and employees that:

(a) one should not deal in the Company's securities on short-term considerations; and

(b) one should not deal in the Company's securities during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements.

INTERESTED PERSON TRANSACTIONS ("IPTS")

The Company has established procedures to ensure that all IPTs are reported in a timely manner to the AC and that these transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

There have been no IPTs equal to or exceeding S$100,000 in value for the financial year ended 31 March 2018 and the Group does not have a shareholders' mandate for IPTs.

MATERIAL CONTRACTS

No material contracts have been entered into by the Group involving the interests of the Chairman, Executive Directors, or controlling shareholders as at the end of the financial year or since the end of such financial year.

USE OF PROCEEDS

The Company raised a total sum of S$48.30 million (net) through the Company's 2014 Rights cum Warrants Issue. The Company had made regular announcements on 14 November 2016, 13 February 2017, 30 May 2017 and 13 February 2018 regarding the use of such proceeds.

The utilisation of proceeds from the Company's 2014 Rights cum Warrants Issue as at 5 July 2018 is as follows:

Use of proceeds	Revised allocation	Balance brought forward	Utilisation	Balance
Funding acquisition opportunities	S$32.84 million	S$1.62million	S$1.62 million	-
Working Capital	S$9.66 million	-	-	-
Funding for the purchase or construction of premises or factory for operational and manufacturing use	S$5.8 million	-	-	-
Total	**S$48.30 million**	**S$1.62million**	**S$1.62million**	**-**

REPORT ON CORPORATE GOVERNANCE

WHISTLE-BLOWING POLICY

The Company has put in place a whistle-blowing policy and certain procedures which provide employees and other persons such as vendors, customers and other stakeholders with accessible channels to the AC for reporting in confidence suspected fraud, corruption, dishonest practices or other similar matters. The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the persons making such reports will be treated fairly and, to the extent possible, be protected from reprisal. The policy undergoes periodic review to ensure its continual effectiveness, and may only be amended in writing upon approval by the AC. Employees and external parties can lodge their report, if any, via email to the AC Chairman at whistleblowing@klw.com.sg.

CATALIST SPONSOR

Pursuant to Rule 1204(21) of the Catalist Rules, the Company wishes to disclose that there were no non-sponsor fees paid to its sponsor, R & T Corporate Services Pte. Ltd., for FY2018.

The amount of fees paid to Rajah & Tann Singapore LLP, an affiliate of the Sponsor, for work done in FY2018 was $33,128.

TREASURY SHARES

There are no treasury shares held by the Company at the end of the financial year from 1 April 2017 to 31 March 2018.

STATUS UPDATE ON SUSTAINABILITY REPORTING

We have started our journey for sustainability reporting and we are guided by the Global Reporting Initiative ("GRI") standards (2016). We have appointed professional advisers to advise and guide us on this process. We are in the process of compiling and preparing our inaugural sustainability report which we will publish on a standalone basis by 31 December 2018.

At the latest practicable date prior to printing of this Annual Report, by way of update, we have identified our preliminary list of material factors for Economic, Environmental, Social and Governance.

Given their preliminary nature, the above material factors could be amended, removed or new factors could be added when we publish our inaugural report after the due processes have been performed.

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of KLW Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2018.

Opinion of the directors

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 45 to 120, 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 2018, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Cap. 50 (the "Act") and Financial Reporting Standards in Singapore; and

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

Directors

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

Pengiran Muda Abdul Qawi	(Non-Executive Chairman)
Wong Gloria	(Executive Director)
Lam Chi Yun	(Executive Director)
Lam Kwan	(Executive Director)
Lim Han Siang Peter	(Independent Director)
Chan Ka Kin Kevin	(Independent Director)
Mark Leong Kei Wei	(Independent Director) (Appointed on 19 September 2017)

Arrangement to enable directors to acquire benefits

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

Directors' interests in shares and debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

	Shareholdings registered in the name of the director		Shareholdings in which a director is deemed to have an interest	
Name of director	**At 1.4.2017**	**At 31.3.2018**	**At 1.4.2017**	**At 31.3.2018**
The Company				
Ordinary shares				
Pengiran Muda Abdul Qawi	–	–	500,000,000	500,000,000

The director's interest in the ordinary shares of the Company as at 21 April 2018 were the same as those as at 31 March 2018.

DIRECTORS' STATEMENT

Share options

Warrants

On 3 July 2014, a rights issue of 2,440,278,158 new shares at an issue price of $0.02 for each rights share was made by the Company to entitled shareholders on the basis of one rights share with one free detachable warrant for every one existing ordinary shares held. Each warrant carries the rights to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.07. The warrants had expired on 30 June 2017. No warrants were exercised and converted into ordinary shares of the Company.

Options to subscribe for ordinary shares

During the financial year, no option to take up unissued shares of the Company or its subsidiary corporations was granted.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

Except as disclosed, there were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit committee ("AC")

The members of the AC at the date of this statement are as follows:

Mark Leong Kei Wei	–	Chairman
Lim Han Siang Peter	–	Member
Chan Ka Kin Kevin	–	Member

The AC comprises all non-executive and independent Directors. The members of the AC, collectively, have the expertise or experience in financial management to discharge the AC's responsibilities.

The AC's primary function is to provide assistance to the Board of Directors (the "Board") in fulfilling its responsibility relating to corporate accounting and auditing, reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's system of internal controls regarding finance, accounting, legal compliance and ethnics established by the Management and the Board.

The AC's functions include:

- to review with the internal and external auditors, their audit plans, their evaluation of the Group's system of internal controls and their audit reports;

- to review the co-operation/assistance given by the Group's key management executives to the internal and external auditors;

- to review the scope and results of the internal audit procedures;

- to review the balance sheet and statement of comprehensive income of the Company and the consolidated balance sheet and statement of comprehensive income and to submit them to the Board;

- to nominate and review the appointment or re-appointment of external auditor.

DIRECTORS' STATEMENT

Audit committee ("AC") (cont'd)

The AC also has full access to both the internal and external auditors and reviewed the Group's system of internal control including operational policies established by the Management.

The AC has the authority to investigate any matter within its terms of reference. It has full access to, and the cooperation of the Management and full discretion to invite Directors and/or executive officers to attend its meeting.

The AC has reviewed the scope and quality of work of the external auditor Baker Tilly TFW LLP, after taking into account the resources and experience of the audit engagement partner assigned to the audit, the size and complexity of the audit for the Group as well as the number and experience of the staff assigned by for the audit.

The AC also reviewed the independence and objectivity of the independent auditor annually. During the financial year under review, the AC has reviewed the independence of Baker Tilly TFW LLP as well as reviewing the non-audit services provided and the fees paid to them. There was no non-audit related work carried out by the external auditor in the current financial year, and accordingly, no non-audit fees were paid to Baker Tilly TFW LLP. The AC is satisfied with their independence; hence is pleased to recommend to the Board, the nomination of Baker Tilly TFW LLP for the re-appointment as the independent auditor of the Company at the forthcoming Annual General Meeting.

In appointing the external auditor for the Company and its subsidiary corporations, the Company has complied with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Wong Gloria Director	Lam Chi Yun Director

5 July 2018

INDEPENDENT AUDITOR'S REPORT

To the members of KLW Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of KLW Holdings Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 45 to 120, which comprise the balance sheets of the Group and of the Company as at 31 March 2018 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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

Emphasis of Matters

We draw your attention to Note 33 to the financial statements which describes the uncertainty in relation to ongoing legal claims and counterclaims. In respect of the counterclaims filed against the Company, the directors of the Company, based on legal advice obtained, are of the view that, there are no liabilities required to be recognised in the accompanying financial statements for the financial year ended 31 March 2018.

We further draw your attention to Note 34 to the financial statements which discloses the ongoing investigation by the Commercial Affairs Department of Singapore Police Force. The directors of the Company are of the view that the investigation should not have material financial impact on the accompanying financial statements for the financial year ended 31 March 2018.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

To the members of KLW Holdings Limited

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

Key Audit Matters (cont'd)

Valuation of leasehold land and buildings classified under property, plant and equipment
(Refer to Notes 2(e), 3 and 11 to the financial statements)

As at 31 March 2018, the Group's leasehold land and buildings classified under property, plant and equipment of $14,134,764, representing 14.5% of total assets, are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any. Leasehold land and buildings of the Group were revalued at the current balance sheet date based on independent external valuations. The net revaluation gain recognised in other comprehensive income during the current financial year amounted to $793,160. The valuation process of the leasehold land and buildings classified under property, plant and equipment is a key audit matter because it involves significant judgements in estimating the key inputs to be applied in the valuation.

Our procedures to address the key audit matter

With the involvement of our component auditors, our audit procedures focused on the valuation process and include the following:

- considered the competence, qualifications and objectivity of the professional valuers engaged by management;
- obtained an understanding of the valuation methodologies and key assumptions used; and
- assessed the appropriateness of the inputs in the valuation such as the underlying comparable transactions, where applicable to derive the comparable sales price and replacement cost.

In addition, we reviewed the adequacy and appropriateness of the note disclosures made in the accompanying financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2018, but does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of KLW Holdings Limited

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of KLW Holdings Limited

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by 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 auditor's report is Khor Boon Hong.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

5 July 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

	Note	Group 2018 $	Group 2017 $
Revenue	4	33,307,648	45,648,033
Cost of sales		(31,134,967)	(29,953,891)
Gross profit		2,172,681	15,694,142
Other income	5	843,831	10,123,132
Selling and distribution expenses		(973,635)	(1,012,682)
Administrative expenses		(10,307,748)	(10,176,192)
Finance costs	6	(573,290)	(1,240,901)
(Loss)/profit before tax	7	(8,838,161)	13,387,499
Tax credit/(expense)	9	820,106	(3,451,640)
(Loss)/profit for the financial year		(8,018,055)	9,935,859
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		(3,084,754)	407,506
Items that will not be reclassified subsequently to profit or loss			
Revaluation gain on property, plant and equipment, net of tax		793,160	-
Other comprehensive (loss)/income for the year, net of tax		(2,291,594)	407,506
Total comprehensive (loss)/income for the financial year		(10,309,649)	10,343,365
(Loss)/profit attributable to:			
Equity holders of the Company		(7,972,255)	9,935,859
Non-controlling interest		(45,800)	-
		(8,018,055)	9,935,859
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(9,583,797)	10,343,365
Non-controlling interest		(725,852)	-
		(10,309,649)	10,343,365
(Loss)/earnings per share *(cents per share)*	10		
Basic		(0.148)	0.185
Diluted		(0.148)	0.185

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

BALANCE SHEETS

At 31 March 2018

		Group		Company	
		2018	2017	2018	2017
	Note	$	$	$	$
Non-current assets					
Property, plant and equipment	11	19,718,251	21,168,860	2,520,136	2,564,787
Subsidiaries	13	–	–	53,508,672	28,819,818
Available-for-sale financial assets	14	461	461	–	–
Prepayments, trade and other receivables	15	120,526	427,870	–	–
Total non-current assets		19,839,238	21,597,191	56,028,808	31,384,605
Current assets					
Development properties	16	41,774,130	14,208,432	–	–
Prepayments, trade and other receivables	15	7,951,690	16,051,892	20,904,995	29,833,762
Inventories	17	6,591,440	7,155,290	–	–
Cash and cash equivalents	18	15,471,010	28,079,850	7,512,263	17,525,308
		71,788,270	65,495,464	28,417,258	47,359,070
Property held-for-sale	19	5,815,120	36,594,000	–	–
Total current assets		77,603,390	102,089,464	28,417,258	47,359,070
Total assets		97,442,628	123,686,655	84,446,066	78,743,675
Non-current liabilities					
Borrowings	20	3,221,076	3,327,230	–	–
Deferred tax liabilities	21	1,168,548	4,002,860	–	–
Total non-current liabilities		4,389,624	7,330,090	–	–
Current liabilities					
Trade and other payables	22	5,336,629	5,623,628	12,627,094	480,095
Shares with preference rights	23	–	4,740,000	–	4,740,000
Borrowings	20	1,484,056	15,961,846	–	–
Income tax payable		46,260	700,092	–	–
Total current liabilities		6,866,945	27,025,566	12,627,094	5,220,095
Total liabilities		11,256,569	34,355,656	12,627,094	5,220,095
Net assets		86,186,059	89,330,999	71,818,972	73,523,580
Equity					
Share capital	24	103,170,633	103,170,633	103,170,633	103,170,633
Revaluation and other reserves	25	23,935	4,922,229	–	3,286,752
Accumulated losses		(26,824,603)	(18,761,863)	(31,351,661)	(32,933,805)
Equity holders of the Company		76,369,965	89,330,999	71,818,972	73,523,580
Non-controlling interest		9,816,094	–	–	–
Total equity		86,186,059	89,330,999	71,818,972	73,523,580

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

	Attributable to equity holders of the Company							
	Share capital $	Asset revaluation reserve $	Foreign currency translation reserve $	Warrant reserve $	Accumulated losses $	Total $	Non-controlling interest $	Total equity $
Balance at 1 April 2016	103,170,633	3,973,109	(2,745,138)	3,286,752	(28,697,722)	78,987,634	–	78,987,634
Profit for the financial year	–	–	–	–	9,935,859	9,935,859	–	9,935,859
Other comprehensive income	–	–	407,506	–	–	407,506	–	407,506
Total comprehensive income for the year	–	–	407,506	–	9,935,859	10,343,365	–	10,343,365
Balance at 31 March 2017	103,170,633	3,973,109	(2,337,632)	3,286,752	(18,761,863)	89,330,999	–	89,330,999
Loss for the financial year	–	–	–	–	(7,972,255)	(7,972,255)	(45,800)	(8,018,055)
Other comprehensive income/(loss)	–	793,160	(2,404,702)	–	–	(1,611,542)	(680,052)	(2,291,594)
Total comprehensive income /(loss) for the year	–	793,160	(2,404,702)	–	(7,972,255)	(9,583,797)	(725,852)	(10,309,649)
Expiry of warrant	–	–	–	(3,286,752)	3,286,752	–	–	–
Reinstatement of non-controlling interest upon expiry of put option	–	–	–	–	(3,377,237)	(3,377,237)	8,443,093	5,065,856
Acquisition of non-controlling interest	–	–	–	–	–	–	(8,443,093)	(8,443,093)
Incorporation of a subsidiary	–	–	–	–	–	–	10,541,946	10,541,946
Balance at 31 March 2018	103,170,633	4,766,269	(4,742,334)	–	(26,824,603)	76,369,965	9,816,094	86,186,059

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

	Share capital $	Warrant reserve $	Accumulated losses $	Total equity $
Balance at 1 April 2016	103,170,633	3,286,752	(32,080,787)	74,376,598
Loss and total comprehensive loss for the year	–	–	(853,018)	(853,018)
Balance at 31 March 2017	103,170,633	3,286,752	(32,933,805)	73,523,580
Loss and total comprehensive loss for the year	–	–	(1,704,608)	(1,704,608)
Expiry of warrant	–	(3,286,752)	3,286,752	–
Balance at 31 March 2018	103,170,633	–	(31,351,661)	71,818,972

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

	Group	
	2018	2017
	$	$
Cash flows from operating activities		
(Loss)/profit before tax	(8,838,161)	13,387,499
Adjustments for:		
Fair value gain on investment property	–	(8,848,240)
Depreciation of property, plant and equipment	1,033,699	1,042,960
Loss/(gain) on disposal of property, plant and equipment	26,569	(20,903)
Interest expense	573,290	1,240,901
Interest income	(437,426)	(260,117)
Impairment loss on property, plant and equipment	40,991	–
Impairment loss on available-for-sale financial assets	–	2,306
Operating (loss)/profit before working capital changes	(7,601,038)	6,544,406
Changes in operating assets and liabilities:		
Development properties	(29,522,989)	–
Inventories	875,183	(1,534,873)
Trade and other receivables	8,314,675	2,915,255
Trade and other payables	(1,532,855)	(2,086,099)
Currency translation adjustments	(248,448)	(211,532)
Cash (used in)/generated from operations	(29,715,472)	5,627,157
Interest income received	431,931	260,117
Tax paid	(2,950,078)	(773,501)
Net cash (used in)/generated from operating activities	(32,233,619)	5,113,773
Cash flows from investing activities		
Deposit for investment (Note 15(D))	–	(8,983,924)
Proceeds from disposal of property held-for-sale	35,841,600	–
Proceeds from disposal of property, plant and equipment	16,967	29,318
Purchase of property, plant and equipment (Note A)	(4,008,502)	(2,602,546)
Net cash generated from/(used in) investing activities	31,850,065	(11,557,152)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

	Group	
	2018	2017
	$	$
Cash flows from financing activities		
Proceeds from borrowings	4,202,705	2,229,397
Repayment of borrowings	(18,650,684)	(2,329,296)
Capital contribution from non-controlling interest	10,541,946	–
Loan from non-controlling interest	1,154,889	–
Acquisition of non-controlling interest (Note 13)	(8,443,093)	–
Interest paid	(573,290)	(1,240,901)
Net cash used in financing activities	(11,767,527)	(1,340,800)
Net decrease in cash and cash equivalents	(12,151,081)	(7,784,179)
Cash and cash equivalents at the beginning of the financial year	28,079,850	35,945,714
Effect of exchange rate changes on cash and cash equivalents	(457,759)	(81,685)
Cash and cash equivalents at the end of the financial year (Note 18)	15,471,010	28,079,850

Note A

For the purpose of the consolidated statement of cash flows, the Group's additions to property, plant and equipment during the financial year comprised of:

	Group	
	2018	2017
	$	$
Property, plant and equipment purchased during the financial year (Note 11)	4,008,502	2,830,398
Less: Deposit paid to purchase office unit	–	(227,852)
Cash payment to acquire property, plant and equipment	4,008,502	2,602,546

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

1. CORPORATE INFORMATION

KLW Holdings Limited (Co. Reg. No. 199504141D) (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company and its principal place of business is located at 2 Kallang Avenue, CT Hub #07-03, Singapore 339407.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are presented in Singapore dollar ("$"), which is the functional currency of the Company. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Financial Reporting Standards in Singapore ("FRSs") and under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

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

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

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and current borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

New and revised standards

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

From 1 January 2017, as a result of the amendments to FRS 7 *Statement of Cash Flows (Disclosure Initiative)*, the Group has provided additional disclosure in relation to changes in liabilities from financing activities for the current financial year (Note 20).

The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial result or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 March 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except as disclosed below.

Convergence with International Financial Reporting Standards (IFRS)

The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange ("SGX") or are in the process of issuing equity or debt instruments for trading on SGX, will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS Convergence"), known as Singapore Financial Reporting Standards (International) ("SFRS(I)"), with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I) issued by ASC. These financial statements will be the last set of financial statements prepared under the current FRSs in Singapore.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. In addition to the adoption of the new framework, the Group will be adopting other new SFRS(I), amendments to standards and interpretations of SFRS(I) which are effective from the same date.

The Group does not expect the application of the new standards, amendments to standards and interpretations, and the IFRS Convergence to have significant impact on the financial statements except as set out below:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Application of SFRS(I) 1 and IFRS Convergence

When the Group adopts SFRS(I) in its 2019 financial statements, the Group will apply SFRS(I) 1 with 1 April 2017 as the date of transition for the Group and the Company.

SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The Group plans to elect relevant optional exemptions. Except as described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

Fair value as deemed cost

The Group plans to elect the optional exemption in SFRS(I) 1 to measure the leasehold land and buildings classified under property, plant and equipment held by the Group at the date of transition to SFRS (I) at fair value and use that fair value as its deemed cost in its SFRS (I) financial statements.

The Group expects the asset revaluation reserve to decrease by $3,973,109 and the accumulated losses to decrease by $3,973,109 as at 31 March 2017. During the financial year ended 31 March 2018, other comprehensive loss is expected to increase by $793,160. At 31 March 2018, the Group expects the asset revaluation reserve, deferred tax liabilities, accumulated losses and carrying amount of leasehold land and building to decrease by $4,766,269, $259,455, $4,766,269 and $1,052,615 respectively.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 replaces FRS 18 'Revenue', FRS 11 '*Construction contracts*' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. SFRS(I) 15 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers (cont'd)

The Group plans to adopt the new standard when it becomes effective in financial year ending 31 March 2019 using the full retrospective approach. As a result, the Group will apply the changes in accounting policies retrospectively to each reporting year presented. The Group does not expect the impact from the initial adoption of SFRS(I) 15 to have a material impact on its financial statements.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 which replaces FRS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 at the date of initial application in the opening retained earnings as at 1 April 2018.

(a) Classification and measurement

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted using amortised cost model under SFRS(I) 9.

(b) Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables.

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on loans and trade receivables, due to earlier recognition of credit losses. For receivables, the Group will initially provide for 12 months expected losses under the three-stage model. Upon application of the expected credit loss model, the Group does not expect significant impact on its financial performance or financial position due to good credit history of its debt securities, loans and trade receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The Group will adopt the standard when it becomes effective in financial year ending 31 March 2019. The Group and the Company do not expect the initial adoption of SFRS(I) 9 to have a material impact on its financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 16 Leases

SFRS(I) 16 replaces the existing IAS 17 'Leases'. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $2,706,785 (Note 27(a)). The Group anticipates that the adoption of SFRS(I) 16 in the future would have a material impact on the amounts reported and disclosures made in the financial statements. It is not practicable to provide a reasonable estimate of the impact of SFRS(I) 16 until the Group performs a detailed assessment. The Group is in the process of performing a detailed assessment of the impact and plans to adopt the standard on the required effective date.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control cease.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain on bargain purchase in profit or loss on the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(d) Foreign currency

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Foreign currency (cont'd)

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign entities and borrowings and other currency instruments qualifying as net investment hedges for foreign operations which are included in the foreign currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rate at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

(b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(c) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

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

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs, according to the accounting policy for borrowing costs as disclosed in Note 2(n). The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment is required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

After initial recognition, property, plant and equipment except for leasehold land and buildings are stated at cost less accumulated depreciation and any accumulated impairment loss.

Leasehold land and buildings are subsequently stated at revalued amount less accumulated depreciation and any accumulated impairment loss. Leasehold land and buildings are revalued every five years or at shorter intervals, if appropriate and whenever their carrying amounts are likely to differ materially from their revalued amounts. Their revalued amounts are determined by an independent professional valuer.

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

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to accumulated losses on retirement or disposal of the asset.

Construction in progress includes all cost of construction and other direct costs. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is reclassified to the appropriate category of property, plant and equipment when complete and ready to use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment (cont'd)

Depreciation

Construction in progress is not depreciated. Depreciation of other property, plant and equipment is calculated on a straight-line basis to allocate the depreciable amount of the property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Leasehold land and buildings	-	40 to 59 years (over lease term)
Land use rights	-	50 years (over lease term)
Plant and equipment	-	5 to 10 years
Motor vehicles	-	4 to 10 years
Office equipment	-	5 years
Renovation	-	3 to 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised; any amount in asset revaluation reserve relating to that asset is transferred to accumulated losses directly.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(f) Investment property

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purpose, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted for as finance leases.

Investment properties are initially recognised at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are de-recognised when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss on the retirement or disposal of an investment property is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in profit or loss in the year of retirement or disposal within "Other income (expenses)".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Development property

Development properties are properties held or developed for sale in the ordinary course of business. Development properties that are unsold are measured at lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities. Net realisable value represents the estimated selling price less cost to complete and costs to be incurred in selling the property.

(h) Impairment of non-financial assets

At each balance sheet date, the Group assesses the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials, comprise purchase costs and other costs incurred in bringing the inventories to their present location and condition, are accounted for on a weighted average basis. Work-in-progress and finished goods comprise cost of direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Contract work-in-progress

When the outcome of a contract work can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a contract work cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The stage of completion is measured by reference to the units of work performed at the balance sheet date (completion of a physical proportion of the contract work). Costs incurred during the financial year on a contract are shown as contract work-in-progress unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

At the balance sheet date, the cumulative costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on contract work within "trade and other receivables". Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on contract work within "trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

(k) Financial assets

Classification

The Group classifies its financial assets according to the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's financial assets are loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are presented as "trade and other receivables" (excluding prepayments, VAT receivables and advance payments to suppliers), "amounts due from subsidiaries" and "cash and cash equivalents" on the balance sheets.

Available-for-sale financial assets

Available-for-sale financial assets include equity securities. Investments in equity securities classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial assets (cont'd)

Recognition and derecognition

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

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

Initial measurement

Loans and receivables and available-for-sale financial assets are initially recognised at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of available-for-sale equity securities (together with the related currency translation differences) are recognised in other comprehensive income except for impairment losses, which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the assets become uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial assets (cont'd)

Impairment (cont'd)

Available-for-sale financial assets

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

Offset

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

(l) Financial liabilities

Financial liabilities include trade and other payables (excluding accruals for unutilised leave), shares with preference rights and borrowings. Financial liabilities are recognised on the balance sheets when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

(o) Leases

When a Group entity is the lessee:

Finance leases

Leases of property, plant and equipment where the group entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the outstanding liability and finance charges. The corresponding lease liabilities, net of finance charges, are included in borrowings. The finance charge is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingents rents, if any, are charged as expenses in the periods in which they are incurred.

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

When a Group entity is the lessor:

Operating leases

Leases where the group entity retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Related parties

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. The transactions are entered on terms agreed by the parties concerned.

(q) Share capital

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

(r) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

Sale of goods

Revenue from sale of goods is recognised when a group entity has delivered the goods to the customer and significant risks and rewards of ownership of the goods have been passed to the customer.

Revenue from contract work

Revenue from contract work relating to installation services is recognised based on the stage of completion of the contract activities as described in Note 2(j).

Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease terms.

Interest income

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

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Government grants

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

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(t) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(u) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

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

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiary companies, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Income tax (cont'd)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

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

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

(v) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, bank overdrafts that form an integral part of the Group's cash management, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(w) Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but it is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

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

(x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings for its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount payable to the holder. Financial guarantee contracts are amortised to profit or loss over the period of the guarantee.

(z) Properties held-for-sale

Properties are classified as held-for-sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The assets are not depreciated or amortised while they are classified as held-for-sale.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Revaluation of properties

Leasehold land and buildings classified under property, plant and equipment are initially recorded at cost and subsequently stated at revalued amount less accumulated depreciation and any accumulated impairment losses. Their fair values as at 31 March 2018 are determined by independent professional valuers (the "valuers").

In estimating fair values, the valuers have used the direct comparison approach and depreciated replacement cost approach to derive a value for each property. In relying on the valuation reports, management has evaluated and is satisfied that the valuers have appropriate recognised professional qualifications, are competent, used appropriate valuation methodology and have provided estimates which are reflective of current market conditions at each balance sheet date.

The valuation techniques and significant unobservable inputs used to determine the fair values of the leasehold land and buildings are further explained in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

3. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Revaluation of properties (cont'd)

An increase in fair values net of tax for the leasehold land and buildings amounting to $793,160 (2017: $Nil) has been recognised in other comprehensive loss and accumulated in the asset revaluation reserve within equity during the financial year. An impairment loss of $40,991 (2017: $Nil) has been recognised in profit or loss during the financial year.

The carrying amounts of the leasehold land and buildings at the balance sheet date are disclosed in Note 11.

Property, plant and equipment

The Group reviews the useful lives and residual values of property, plant and equipment at each reporting date in accordance with the accounting policy in Note 2(e). The estimation of the useful lives and residual values involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage. The net carrying amount of property, plant and equipment at 31 March 2018 and the annual depreciation charge for the financial year ended 31 March 2018 are disclosed in Note 11. Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment, and the depreciation charge for the financial year.

Impairment of loans and receivables

The Group assesses at the balance sheet date whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the present value of estimated future cash flows differ from management's estimates, the Group's and the Company's allowance for impairment and the loans and receivables balance at the balance sheet date will be affected accordingly. The carrying amounts of the Group's and the Company's trade and other receivables at the balance sheet date are disclosed in Note 15.

Allowance for inventories

The allowance for inventory obsolescence is based on estimates from historical trends and expected utilisation of inventories. It could change significantly as a result of competitive actions or market conditions. The actual amount of inventories write-offs could be higher or lower than the allowance made. The write down of inventories during the financial year and the carrying amount of inventories as at 31 March 2018 are disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

3. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Impairment of investments in subsidiaries

The Company reviews the investments in subsidiaries at the balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss. Fair value less cost to sell calculation is based on observable market prices or market valuations less incremental costs for disposing asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiaries as at 31 March 2018 are disclosed in Note 13.

Income tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the period in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax liabilities at the balance sheet was $46,260 (2017: $700,092) and $1,168,548 (2017: $4,002,860) respectively.

Information on unabsorbed tax losses and other temporary differences for which deferred tax assets/liabilities had not been recognised are disclosed in Notes 9 and 21 respectively.

4. REVENUE

	Group	
	2018	**2017**
	$	**$**
Sale of goods	33,129,729	41,035,295
Revenue from installation services	84,885	3,226,544
Rental income	93,034	1,386,194
	33,307,648	45,648,033

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

5. OTHER INCOME

	Group	
	2018	2017
	$	$
Interest income	437,426	260,117
Gain on disposal of property, plant and equipment	–	20,903
Sale of scraps	187,264	202,572
Foreign currency exchange gain, net	–	676,214
Fair value gain on investment property (Note 12)	–	8,848,240
Government grants	35,108	39,294
Amount recovered from legal claims (Note 33)	68,072	–
Others	115,961	75,792
	843,831	10,123,132

6. FINANCE COSTS

	Group	
	2018	2017
	$	$
Finance leases	5,223	10,916
Bankers' acceptance and foreign currency loan against import	41,046	20,212
Term loans	195,861	767,093
Finance cost for shares with preference rights	331,160	442,680
	573,290	1,240,901

Finance costs for shares with preference rights relate to dividend paid to the holder of Class A Shares of a subsidiary, which is classified as a financial liability (Note 23).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

7. (LOSS)/PROFIT BEFORE TAX

The following items have been included in arriving at (loss)/profit before tax:

	Group	
	2018	2017
	$	$
Fees on audit services paid/payable to:		
- auditor of the Company	100,000	95,000
- other auditors*	66,335	50,287
Fees on non-audit services paid/payable to auditor of the Company	–	–
Allowance for impairment of doubtful trade receivables (Note 15)	–	126,267
Allowance for impairment of doubtful other receivables (Note 15)	23,070	–
Bad debts written off	–	43,996
Cost of inventories (Note 17)	18,665,768	16,771,087
Depreciation of property, plant and equipment	1,033,699	1,042,960
Directors' fees:		
- Directors of the Company	201,435	263,667
- Directors of a subsidiary	40,912	14,493
Foreign currency exchange loss, net	996,778	–
Loss on disposal of property, plant and equipment	26,569	–
Impairment loss on available-for-sale financial assets	–	2,306
Impairment loss on property, plant and equipment (Note 11)	40,991	–
Inventories written down	819,731	177,669
Operating lease expenses	537,525	599,100
Staff costs (Note 8)	11,082,835	12,294,739
Utility expenses	796,882	793,316
Write-back of allowance for impairment of doubtful trade receivables (Note 15)	–	(27,759)

* Includes independent member firms of the Baker Tilly International network.

8. STAFF COSTS

	Group	
	2018	2017
	$	$
Staff costs (including directors):		
Salaries, bonuses and others	10,813,677	12,000,027
Contributions to defined contribution plans	269,158	294,712
	11,082,835	12,294,739
Representing staff costs charged to:		
Cost of sales	6,279,728	6,774,095
Administrative expenses	4,803,107	5,520,644
	11,082,835	12,294,739

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

9. TAX (CREDIT)/EXPENSE

	Group 2018 $	Group 2017 $
Current year		
Current income tax		
- Current year	2,635,549	711,724
- Over provision in prior years	(332,770)	(198,183)
	2,302,779	513,541
Deferred tax (Note 21)		
- Current year	(2,956,711)	2,591,513
- (Over)/under provision in prior years	(166,174)	346,586
	(3,122,885)	2,938,099
Income tax (credit)/expense	(820,106)	3,451,640

Tax (credit)/expense relating to other comprehensive (loss)/income is as follows:

	2018			2017		
	Before tax $	Tax charge $	After tax $	Before tax $	Tax charge $	After tax $
Revaluation adjustment on leasehold land and building	1,052,615	(259,455)	793,160	–	–	–

The income tax (credit)/expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

	Group 2018 $	Group 2017 $
(Loss)/profit before tax	(8,838,161)	13,387,499
Tax calculated at statutory rate of 17%	(1,502,487)	2,275,875
Effect of different tax rates in foreign jurisdictions	(1,172,834)	422,878
Income not subject to tax	(156,765)	(428,884)
Expenses not deductible for income tax purposes	1,194,954	1,121,601
Deferred tax assets not recognised	1,379,007	–
Utilisation of previously unrecognised tax losses and capital allowances	(42,333)	(35,630)
Over provision of income tax in prior years	(332,770)	(198,183)
(Over)/under provision of deferred tax in prior years	(166,174)	346,586
Others	(20,704)	(52,603)
	(820,106)	3,451,640

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

9. TAX (CREDIT)/EXPENSE (CONT'D)

The Group have unabsorbed tax losses and unutilised capital allowance of approximately $31,275,000 and $164,000 (2017: $26,646,000 and $69,000) respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies in their respective countries of incorporation.

The income tax benefits from the unabsorbed tax losses and unutilised capital allowance carried forward are available for an unlimited period subject to the conditions imposed by law. $145,000 (2017: $Nil) of the unabsorbed tax losses are available for carry-forward for a maximum of 5 years to offset against future taxable income, subject to the agreement by the tax authorities and compliance with certain tax regulations.

Deferred tax assets of approximately $6,033,000 (2017: $4,697,000) relating to the unabsorbed tax losses and unutilised capital allowance have not been recognised as it is not probable that future taxable profit will be available against when these unabsorbed tax losses and unutilised capital allowances can be utilised.

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the ordinary equity holders of the Company are based on the following:

	Group	
	2018	**2017**
(Loss)/profit attributable to equity holders of the Company ($)	(7,972,255)	9,935,859
Number of shares		
Weighted average number of ordinary shares	5,380,556,316	5,380,556,316
Basic and diluted (loss)/earnings per share (cents)	(0.148)	0.185

Basic and diluted (loss)/earnings per share amounts are calculated by dividing (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

For the purposes of calculating diluted (loss)/earnings per share, (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company had one type of dilutive potential ordinary shares which is the warrants.

Warrants have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the financial year ended 31 March 2017. There is no dilutive effect arising from warrants as the exercise price of the warrants was higher than the Company's average share price during the financial year ended 31 March 2017. The warrant had expired during the financial year ended 31 March 2018.

11. PROPERTY, PLANT AND EQUIPMENT

	At valuation	At cost						
	Leasehold land and buildings	Land use rights	Plant and equipment	Motor vehicles	Office equipment	Renovation	Construction in progress	Total
	$	$	$	$	$	$	$	$
Group								
Cost/Valuation								
At 1 April 2016	12,785,822	355,215	6,855,727	548,180	365,144	379,377	6,643,215	27,932,680
Additions	2,339,679	-	135,283	156,070	29,591	169,775	-	2,830,398
Reclassification	6,583,580	-	-	-	-	-	(6,583,580)	-
Transfer to VAT receivable	-	-	-	-	-	-	(97,247)	(97,247)
Disposals/write off	-	-	(195,495)	(188,370)	(1,502)	(250,190)	-	(635,557)
Currency translation differences	(842,797)	8,854	(472,567)	(9,210)	(12,046)	5,337	37,612	(1,284,817)
At 31 March 2017	20,866,284	364,069	6,322,948	506,670	381,187	304,299	-	28,745,457
Additions	11,286	-	3,551,363	-	21,559	64,350	359,944	4,008,502
Reclassified as held-for-sale (Note 19)	(5,927,705)	(338,350)	-	-	-	-	-	(6,266,055)
Revaluation surplus	1,052,615	-	-	-	-	-	-	1,052,615
Elimination of accumulated depreciation on revaluation	(645,815)	-	-	-	-	-	-	(645,815)
Disposals/write off	-	-	(61,247)	(90,051)	(14,096)	-	-	(165,394)
Currency translation differences	259,612	(25,719)	556,625	5,963	(3,080)	10,861	7,393	811,655
At 31 March 2018	15,616,277	-	10,369,689	422,582	385,570	379,510	367,337	27,540,965

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation	At cost						
	Leasehold land and buildings $	Land use rights $	Plant and equipment $	Motor vehicles $	Office equipment $	Renovation $	Construction in progress $	Total $
Accumulated depreciation and impairment losses								
At 1 April 2016	1,083,609	-	5,922,194	288,437	177,764	326,296	-	7,798,300
Additions	575,661	46,851	182,730	98,861	56,746	82,111	-	1,042,960
Disposals/write off	-	-	(193,497)	(183,063)	(492)	(250,090)	-	(627,142)
Currency translation differences	(200,384)	239	(427,216)	(6,612)	(8,202)	4,654	-	(637,521)
At 31 March 2017	1,458,886	47,090	5,484,211	197,623	225,816	162,971	-	7,576,597
Additions	574,750	14,109	248,047	77,958	70,963	47,872	-	1,033,699
Reclassified as held-for-sale (Note 19)	(393,706)	(57,229)	-	-	-	-	-	(450,935)
Elimination of accumulated depreciation on revaluation	(645,815)	-	-	-	-	-	-	(645,815)
Impairment loss	40,991	-	-	-	-	-	-	40,991
Disposals/write off	-	-	(37,373)	(70,584)	(13,901)	-	-	(121,858)
Currency translation differences	9,853	(3,970)	373,790	4,859	(5,096)	10,599	-	390,035
At 31 March 2018	1,044 ,959	-	6,068,675	209,856	277,782	221,442	-	7,822,714
Representing:								
Accumulated depreciation	587,705	-	6,068,675	209,856	277,782	221,442	-	7,365,460
Accumulated impairment losses	457,254	-	-	-	-	-	-	457,254
	1,044,959	-	6,068,675	209,856	277,782	221,442	-	7,822,714
Net carrying amount								
At 31 March 2018	14,571,318	-	4,301,014	212,726	107,788	158,068	367,337	19,718,251
At 31 March 2017	19,407,398	316,979	838,737	309,047	155,371	141,328	-	21,168,860

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation	◄	At cost	►	
	Leasehold building	Office equipment	Motor vehicles	Renovation	Total
	$	$	$	$	$
Company					
Cost/Valuation					
At 1 April 2016	–	5,177	28,478	245,000	278,655
Additions	2,339,679	2,413	156,000	155,080	2,653,172
Disposals	–	–	(28,478)	(245,000)	(273,478)
At 31 March 2017	2,339,679	7,590	156,000	155,080	2,658,349
Additions	–	697	–	64,350	65,047
Disposals	–	–	(28,000)	–	(28,000)
At 31 March 2018	2,339,679	8,287	128,000	219,430	2,695,396
Accumulated depreciation					
At 1 April 2016	–	404	13,052	224,584	238,040
Additions	33,234	1,412	35,646	43,678	113,970
Disposals	–	–	(13,448)	(245,000)	(258,448)
At 31 March 2017	33,234	1,816	35,250	23,262	93,562
Additions	39,881	1,634	30,083	38,100	109,698
Disposals	–	–	(28,000)	–	(28,000)
At 31 March 2018	73,115	3,450	37,333	61,362	175,260
Net carrying amount					
At 31 March 2018	2,266,564	4,837	90,667	158,068	2,520,136
At 31 March 2017	2,306,445	5,774	120,750	131,818	2,564,787

Included in leasehold land and building of the Group with carrying amount of $345,040 (2017: $379,428) are two units of residential properties located in Vietnam. These residential properties are registered in the name of a former director of the Group and are held in trust on behalf of the Group.

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets held under finance leases

The carrying amount of the Group's motor vehicles acquired under finance leases at the balance sheet date is $61,818 (2017: $85,245).

Leased assets are pledged as security for the related finance lease liabilities (Note 20).

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold land and building with carrying amount of $7,766,300 (2017: $7,283,459) are pledged to financial institutions to secure the Group's bank term loans and foreign currency loan against import (Note 20).

Revaluation of leasehold land and buildings

At balance sheet date, the fair value of the Group's factories located in Johor, Malaysia are valued at $8,068,200 in aggregate. The valuations were determined based on the properties' highest and best use by an accredited independent professional valuer. For the leasehold land, the valuation was based on the Direct Comparison Approach, under which the properties are assessed having regards to the recent transactions around the vicinity. Significant input used in valuation of leasehold land is price per square foot of comparable land in the vicinity, ranging from $8 (MYR25) to $11 (MYR32) per square foot. Appropriate adjustments have been made between comparables and the subject properties to reflect the differences in size, tenure, location, shape, terrain, title, restriction, infrastructure as well as other relevant factors affecting their values. For the leasehold buildings, the valuation was based on the Depreciated Replacement Cost Approach, which is determined by taking the present replacement cost of the building as new and allowing for depreciation for physical, functional and economic obsolescence, which ranges from $37 (MYR110) to $44 (MYR130) per square foot for office building and $25 (MYR75) per square foot for factory building. Higher price per square foot will result in a higher fair value measurement. The fair value measurement is categorised under Level 3 of the fair value hierarchy. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income and accumulated in equity under asset revaluation reserve (Note 25).

At the balance sheet date, the fair value of a leasehold building of the Group located at Kaki Bukit Industrial Terrace, Singapore is valued at $3,800,000. The valuation was determined based on the property's highest and best use by an accredited independent professional valuer using the Direct Comparison Approach, under which the property is assessed having regards to the recent transactions around the vicinity. Significant input used in this valuation is price per square foot of comparable properties in the vicinity, ranging from $757 to $884 per square foot. Appropriate adjustments have been made between comparables and the subject property to reflect the differences in size, tenure, type of property and other relevant factors affecting its value. Higher price per square foot will result in a higher fair value measurement. The fair value measurement is categorised under Level 3 of the fair value hierarchy. As a result of the valuation, an impairment loss of $40,991 (2017: $Nil) was recognised in "administrative expenses" for the financial year ended 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Revaluation of leasehold land and buildings (cont'd)

At the balance sheet date, the fair value of a leasehold office of the Group located at Kallang Avenue, Singapore is valued at $2,270,000. The valuation was determined based on the property's highest and best use by an accredited independent professional valuer using the Direct Comparison Approach, under which the property is assessed having regards to the recent transactions around the vicinity. Significant input used in this valuation is price per square foot of comparable properties in the vicinity, ranging from $833 to $870 per square foot. Appropriate adjustments have been made between comparables and the subject property to reflect the differences in size, market conditions and other relevant factors affecting its value. Higher price per square foot will result in a higher fair value measurement. The fair value measurement is categorised under Level 3 of the fair value hierarchy. The net carrying amount of this property at the balance sheet date approximates its fair value.

During the previous financial year, the Group's property under construction in progress, located in Vietnam has been completed. The carrying value of the property amounting to $6,583,580, which approximates the fair value of the property, was transferred to leasehold land and building. The fair value was determined based on valuation performed by an accredited independent professional valuer. The valuation was based on the Depreciated Replacement Cost Approach which entails estimating the depreciated replacement costs of the construction and related expenditure. Reference was made to the valuer's research of the estimated rates per square metre for construction costs of similar industrial structures in the vicinity area, which ranges from $35 (USD25) to $279 (USD200) per square metre. Higher estimated cost of replacement will result in a higher fair value measurement. In estimating the fair value of the property in Vietnam, the highest and best use of the property is their current use. The fair value measurement of the property was categorised under Level 3 of the fair value hierarchy. During the current financial year, the property was reclassified to property held-for-sale (Note 19).

Measurement using cost model

At the balance sheet date, had the leasehold land and buildings were measured using the cost model, their net carrying amounts would be as follows:

	Group	
	2018	**2017**
	$	**$**
Leasehold land and buildings		
Cost	11,683,178	16,102,689
Accumulated depreciation	(2,086,564)	(1,970,727)
Accumulated impairment losses	(457,254)	(416,263)
Net carrying amount	9,139,360	13,715,699

The carrying amount of the leasehold building of the Company approximates to $2,266,564 (2017: $2,306,445) had it been carried under the cost model.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Measurement using cost model (cont'd)

Details of the properties held by the Group are as follows:

Location	Description	Tenure	Building area (sqm)
Plo 32, Kawasan Perindustrian Simpang Renggam, 86200 Simpang Renggam, Johor, Malaysia	Factory	Leasehold (60 years expiring on 21 May 2062)	10,763
Plo 34, Kawasan Perindustrian Simpang Renggam, 86200 Simpang Renggam, Johor, Malaysia	Factory	Leasehold (60 years expiring on 29 August 2059)	10,763
Land Plot No. 452 and 453, Khanh Binh Commune, Tan Uyen Town, Binh Duong Province, Ho Chi Minh City, Vietnam*	Factory	Leasehold (50 years expiring on 6 September 2063)	25,528
39 Kaki Bukit Industrial Terrace Singapore 416119	Factory/Office	Leasehold (60 years expiring on 8 January 2055)	723
2 Kallang Avenue, CT Hub, #07-03/04, Singapore 339407	Office	Leasehold (99 years expiring on 13 January 2075)	252

* Property was reclassified as property held-for-sale during the current financial year (Note 19).

12. INVESTMENT PROPERTY

	Group	
	2018	2017
	$	$
Balance sheet		
At beginning of the financial year	–	26,470,925
Fair value gain recognised in profit or loss	–	8,848,240
Currency translation differences	–	1,274,835
Transfer to property held-for-sale (Note 19)	–	(36,594,000)
At end of the financial year	–	–
Statement of comprehensive income		
Rental income from investment property:		
- Minimum lease payments	–	1,386,194
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating property	–	375,590

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

12. INVESTMENT PROPERTY (CONT'D)

During the previous financial year, the investment property held by the Group was as follows:

Description and Location	Existing use	Tenure	Building area (sqm)
A block of seven-storey building, 301 Flinders Lane, Melbourne, Australia	Office/educational accommodation	Freehold	5,690

The investment property was mortgaged to secure the Group's bank loans (Note 20).

13. SUBSIDIARIES

	Company	
	2018	2017
	$	$
Unquoted equity shares, at cost		
At beginning of the financial year	49,776,537	49,776,527
Additions (Note A)	3,377,237	10
At end of the financial year	53,153,774	49,776,537
Less: Impairment losses	20,956,719	20,956,719
	32,197,055	28,819,818
Loan due from subsidiary		
Additions during the year and balances at end of financial year	21,311,617	–
	53,508,672	28,819,818

During the previous financial year, the Company incorporated a wholly-owned subsidiary in Singapore known as Ambertree Indonesia Ventures Pte Ltd ("AIV") with a paid-up capital of $10. AIV was incorporated in connection with the Group's diversification into the property development and property investment business.

On 21 August 2017, AIV, together with a third party non-controlling interest, incorporated a subsidiary in Indonesia known as PT Ambertree Development Jakarta ("PTADJ") with a paid-up capital of US$21.75 million. PTADJ was incorporated in connection with the Group's diversification into the property development and property investment business.

The loan due from subsidiary form part of the Company's net investment in PTADJ. This loan is unsecured, non-interest bearing and settlement is neither planned or likely to occur in the foreseeable future. Accordingly, the amount is stated at cost.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

13. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Effective equity interest 2018 %	Effective equity interest 2017 %
Held by the Company				
Ambertree Pte. Ltd.[1]	Singapore	Rental of premises	100	100
KLW Resources Sdn. Bhd. ("KLWR") [2] (Note A)	Malaysia	Investment holding	100	100
Ambertree Vic-Mel (Flinders) Pty Ltd [3]	Australia	Investment holding/Property investment*	100	100
Ambertree Vic Mel (Lincoln) Pty Ltd [3]	Australia	Investment holding/Property development	100	100
Ambertree Indonesia Ventures Pte. Ltd. [1]	Singapore	Investment holding	100	100
Held through Ambertree Pte. Ltd.				
Ambertree Development (Singapore) Pte. Ltd. [3]	Singapore	Dormant	100	100
Held through Ambertree Indonesia Ventures Pte Ltd				
PT Ambertree Development Jakarta [7]	Indonesia	Property development	65	–
Held through KLW Resources Sdn. Bhd.				
KLW Wood Products (M) Sdn. Bhd. [2]	Malaysia	Manufacture and supply of doors, mouldings and wood floorings	100	100
Dongguan Lebex Door Co. Ltd. [5]	People's Republic of China	Manufacture and supply of doors, mouldings and wood floorings	100	100

* Ambertree Vic-Mel (Flinders) Pty Ltd became dormant after its investment property was sold in April 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

13. SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name	Country of incorporation	Principal activities	Effective equity interest 2018 %	Effective equity interest 2017 %
Held through KLW Resources Sdn. Bhd. (cont'd)				
KLW Joinery Pte. Ltd. (1)	Singapore	Supply and installation of doors, mouldings and wood floorings	100	100
KLW (HK) Limited (4)	Hong Kong	Trading of doors, mouldings, floorings and related products	100	100
Key Bay Furniture Co., Ltd ("Key Bay") (6)	Vietnam	Manufacturing, processing all kinds of artificial boards, thin veneer boards, flooring boards, high quality furniture and all kinds of wooden doors	100	100

(1) Audited by Baker Tilly TFW LLP, Singapore
(2) Audited by Baker Tilly Monteiro Heng, Malaysia
(3) Audited by Baker Tilly TFW LLP, Singapore for the purpose of consolidation
(4) Audited by Baker Tilly Monteiro Heng, Malaysia for the purpose of consolidation
(5) Audited by Baker Tilly China
(6) Audited by Baker Tilly A&C, Vietnam
(7) Audited by Johan Malonda Mustika & Rekan, Indonesia, an independent member of Baker Tilly International

Note A - KLWR

Included in KLWR total number of shares issued are two categories of shares. Class A ordinary shares were held by a third party as at 31 March 2017 and represents 30% of the total number of issued shares of KLWR. Class B ordinary shares, representing 70% of the total number of issued shares of KLWR, are held by the Company. Management considered that, among others, the holder has the ability to put the Class A ordinary shares back to the Company at a price at other than fair value, pursuant to a put option granted by the Company to the holder of the Class A ordinary shares. Accordingly, the Company has retained a certain degree of continuing involvement such that the risks and rewards of the ownership and control of the Class A ordinary shares have not been transferred to the Class A shareholder. In determining the Group's ownership interests in KLWR, both the Class A and B ordinary shares are considered as effectively owned by the Company (Note 23).

On 13 February 2018, the Company acquired all the Class A ordinary shares in KLWR from KPFB for a cash consideration of MYR25.0 million (equivalent to $8,443,093).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

13. SUBSIDIARIES (CONT'D)

Summarised financial information of a subsidiary with material non-controlling interest ("NCI")

The Group has the following subsidiary that has NCI that is considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interests held by NCI
31 March 2018:		
PT Ambertree Development Jakarta	Indonesia	35%

The following are the summarised financial information of the subsidiary with NCI that is considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

Summarised Balance Sheet

	2018 **$**
Current assets	31,345,145
Current liabilities	(3,299,160)
Net assets	28,045,985
Net assets attributable to NCI	9,816,094

Summarised Income Statement

	2018 **$**
Loss before tax	(130,856)
Income tax expense	–
Loss after tax	(130,856)
Other comprehensive loss	(1,943,006)
Total comprehensive loss	(2,073,862)
Loss allocated to NCI	(725,852)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

13. SUBSIDIARIES (CONT'D)

Summarised financial information of a subsidiary with material non-controlling interest ("NCI") (cont'd)

Summarised Cash Flows

	2018
	$
Cash flows from operating activities	(31,164,505)
Cash flows from financing activities	31,383,099
Net increase in cash and cash equivalents	218,594

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2018	2017
	$	$
Quoted investments in equity securities listed on SGX-ST		
At beginning of the financial year	461	2,767
Less: Impairment loss	–	(2,306)
At end of the financial year	461	461

During the previous financial year, the Group recognised an impairment loss of $2,306 against a Singapore quoted equity investment whose market price had been below carrying amounts for a prolonged period.

As at the balance sheet date, the carrying value of the available-for-sale financial assets approximate its fair value. The fair value measurement of the available-for-sale financial assets is categorised within Level 1 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

15. PREPAYMENTS, TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Current				
Trade receivables				
- third parties	1,657,601	3,230,932	–	–
- related party	180,347	–	–	–
- subsidiaries	–	–	299,529	299,529
- accrued revenue	1,239,459	2,090,519	–	–
- retention sum (Note A)	321,211	254,532	–	–
- due from customers on contract work (Note A)	–	37,623	–	–
	3,398,618	5,613,606	299,529	299,529
Less: Impairment loss of trade receivables	–	(126,267)	(299,529)	(299,529)
Trade receivables, net	3,398,618	5,487,339	–	–
Other receivables				
- commitment fees (Note B)	7,200,000	7,200,000	–	–
- sundry receivables	625,126	253,414	14,491	138,315
- subsidiaries (non-trade) (Note C)	–	–	29,192,985	29,026,679
- deposits (Note D)	118,055	9,181,451	33,102	9,016,467
	7,943,181	16,634,865	29,240,578	38,181,461
Less: Impairment loss of other receivables	(7,224,086)	(7,200,000)	(8,414,680)	(8,419,869)
Other receivables, net	719,095	9,434,865	20,825,898	29,761,592
Prepayments	678,382	324,470	79,097	72,170
VAT receivables	3,155,595	476,062	–	–
Advance payments to suppliers	–	329,156	–	–
Prepayments, trade and other receivables, net	7,951,690	16,051,892	20,904,995	29,833,762
Non-current				
Trade receivables - retention sum (Note A)	120,526	427,870	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

15. PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONT'D)

Note A - Amounts due from customers on contract work

	Group	
	2018	2017
	$	$
Contract work-in-progress		
Aggregate costs incurred and recognised profits (less recognised losses) to-date on uncompleted contract work	–	37,623
Presented as:		
Due from customers on contract work	–	37,623
Retention sums on contract work		
- Non-current	120,526	427,870
- Current	321,211	254,532
	441,737	682,402

Note B - Commitment fees

During the financial year ended 31 March 2015, the Group has paid a total amount of $16,200,000 as commitment fees in connection with the three non-binding term sheets as described below. The Group has not entered into any definitive agreement with any of the counterparties by the stipulated deadline in July 2014 and as a result, the commitment fees became due and refundable in full by the counterparties since then:

- An amount of $2,200,000 was paid under a term sheet in respect of a property development project in Bali, Indonesia ("Bali Term Sheet"). During the financial year 2016, the Group has recovered $2,000,000 of the commitment fee with remaining balance of $200,000 due by the counterparty. The Group has made an allowance for impairment loss on the $200,000 of the commitment fee since financial year 2015.

- An amount of $7,000,000 was paid under a term sheet in respect of a hotel acquisition in Zhangye, Gansu, China ("Zhangye Hotel Term Sheet"). The counterparty in this term sheet is a company incorporated in the British Virgin Islands ("Zhangye counterparty"). During the financial year 2016, the Group has fully recovered this commitment fee from the counterparty.

- An amount of $7,000,000 was paid to the Zhangye counterparty under a term sheet in respect of a property development project in Zhangye, Gansu, China ("Zhangye Property Term Sheet"), which remains outstanding as at 31 March 2018. Despite having entered and agreed into a new plan and agreement to recover the said amount from the counterparty, the Group has not recovered the sum and therefore a full allowance for impairment loss has been made since financial year 2015.

The Group has entered into another term sheet with the same counterparty, i.e. Zhangye counterparty on 25 May 2015, which sets out certain key indicative terms of a potential transaction proposed to be introduced by the Zhangye counterparty and its director and shareholder to the Company (collectively the "Parties"). The proposal relates to a proposed joint venture in a property development project in Vietnam between the Group and two companies incorporated in Vietnam ("Vietnam Term Sheet").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

15. PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONT'D)

Note B - Commitment fees (cont'd)

By entering into the Vietnam Term Sheet, it was agreed amongst the Parties that the outstanding commitment fee amounting to $7.0 million owing by the Zhangye counterparty to the Group under the Zhangye Property Term Sheet will be paid into an escrow account by 25 August 2015, which will serve as the commitment fee paid by the Company under the Vietnam Term Sheet. The said amount will be released from the escrow account to the Company by 25 November 2015 in the event that no definitive agreement is entered into by the Group by then, relating to the Vietnam Term Sheet or from any other transactions so introduced by the Zhangye counterparty or its director and shareholder. The director and shareholder of the Zhangye counterparty has personally undertaken to fulfil the payment obligations under the above Term Sheets.

The Board of Directors have taken actions to recover the commitment fees. On 26 May 2015, 27 May 2015 and 1 July 2015 respectively, the Group had managed to recover a total of $9.0 million. On 22 November 2015, the Company had announced that it had issued a letter of demand for the remaining $200,000 but that the board has kept the claim in abeyance in the meantime.

The present claim in the High Court of the Republic of Singapore ("High Court") is for the sum of $7.0 million. On 18 October 2016, the Company obtained summary judgement for the sum of $7.0 million, interest on the sum of $7.0 million at the rate of 5.33% per annum from 21 November 2015 and costs of $10,000 excluding disbursements, which are to be agreed if not taxed. The counterparties have lodged an appeal against the High Court's decision and the appeal were subsequently dismissed by Honourable Court of Appeal.

On 12 February 2018, the Company filed an application to commence bankruptcy proceeding against Mr Chan Ewe Teik ("Mr Chan"). On 19 March 2018, the Company filed an application for a peremptory order to compel Mr Chan to pay to the Company all costs that he has been ordered to pay to the Company, failing which, among other things, Mr Chan's last remaining commission counterclaim would be dismissed with costs without further order.

Please refer to Note 33 for further details.

Accordingly, the remaining outstanding balances of $7.2 million relating to the Bali Term Sheet and Vietnam Term Sheet (originally paid under Zhangye Property Term Sheet) amounted to $0.2 million and $7.0 million respectively have remained outstanding and fully impaired as at 31 March 2018.

Note C - Due from subsidiaries (non-trade)

These amounts are unsecured, interest-free and repayable on demand.

Note D - Deposits

Included in the deposits of the Group and the Company in previous financial year was a refundable deposit of $8,983,924 being placed under an escrow account with a licensed bank in Singapore for the purpose of incorporating a subsidiary in Indonesia for the acquisition of the land.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

15. PREPAYMENTS, TRADE AND OTHER RECEIVABLES (CONT'D)

Movement in the allowances for impairment loss

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Trade receivables				
At beginning of the financial year	126,267	186,423	299,529	299,529
Allowance written off against trade receivables	(120,849)	(158,664)	–	–
Additional allowance	–	126,267	–	–
Reversal of allowance for impairment loss	–	(27,759)	–	–
Currency translation difference	(5,418)	–	–	–
At end of the financial year	–	126,267	299,529	299,529
Other receivables				
At beginning of the financial year	7,200,000	7,200,000	8,419,869	8,421,470
Additional allowance	23,070	–	–	–
Reversal of allowance for impairment loss	–	–	(5,189)	(1,601)
Currency translation difference	1,016	–	–	–
At the end of the financial year	7,224,086	7,200,000	8,414,680	8,419,869

16. DEVELOPMENT PROPERTIES

	Group	
	2018	2017
	$	$
Property held for redevelopment		
At beginning of the financial year	14,208,432	13,690,554
Currency translation differences	(849,851)	517,878
At end of the financial year	13,358,581	14,208,432
Land held for development		
Additions during the year	29,522,989	–
Currency translation differences	(1,107,440)	–
At end of the financial year	28,415,549	–
	41,774,130	14,208,432

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

16. DEVELOPMENT PROPERTIES (CONT'D)

The information on the property held for redevelopment and land held for development is as follows:

Location	Description	Tenure	Building/ land area (sqm)	Percentage of completion at 31 March 2018 and 2017	Expected completion date
23 - 31 Lincoln Square South, Carlton, Melbourne, Australia.	A block of five-storey commercial office building/ redevelopment opportunity	Freehold	3,745	–	Unknown
Jl. R.A Kartini No. 18, Jakarta, Indonesia	Parcels of land	Expiry date varies from 16 October 2026 to 6 December 2045	7,456	–	Unknown

17. INVENTORIES

	Group	
	2018	2017
	$	$
Finished goods	895,706	860,704
Work-in-progress	1,580,053	2,160,797
Raw materials	4,115,681	4,133,789
	6,591,440	7,155,290

The cost of inventories recognised as expense and included in "cost of sales" amounted to $18,665,768 (2017: $16,771,087).

Inventories write-down of $819,731 (2017: $177,669) was recognised as an expense in "cost of sales".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Cash and bank balances	8,292,299	13,037,261	1,238,952	4,087,719
Fixed deposits	7,178,711	15,042,589	6,273,311	13,437,589
Cash and cash equivalents	15,471,010	28,079,850	7,512,263	17,525,308

Fixed deposits of the Group and Company bear interest rates ranging from 0.35% to 1.75% and 0.35% to 1.64% (2017: 0.35% to 2.50% and 0.35% to 1.77%) respectively per annum and have a maturity period of 1 to 8 months (2017: 1 to 8 months) from the balance sheet date.

Included in cash and cash equivalents are bank deposits amounting to $110,960 (2017: $171,908) which are not freely remissible to overseas because of currency exchange restrictions.

19. PROPERTY HELD-FOR-SALE

On 21 December 2016, Ambertree Vic-Mel (Flinders) Pty Ltd entered into a contract of sale with a third party for the sale of investment property for a total consideration of $36.6 million (approximately AUD34.2 million). Accordingly, the property is presented on the balance sheet as "Property held-for-sale" as at 31 March 2017 and is stated at fair value. The sale of the property was completed on 21 April 2017.

At 31 March 2017, the fair value was determined based on contracted selling price with a third party (Level 2 of the fair value hierarchy). The property was mortgaged to secure the Group's bank loans (Note 20).

During the financial year, the Board had approved to sell the factory property held by Key Bay in Vietnam with a net carrying amount of $5,815,120 and is expected to complete the sale within the next financial year. Consequently, the Group has reclassified the factory property from property, plant and equipment (Note 11) to property held-for-sale.

The details of the factory building are as follows:

Location	Description	Tenure	Building area (sqm)
Land Plot No. 452 and 453, Khanh Binh Commune, Tan Uyen Town, Binh Duong Province, Ho Chi Minh City, Vietnam	Factory	Leasehold (50 years expiring on 6 September 2063)	25,528

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

20. BORROWINGS

	Group	
	2018	2017
	$	$
Current		
Finance lease liabilities	19,589	17,925
Foreign currency loan against import	1,378,367	840,132
Term loan I	86,100	86,339
Term loan II	–	15,017,450
	1,484,056	15,961,846
Non-current		
Finance lease liabilities	58,385	77,074
Term loan I	3,162,691	3,250,156
	3,221,076	3,327,230
Total borrowings		
Finance lease liabilities	77,974	94,999
Foreign currency loan against import	1,378,367	840,132
Term loan I	3,248,791	3,336,495
Term loan II	–	15,017,450
	4,705,132	19,289,076

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

20. BORROWINGS (CONT'D)

Finance lease liabilities

The finance lease liabilities are secured by a charge over the leased motor vehicles of the Group (Note 11). The weighted average effective interest rate of finance leases of the Group ranges from 5.56% to 5.93% (2017: 5.56% to 5.93%) respectively per annum.

	Group			
	2018		2017	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	$	$	$	$
Not later than one financial year	27,431	19,589	22,919	17,925
Later than one financial year but not later than five financial years	61,761	58,385	72,988	62,089
Later than five financial years	–	–	15,393	14,985
Total minimum lease payments	89,192	77,974	111,300	94,999
Less: Future finance charges	(11,218)	–	(16,301)	–
Present value of finance lease liabilities	77,974	77,974	94,999	94,999
Representing:				
Current	19,589		17,925	
Non-current	58,385		77,074	
	77,974		94,999	

Foreign currency loan against import

(i) The foreign currency loan against import of the Group is secured by ways of the following:

- (a) corporate guarantee from the Company;
- (b) negative pledge over certain assets of the Group; and
- (c) legal charges over certain properties of the Group (Note 11).

(ii) Foreign currency loan against import is drawn down for a period of up to 120 days (2017: 120 days) which is renewable on maturity. Interest is charged at rates ranging from 3.80% to 4.46% (2017: 2.61% to 3.36%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

20. BORROWINGS (CONT'D)

Term loan I - Floating rate

(i) Term loan I is secured by ways of the following:

   (a) legal charges over the Group's leasehold land and building in Singapore (Note 11); and
   (b) corporate guarantee from the Company.

(ii) Term loan I is repayable by monthly instalments commencing from October 2014 over 25 years and bears an interest rate of 4.75% (2017: 3.45%) per annum at the balance sheet date.

Term loan II - Fixed rate

(i) Term loan II was secured by a legal mortgage over Group's property held-for-sale in Australia (Note 19).

(ii) Term loan II bears interest at 4.57% per annum at 31 March 2017 and was fully repaid upon completion of the sale of property held-for-sale in April 2017 (Note 19).

Determination of fair value of borrowings

The carrying amounts of borrowings approximates their fair values at the balance sheet date.

The fair value of the borrowings are determined based on discounted cash flows using market lending rate for similar borrowings which the management expects would be available to the Group and the Company at the balance sheet date. The fair value of the non-current borrowings at the balance sheet date approximates its carrying value as there are no significant changes in the interest rate available to the Group at the balance sheet date. This fair value measurement for disclosure purpose is categorised within Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

20. BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Finance lease liabilities $	Foreign currency loan against import $	Term loans I & II $	Loan from non-controlling interest $	Shares with preference rights $	Total $
Group						
2018						
At beginning of the financial year	94,999	840,132	18,353,945	–	4,740,000	24,029,076
Changes from financing cash flows:						
- Proceeds	–	4,202,705	–	–	–	4,202,705
- Repayments	(17,910)	(3,797,088)	(14,835,686)	–	–	(18,650,684)
- Interest paid	(5,223)	(41,046)	(195,861)	–	(331,160)	(573,290)
- Loan	–	–	–	1,154,889	–	1,154,889
Non-cash changes:						
- Interest expense	5,223	41,046	195,861	–	331,160	573,290
- Reinstatement to non-controlling interest	–	–	–	–	(5,065,856)	(5,065,856)
Currency translation differences	885	132,618	(269,468)	(28,048)	325,856	161,843
At end of the financial year	77,974	1,378,367	3,248,791	1,126,841	–	5,831,973

21. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement in deferred income tax account is as follows:

	Group	
	2018 $	2017 $
At beginning of the financial year	4,002,860	1,072,555
Recognised in profit or loss (Note 9)	(3,122,885)	2,938,099
Recognised in other comprehensive income	259,455	–
Currency translation differences	29,118	(7,794)
At end of the financial year	1,168,548	4,002,860

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

21. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Deferred tax liabilities				
	Net book values over tax written down values	**Asset revaluation of leasehold land and buildings**	**Fair value gains**	**Others**	**Total**
	$	**$**	**$**	**$**	**$**
Group					
2018					
At beginning of the financial year	330,525	876,498	2,618,358	177,479	4,002,860
Recognised in the profit or loss	317,327	(20,703)	(2,571,375)	(169,216)	(2,443,967)
Recognised in other comprehensive income	–	259,455	–	–	259,455
Currency translation differences	38,032	62,884	(46,983)	5,085	59,018
At end of the financial year	685,884	1,178,134	–	13,348	1,877,366
2017					
At beginning of the financial year	101,100	1,160,586	–	–	1,261,686
Recognised in the profit or loss	229,832	(198,022)	2,539,848	185,007	2,756,665
Currency translation differences	(407)	(86,066)	78,510	(7,528)	(15,491)
At end of the financial year	330,525	876,498	2,618,358	177,479	4,002,860

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

21. DEFERRED TAX LIABILITIES (CONT'D)

	Deferred tax assets			
	Unutilised tax losses and capital allowances	Allowance for inventories	Others	Total
	$	$	$	$
Group				
2018				
At beginning of the financial year	–	–	–	–
Recognised in the profit or loss	(678,918)	–	–	(678,918)
Currency translation differences	(29,900)	–	–	(29,900)
At end of the financial year	(708,818)	–	–	(708,818)
2017				
At beginning of the financial year	–	(109,942)	(79,189)	(189,131)
Recognised in the profit or loss	–	105,468	75,966	181,434
Currency translation differences	–	4,474	3,223	7,697
At end of the financial year	–	–	–	–

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $25 million (2017: $30 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and these will not reverse in the foreseeable future.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Trade payables				
- third parties	1,829,632	1,404,267	–	–
Other payables				
- third parties	590,490	684,259	49,242	84,484
Rental deposits received	75,065	240,654	–	–
Accrued operating expenses	1,714,601	3,294,448	305,910	395,611
Loan from non-controlling shareholder	1,126,841	–	–	–
Due to a subsidiary	–	–	12,271,942	–
	3,506,997	4,219,361	12,627,094	480,095
Total	5,336,629	5,623,628	12,627,094	480,095

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

22. TRADE AND OTHER PAYABLES (CONT'D)

The loan from non-controlling shareholder is unsecured, interest-free and repayable on demand.

This amount due to a subsidiary is unsecured, interest-free and repayable on demand.

23. SHARES WITH PREFERENCE RIGHTS

KLWR, a wholly-owned subsidiary of the Company, issued 13,016,053 Class A ordinary shares and 30,370,790 Class B ordinary shares to the Company on 20 Aug 2010. Koperasi Permodalan Felda Malaysia Berhad ("KPFB") then acquired the entire Class A ordinary shares from the Company for a total consideration of MYR17.0 million, of which MYR15.0 million, equivalent to $4,740,000 was received during the financial year ended 31 December 2011. The remaining MYR2.0 million, equivalent to $632,000, will be paid to the Company upon fulfilling the terms and conditions as stipulated in the Shares Sale Agreement.

In addition, as part of the terms for the acquisition, the Company has granted KPFB an irrevocable option ("Put Option") to put the Class A ordinary shares back to the Company if certain trigger events as stipulated in the Put Option Agreement occur. The exercise price of the Put Option shall be the aggregate of the consideration received by the Company plus an amount equal to annual simple interest at a rate of 8% per annum, deducting any dividends which have been paid to KPFB in relation to the Class A ordinary shares ("Option Exercise Price").

Even though the Company had transferred the rights to the annual dividend cash flow associated with the Class A ordinary shares to KPFB in return for the consideration, the investment in Class A ordinary shares has not been de-recognised as at balance sheet date and no gain/loss has been recognised in the Company's financial statements. This is because KPFB has the ability to put the Class A ordinary shares back to the Company at a pre-determined Option Exercise Price, which is not based on its fair value at the exercise date. The management is of the view that the Company has retained a certain degree of continuing involvement such that the risks and rewards of the ownership and control of the Class A ordinary shares have not been transferred to KPFB. Accordingly, the consideration received is recognised as a financial liability and is measured at amortised cost. The initial cost of the Company's investment in respect of Class A ordinary shares of $5,440,710 is classified as part of investments in subsidiaries and is carried at cost.

Further, the Shares Sale Agreement also provides that in the event of any breach or default by the Company of any of the provisions of the Shares Sale Agreement, KPFB shall be entitled at its option to specific performance or an agreed liquidated damages of 10% of the total consideration whereupon the Company and KPFB shall be reinstated to the position before the Shares Sale Agreement.

During the financial year 2017, KPFB has agreed to the extension of the Put Option expiry date and extension of a trigger event, i.e. proposed listing of KLWR, to 31 December 2017.

The Put Option expired on 31 December 2017. On 1 January 2018, the Company announced that it has entered into a sale and purchase agreement ("SPA") with KPFB for the purchase of Class A ordinary shares in the share capital of KLWR at a consideration amount of MYR25.0 million, equivalent to $8.4 million. The Company had waived its right to claim the balance acquisition sum amounting to an aggregate of MYR2.0 million, equivalent to $5.9 million, under the share sale agreement entered into between the Company and KPFB in 2010 and deliver a written confirmation to KPFB that KLW Resources will not be listed on the Bursa Securities Malaysia or such other reputable stock exchange during the period of 12 months from the date of the SPA. On 13 February 2018, the Company announced the completion of the acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

24. SHARE CAPITAL

	Group and Company	
	2018	2017
	$	$
Issued and paid up capital		
5,380,556,316 ordinary shares fully paid with no par value	103,170,633	103,170,633

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

25. REVALUATION AND OTHER RESERVES

	Asset revaluation reserve	Foreign currency translation reserve	Warrant reserve	Total
	$	$	$	$
Group				
2018				
At beginning of the financial year	3,973,109	(2,337,632)	3,286,752	4,922,229
Expiry of warrant	–	–	(3,286,752)	(3,286,752)
Revaluation gain on property, plant and equipment	793,160	–	–	793,160
Net exchange differences on translation of financial statements of foreign subsidiaries	–	(2,404,702)	–	(2,404,702)
At end of the financial year	4,766,269	(4,742,334)	–	23,935
2017				
At beginning of the financial year	3,973,109	(2,745,138)	3,286,752	4,514,723
Net exchange differences on translation of financial statements of foreign subsidiaries	–	407,506	–	407,506
At end of the financial year	3,973,109	(2,337,632)	3,286,752	4,922,229
Company				
2018				
At beginning of the financial year	–	–	3,286,752	3,286,752
Expiry of warrant	–	–	(3,286,752)	(3,286,752)
At end of the financial year	–	–	–	–
2017				
At beginning and end of the financial year	–	–	3,286,752	3,286,752

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

25. REVALUATION AND OTHER RESERVES (CONT'D)

Asset revaluation reserve

Asset revaluation reserve mainly includes the cumulative net change, net of deferred tax effects, arising from revaluation of leasehold land and buildings.

Foreign currency translation reserve

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

Warrant reserve

Warrant reserve relates to the fair value ascribed to warrants issued, net of issue expenses. As and when the warrants are exercised, the related balance in the warrant reserve is transferred to the share capital account. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.07. As at 31 March 2017, the Company has outstanding warrants of 2,440,278,158. The warrants had expired on 30 June 2017 and the reserve was reclassified to accumulated losses during the year.

Asset revaluation reserve, foreign currency translation reserve and warrant reserve are non-distributable.

26. CONTINGENT LIABILITIES

	Company	
	2018	**2017**
	$	**$**
Corporate guarantee		
Guarantee issued for bank facilities granted to a subsidiary	5,239,200	5,650,200
Amounts utilised by a subsidiary	4,627,158	4,176,627

The directors have assessed the fair values of these financial guarantees to have no material financial impact on the results for the financial year ended 31 March 2018 and 31 March 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

27. COMMITMENTS

(a) Operating lease commitments - as lessee

The Group leases certain staff hostel, offices and warehouse from non-related parties under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities are as follows:

	Group	
	2018	2017
	$	$
Not later than one year	707,577	583,268
Later than one year but not later than five years	1,999,208	–
	2,706,785	583,268

Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debts or further leasing.

(b) Capital commitments

Capital commitment not provided for in the financial statements:

	Group	
	2018	2017
	$	$
Capital commitments in respect of property, plant and equipment	208,983	–

28. RELATED PARTY TRANSACTIONS

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related party, who is not a member of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	2018	2017
	$	$
With related party		
Sales of goods	563,802	11,095

28. RELATED PARTY TRANSACTIONS (CONT'D)

The related party is an entity in which a key management personnel of the Company has controlling interest.

	Group	
	2018	2017
	$	$
Key management personnel compensation		
Directors of the Company		
- Salaries and related costs	715,740	483,320
- Directors' fees	201,435	263,667
Directors of subsidiaries		
- Salaries and related costs	132,138	154,297
- Employer's contribution to defined contribution plans	14,803	14,280
- Directors' fees	40,912	14,493
Other key management personnel		
- Salaries and related costs	1,103,438	1,311,120
- Employer's contribution to defined contribution plans	58,731	62,984
	2,267,197	2,304,161

Total key management personnel compensation:

	Group	
	2018	2017
	$	$
Salaries and related costs	2,193,663	2,226,897
Employer's contribution to defined contribution plans	73,534	77,264
	2,267,197	2,304,161

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entities. All directors and certain managers are considered key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

29. SEGMENT INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on a quarterly basis.

The following summary describes the operation in each of the Group's reportable segments:

(i) Investment

This segment relates to investment holding companies.

(ii) Door business

This relates to manufacture and distribution of doors, furniture and fittings, wood related products and supply and installation of doors and wood based flooring.

(iii) Property business

This relates to rental of premises/property and property development.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the chief operating decision maker. Segment assets consist of property, plant and equipment, property held-for-sale, development property, land held for development, available-for-sale financial assets, inventories, trade and other receivables, including gross amount due from customers for contract work and operating cash and bank balances. Segment liabilities comprise operating liabilities and exclude items such as income tax payable, deferred tax liabilities, shares with preference rights and borrowings. Capital expenditure comprises additions to property, plant and equipment (Note 11).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

29. SEGMENT INFORMATION (CONT'D)

The segment information provided to management for the reportable segments are as follows:

Business segments

	Investment $	Door Business $	Property Business $	Total $
For the financial year ended 31 March 2018				
Segment revenue				
Sales - external	–	33,214,614	93,034	33,307,648
Segment loss	(3,605,280)	(3,413,336)	(2,090,086)	(9,108,702)
Other income				843,831
Finance cost				(573,290)
Loss before income tax				(8,838,161)
Income tax credit				820,106
Loss for the financial year				(8,018,055)
Assets				
Segment and consolidated total assets	10,159,088	38,094,531	49,189,009	97,442,628
Liabilities				
Segment liabilities	355,152	3,578,373	1,403,104	5,336,629
Borrowings				4,705,132
Income tax payable				46,260
Deferred tax liabilities				1,168,548
Consolidated total liabilities				11,256,569
Other segment items				
Capital expenditure	65,047	3,943,455	–	4,008,502
Depreciation of property, plant and equipment	109,698	921,817	2,184	1,033,699
Impairment loss on property, plant and equipment	–	40,991	–	40,991
Inventories written down	–	819,731	–	819,731
Loss on disposal of property, plant and equipment	–	26,569	–	26,569

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

29. SEGMENT INFORMATION (CONT'D)

Business segments (cont'd)

	Investment $	Door Business $	Property Business $	Total $
For the financial year ended 31 March 2017				
Segment revenue				
Sales - external	–	44,261,839	1,386,194	45,648,033
Segment (loss)/profit	(3,237,504)	7,314,213	428,559	4,505,268
Other income				10,123,132
Finance cost				(1,240,901)
Profit before income tax				13,387,499
Income tax expense				(3,451,640)
Profit for the financial year				9,935,859
Assets				
Segment and consolidated total assets	29,317,045	41,220,207	53,149,403	123,686,655
Liabilities				
Segment liabilities	480,095	4,315,893	827,640	5,623,628
Borrowings				19,289,076
Income tax payable				700,092
Deferred tax liabilities				4,002,860
Shares with preference rights				4,740,000
Consolidated total liabilities				34,355,656
Other segment items				
Capital expenditure	2,653,173	177,225	–	2,830,398
Depreciation of property, plant and equipment	116,302	914,259	12,399	1,042,960
Fair value gain on investment property	–	–	(8,848,240)	(8,848,240)
Inventories written down	–	177,669	–	177,669
Allowance for impairment of doubtful trade receivables	–	126,267	–	126,267
Write back of allowance for impairment of doubtful trade receivables	–	(27,759)	–	(27,759)
Impairment loss on available-for-sale financial assets	–	–	2,306	2,306
Bad debt written off	–	43,996	–	43,996
(Gain)/loss on disposal of property, plant and equipment	(56,260)	35,357	–	(20,903)

29. SEGMENT INFORMATION (CONT'D)

Geographical information

The Group's three business segments operate in following geographical areas:

Singapore/Australia/Indonesia

The Company is headquartered in Singapore. The areas of operation mainly arise from support and installation of doors and wood based floorings, import and distribution of doors, locksets ironmongeries, furniture and fittings, wood related products, rental of premises, investment property, investment holding and development of land and property.

Malaysia/China/Vietnam/Hong Kong

The main activities are the manufacturing and supply of wood based doors, mouldings and floorings.

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

	Revenues		Non-current assets	
	2018	2017	2018	2017
	$	$	$	$
Singapore	305,569	6,519,658	6,496,192	6,787,204
Malaysia	–	10,414	11,847,273	7,089,803
China	–	4,865	1,029,746	648,241
Australia	93,034	1,386,194	–	–
Vietnam	–	–	345,040	6,643,612
United Kingdom	29,981,625	35,248,933	–	–
Brunei	563,802	–	–	–
Ireland	2,232,621	2,247,344	–	–
United States of America	130,997	230,625	–	–
	33,307,648	45,648,033	19,718,251	21,168,860

Non-current assets presented above excludes financial assets.

29. SEGMENT INFORMATION (CONT'D)

Information about major customer

Revenue of approximately $24,370,964 (2017: $26,818,369) are derived from 3 (2017: 2) external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

Customer	Attributable segments	2018 $	2017 $
Customer 1	Door Business	12,022,470	15,871,915
Customer 2	Door Business	7,456,917	10,946,454
Customer 3	Door Business	4,891,577	3,759,614
		24,370,964	30,577,983

30. FINANCIAL INSTRUMENTS

(a) Financial instruments by category

	Group		Company	
	2018 $	2017 $	2018 $	2017 $
Available-for-sale financial assets	461	461	–	–
Loans and receivables (including cash and cash equivalents)				
- at amortised cost	19,709,249	43,429,924	28,338,161	47,286,900
- at cost	–	–	21,311,617	–
Financial assets	19,709,710	43,430,385	49,649,778	47,286,900
Financial liabilities at amortised cost	10,032,154	29,643,097	12,627,094	5,220,095

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are foreign exchange risk, interest rate risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is the Group's policy not to trade in derivative contracts.

Foreign exchange risk

The Group has currency exposure arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of entities of the Group. The foreign currencies in which the Group's currency risk arise are mainly United State Dollar ("USD"), Malaysian Ringgit ("MYR"), Australian Dollar ("AUD") and Singapore Dollar ("SGD"). The Company has investments in foreign subsidiaries whose net assets are exposed to currency translation risk. The Group does not have a policy to hedge its exposure to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Foreign exchange risk (cont'd)

	USD $	MYR $	SGD $	AUD $
Group				
2018				
Financial assets				
Trade and other receivables	958,174	–	53,540	–
Cash and cash equivalents	7,657,927	68	26,387	199,104
Amount owing by related companies	–	–	4,961,000	–
	8,616,101	68	5,040,927	199,104
Financial liabilities				
Trade and other payables	296,220	–	–	–
Borrowings	1,378,367	–	–	–
Amount owing to holding company	–	–	20,704,017	–
Amount owing to related companies	15,148,560	4,703,805	3,793,672	12,271,942
	16,823,147	4,703,805	24,497,689	12,271,942
Net financial liabilities denominated in foreign currency exposure	(8,207,046)	(4,703,737)	(19,456,762)	(12,072,838)
2017				
Financial assets				
Trade and other receivables	9,758,536	–	2,170	–
Cash and cash equivalents	6,888,704	–	24,609	482,653
Amount owing by related companies	–	–	2,870,137	–
	16,647,240	–	2,896,916	482,653
Financial liabilities				
Trade and other payables	619,634	–	–	–
Shares with preference rights	–	4,740,000	–	–
Borrowings	840,132	–	–	–
Amount owing to holding company	–	–	20,578,447	–
Amount owing to related companies	9,980,797	5,008,884	945,492	–
	11,440,563	9,748,884	21,523,939	–
Net financial assets/(liabilities) denominated in foreign currency exposure	5,206,677	(9,748,884)	(18,627,023)	482,653

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Foreign exchange risk (cont'd)

	USD $	MYR $	AUD $
Company			
2018			
Financial assets			
Cash and bank balances, representing net financial assets denominated in foreign currency exposure	6,366,524	68	199,104
Less: Financial liabilities			
Trade and other payables	–	–	12,271,942
Net financial assets/(liabilities) denominated in foreign currency exposure	6,366,524	68	(12,072,838)
2017			
Financial assets			
Trade and other receivables	8,983,924	–	–
Cash and bank balances	3,878,911	–	482,653
	12,862,835	–	482,653
Less: Financial liabilities			
Shares with preference rights (Note 23)	–	4,740,000	–
Net financial assets/(liabilities) denominated in foreign currency exposure	12,862,835	(4,740,000)	482,653

Foreign exchange risk sensitivity

A 10% (2017: 10%) strengthening of the following foreign currencies against the relevant functional currencies of the Group's subsidiaries and the Company at the balance sheet date would increase/(decrease) the Group and the Company's (loss)/profit after income tax approximately by the amounts shown as below. This analysis assumes that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Foreign exchange risk (cont'd)

Foreign exchange risk sensitivity (cont'd)

	Increase/ (decrease) in loss after tax	Increase/ (decrease) in profit after tax
	2018	**2017**
	$	**$**
Group		
USD/SGD	(528,927)	1,068,059
USD/MYR	672,213	(361,229)
USD/RMB	413,539	(203,512)
MYR/SGD	4,965	(388,528)
MYR/VND	371,514	(405,426)
SGD/AUD	1,159,081	(1,284,598)
AUD/SGD	1,002,046	40,060

	Increase/(decrease) in loss after tax	
	2018	**2017**
	$	**$**
Company		
USD/SGD	(528,421)	(1,067,616)
MYR/SGD	(6)	393,420
AUD/SGD	1,002,046	(40,060)

A 10% (2017: 10%) weakening of the above foreign currencies against the relevant functional currencies of the Group's subsidiaries and the Company would have an equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

The Group is also exposed to currency translation risk arising from its net investment in its foreign operation in other countries mainly Malaysia, Australia, Vietnam and China. The Group's net investments in Malaysia, Australia, Vietnam and China are not hedged as currency positions in Malaysian Ringgit, Australian Dollar, United State Dollar and Renminbi are considered to be long-term in nature.

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Interest rate risk

The Group obtains additional financing through bank borrowings (interest bearing). The Group's policy to obtain the most favourable interest rate available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise interest rate swap or other arrangements for trading or speculative purposes. As at 31 March 2018, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest in financial instruments subject to floating interest rates is repriced regularly. The other financial instruments of the Group and of the Company that are not included in the liquidity risk are not subject to interest rate risks.

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of the instruments that have floating rates. A 100 (2017: 100) basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the possible change in the interest rates.

Interest rate sensitivity

If the interest rates had been 100 (2017: 100) basis points higher or lower and all other variables were held constant, the Group's loss for the financial year ended 31 March 2018 would increase/decrease $37,441 and profit for the financial year ended 31 March 2017 would decrease/increase $34,078. This was mainly attributable to the Group's exposure to interest rates on its floating rates borrowings (Note 20).

Liquidity risk

The Group and the Company monitors its liquidity risk and maintain a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Management monitors the Group's and Company's liquidity reserve, comprising cash and cash equivalents (Note 18) on the basis of expected cash flows.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Liquidity risk (cont'd)

	On demand or within 1 year $	Within 2 to 5 years $	More than 5 years $	Total $
Group				
2018				
Trade and other payables	5,327,022	–	–	5,327,022
Interest bearing borrowings				
- Foreign currency loan against import (Floating rates)	1,378,367	–	–	1,378,367
- Term loan I (Floating rates)	240,513	1,202,566	3,801,249	5,244,328
Finance lease obligations (Fixed rates)	27,431	61,761	–	89,192
	6,973,333	1,264,327	3,801,249	12,038,909
2017				
Trade and other payables	5,623,628	–	–	5,623,628
Shares with preference rights*	5,698,379	–	–	5,698,379
Interest bearing borrowings				
- Foreign currency loan against import (Floating rates)	840,132	–	–	840,132
- Term loan I (Floating rates)	224,793	966,260	4,227,386	5,418,439
- Term loan II (Fixed rates)	15,703,747	–	–	15,703,747
Finance lease obligations (Fixed rates)	22,919	72,988	15,393	111,300
	28,113,598	1,039,248	4,242,779	33,395,625

	On demand or within 1 year $	Within 2 to 5 years $	Total $
Company			
2018			
Trade and other payables	12,627,094	–	12,627,094
2017			
Trade and other payables	480,095	–	480,095
Shares with preference rights**	5,277,200	–	5,277,200
	5,757,295	–	5,757,295

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Liquidity risk (cont'd)

* Inclusive of cumulative dividend of RM0.1024, equivalent to $0.0324 in financial year 2017, per Class A ordinary share of KLWR on the basis that KPFB does not exercise the Put Option and continues to hold Class A shares until the Put Option expires and the liquidated damages of 10% of the total consideration (Note 23).

** This amount represents the aggregate of the consideration received for the disposal of the Class A ordinary shares of KLWR and the liquidated damages of 10% of the total consideration (Note 23).

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2018 $	2017 $
Company		
On demand or not later than 1 year		
Financial guarantees	5,239,200	5,650,200

The directors have assessed the fair values of these financial guarantees to have no material financial impact on the financial statements of the Company for the financial years ended 31 March 2018 and 31 March 2017.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties. It is the Group's policy that all customers whose wish is trade on credit terms are subject to credit verification procedures. Exposure to the credit risk is monitored on an ongoing basis.

At the balance sheet date:

- $1,449,024 (2017: $1,808,854) of the Group's trade receivables were due from 3 (2017: 2) major customers in door business segment, which supply building materials in the United Kingdom. $12,022,470, $7,456,917 and $4,891,577 (2017: $15,871,915 and $10,946,454) representing 36%, 22% and 15% (2017: 35% and 24%) respectively of the Group's revenue are generated from these customers during the financial year. 89% (2017: 54%) of the Company's other receivables were balances with 2 subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

- $Nil (2017:$37,623) of the Group's gross amount due from customers for contract works were due from Nil (2017: 1) major customers in Door business segment, mainly are the turnkey contractors of the residential projects in Singapore.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instruments presented on the balance sheet and including the corporate guarantees issued by the Company to bank as disclosed in Note 26.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The amounts presented in the balance sheet are net of allowances for impairment of trade receivables, estimated by management based on prior experience and the current economic environment.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due and impaired except for trade receivables. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Past due but not impaired				
- Past due 0 to 3 months	249,635	793,391	–	–
- Past due between 3 to 6 months	66,037	79	–	–
- Past due over 6 months	20,644	1,737	–	–
	336,316	795,207	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

30. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Financial assets that are past due and impaired

The Group's trade and other receivables that are impaired at the balance sheet date and the allowance for impairment losses are as follows:

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Trade receivables				
Gross amounts	–	126,267	299,529	299,529
Less: Allowance for impairment losses	–	(126,267)	(299,529)	(299,529)
	–	–	–	–
Other receivables				
Gross amounts	7,224,086	7,200,000	8,414,680	8,419,869
Less: Allowance for impairment losses	(7,224,086)	(7,200,000)	(8,414,680)	(8,419,869)
	–	–	–	–

The movements in allowance for impairment loss are disclosed in Note 15.

Trade receivables that are individually determined to be impaired at the balance sheet date related to debtors that are in financial difficulties and have defaulted on payment as well as by reference to past default experience. Included in the Group's trade receivables balance are debtor with total carrying amount of $336,316 (2017: $795,207), which is past due but not impaired as there has not been a significant change in credit quality and the amount is still considered recoverable.

As at balance sheet date, the Company provided an allowance for impairment amounted to $8,414,680 (2017: $8,419,869) on advances to its subsidiaries (trade and non-trade) as disclosed in Note 15. These relate to subsidiaries which are incurring losses and deemed financially unable to repay.

31. FAIR VALUES OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The table below analyses the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

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

(b) Fair value measurements of assets and liabilities that are measured at fair value

There were no assets and liabilities that are measured at fair value at the balance sheet date except for investment property (Note 12), available-for-sale financial assets (Note 14) and property held-for-sale (Note 19).

In addition to Note 11, the following table presents the level of fair value hierarchy for each class of assets measured at fair value on the balance sheet date:

	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurement				
Group				
2018				
Available-for-sale financial assets	461	–	–	461
2017				
Available-for-sale financial assets	461	–	–	461
Non-recurring fair value measurement				
2017				
Non-financial assets				
Property held-for-sale	–	36,594,000	–	36,594,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

31. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D)

(c) Movements in Level 3 assets measured at fair value

	Group	
	Investment property	
	2018	2017
	$	$
Net fair value gain recognised in profit or loss	–	8,848,240

(d) Valuation process applied by the Group

For the financial year ended 31 March 2017, the fair value of investment property is determined by external, independent property valuer, having appropriate professional qualifications and experience in the category of property being valued at the end of every financial year. For valuation performed by external valuers, management considers the appropriateness of the valuation technique and assumptions applied by the external valuers. The measurement of fair values of other assets and liabilities within Level 3 fair value hierarchy is performed by the Group's finance department on a quarterly basis. If third party quotes or pricing information are used to measure fair value, the finance team assesses the evidence obtained from the third parties to assess if such valuations meet the FRS and the fair value level hierarchy the measurement should be classified in. The valuation reports and changes in fair value measurements are analysed and reported to the Group Financial Controller regularly. Significant valuation issues are reported to the Audit Committee.

(e) Fair value of financial instruments by classes that are not carried at fair value

The carrying amounts of financial assets and financial liabilities reported on the balance sheet are reasonable approximation of their fair values, either due to their short term nature and the effect of discounting is immaterial, that they are floating rate instruments that are repriced to market interest rate on or near the balance sheet date, or that there are no significant changes in the interest rates available to the Group and the Company.

32. CAPITAL MANAGEMENT

The Group's policy is to maintain adequate capital based to ensure continuity as a going concern and maintain an optimal capital structure for expansion plan of the group. The Group funds its operations and growth through a mix of equity and debts by maintenance of adequate lines of credit and assessing the need to raise additional equity where required.

Management monitors capital based on gearing ratio to ensure compliance with all borrowing covenants.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

32. CAPITAL MANAGEMENT (CONT'D)

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Total borrowings and payables	10,041,761	29,652,704	12,627,094	5,220,095
Cash and cash equivalents	(15,471,010)	(28,079,850)	(7,512,263)	(17,525,308)
Net (surplus)/debt	(5,429,249)	1,572,854	5,114,831	(12,305,213)
Total equity	76,369,965	89,330,999	71,818,972	73,523,580
Total capital	70,940,716	90,903,853	76,933,803	61,218,367
Gearing ratio	N.M	0.017	0.066	N.M

N.M - Not meaningful

The Board of Directors reviews the capital structure on the annual basis. As part of this review, the directors consider the cost of capital and the risk associated with each class of capital, and monitors the gearing ratio. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or redemption of existing debts.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

33. LEGAL CLAIMS AND CONTINGENT LIABILITIES

On 7 September 2015, a writ of summons and statement of claim was issued against Mr Chan by the Company and filed in the High Court. The Company was claiming for the sum of $7.0 million, paid as a refundable commitment fee to Straitsworld Advisory Limited ("Straitsworld") under a term sheet in respect of a property development project in Zhangye Gansu, the People's Republic of China, and due to the Company under a subsequent term sheet, Vietnam Term Sheet, under which, inter alia, Mr Chan undertook to fulfil the payment obligation of Straitsworld.

On 30 September 2015, Mr Chan had filed a defence and counterclaim. Mr Chan, inter alia, denied the claims of the Company and has counterclaimed for a total sum of $3.45 million (including an alleged loan of $0.75 million) which he has alleged are owing to him from the Company.

In response, the Company has filed a reply and defence to counterclaim on 9 October 2015, in which the Company has expressly denied all the allegations set out in Mr Chan's counterclaims and has put Mr Chan to strict proof of each of his counterclaims.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

33. LEGAL CLAIMS AND CONTINGENT LIABILITIES (CONT'D)

On 26 November 2015, the Company announced that it had withdrawn the action filed against Mr Chan for the repayment of $7 million and that the Company filed a writ of summons and statement of claim against Straitsworld and Mr Chan in the High Court. The Company is claiming for the following:

(a) the payment of $7.0 million;
(b) alternatively, damages to be assessed;
(c) interests and costs; and
(d) such further or other relief as the Court deems fit.

On 18 December 2015, Straitsworld and Mr Chan had filed a defence and counterclaim. They denied the claims of the Company and has sought for, inter alia, a declaration that the Project Happy Term sheet be rescinded against Mr Chan and damages.

On 6 April 2016, the Company had filed a reply and defence to counterclaim denying Straitsworld's and Mr Chan's Counterclaims.

On 25 April 2016, the Court dismissed Mr Chan's application for summary judgement and granted the Company unconditional leave to defend Mr Chan's claim for the alleged loan of $0.75 million.

On 3 May 2016, the Company had filed an application for summary judgement against Straitsworld and Mr Chan for the sum of $7.0 million, interests and costs.

On 18 October 2016, the High Court has granted summary judgement in favour of the Company for the sum of $7.0 million, interest on the sum of $7.0 million at the rate of 5.33% per annum from 21 November 2015 and costs of $10,000 excluding disbursements, which are to be agreed if not taxed.

Mr Chan and Straitsworld lodged an appeal against the court's decision. On 28 September 2017, the Court of Appeal dismissed Mr Chan and Straitsworld's appeal and ordered that costs of the appeal be fixed at S$20,000 (inclusive of disbursements) be paid by them to the Company.

On 6 January 2017, Mr Chan discontinued part of his counterclaim amounting to $2/$2.2 million, with costs to be agreed if not taxed. On 19 December 2017, Mr Chan's remaining counterclaims for repayment of an alleged loan and commission totalling the sum of $1.25 million was also struck out. However, on 19 January 2018, the High Court Judge partially allowed Mr Chan's appeal and restored his commission counterclaim of $0.5 million but ordered Mr Chan to pay costs of $14,000 plus reasonable disbursements to the Company in relation to the striking out of the loan counterclaim and the appeal. The proceeding will be stayed until all outstanding costs order was paid by Mr Chan to the Company.

On 12 February 2018, the Company filed an application to commence bankruptcy proceedings against Mr Chan.

On 19 March 2018, the Company filed an application for a peremptory order to compel Mr Chan to pay to the Company all costs that he has been ordered to pay to the Company, failing which, among other things, Mr Chan's remaining commission counterclaim would be dismissed with costs without further order.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

33. LEGAL CLAIMS AND CONTINGENT LIABILITIES (CONT'D)

As at 31 March 2018, the commission counterclaim is stayed and the bankruptcy proceedings are ongoing.

As at 31 March 2018, the amounts owing by Mr Chan and Straitsworld to the Company pursuant to the summary judgement and the costs orders in the counterclaim amounted to $7,865,362. The Company commenced various enforcement proceedings against Mr Chan to recover the amounts owing, and has been able to recover a total of $68,072 to date.

The amount of $7.0 million has been fully provided for in the financial statements of the Group and the Company during the financial year ended 31 March 2015. In the event that there is any recovery of the fees, adjustment may have to be made in the financial statements of the Group.

With respect to the counterclaims filed against the Company, the directors of the Company, based on legal advice obtained, are of the view that there are no liabilities required to be recognised in the financial statements.

34. INVESTIGATION BY THE COMMERCIAL AFFAIRS DEPARTMENT

On 19 November 2015, the Company received a notice from the Commercial Affairs Department ("CAD") of Singapore Police Force which states that CAD is investigating an offence under the Securities and Futures Act (Chapter 289 of Singapore) pursuant to the provisions of the Criminal Procedure Code 2012 (Chapter 68, 2012 Revised Edition). For the purpose of the investigation, CAD requested access to documents and information from the Company and its subsidiaries for the period from 1 January 2012 until the date when the notice was served.

The Company's then managing director and then Group Financial Controller were interviewed by CAD officers in relation to its investigation. Subsequently, the Group Finance Manager and Group Accountant of the Company were interviewed by the CAD.

The directors of the Company have advised that the CAD has not provided any details of its investigation, and that there had been no further updates from CAD since the serving of the notice, the submission of the documents and the aforementioned interviews of the consultant and employees of the Company. As at the date of these financial statements, the investigation is substantially completed. The business and day-to-day operations of the Group are not affected by the investigation and have continued as normal. The directors of the Company are of the view that the investigation should not have material financial impact on the Group's and the Company's financial statements.

35. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the directors dated 5 July 2018.

SIZE OF SHAREHOLDINGS

As at 14 June 2018

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held	Percentage
1 – 99	49	1.64%	678	0.00%
100 – 1,000	122	4.08%	104,995	0.00%
1,001 – 10,000	465	15.56%	2,852,705	0.05%
10,001 – 1,000,000	1,973	66.01%	464,676,262	8.64%
1,000,001 and above	380	12.71%	4,912,921,676	91.31%
Total	2,989	100.00	5,380,556,316	100%

Number of shares : 5,380,556,316
Class of shares : Ordinary Shares
Voting rights : One vote per share

Based on information available to the Company as at 14 June 2018, approximately 69% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TOP TWENTY SHAREHOLDERS AS AT 14 JUNE 2018

S/No.	Name	No. of Shares	Percentage
1	PHILLIP SECURITIES PTE LTD	1,194,056,807	22.19%
2	UOB KAY HIAN PTE LTD	915,956,200	17.02%
3	CITIBANK NOMINEES SINGAPORE PTE LTD	262,657,200	4.88%
4	DBS NOMINEES PTE LTD	97,812,900	1.82%
5	KOH KOW TEE MICHAEL	77,289,000	1.44%
6	MAYBANK KIM ENG SECURITIES PTE LTD	66,841,200	1.24%
7	TAN MENG CHIANG	62,205,000	1.16%
8	OCBC SECURITIES PRIVATE LTD	55,962,000	1.04%
9	TAN POH GEOK	48,000,000	0.89%
10	RAFFLES NOMINEES (PTE) LTD	47,859,000	0.89%
11	HENG YONG SENG	43,000,000	0.80%
12	TAY YONG HUA	40,000,675	0.74%
13	WONG LEH ING	40,000,000	0.74%
14	LEE HAN PENG	39,794,000	0.74%
15	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	37,318,900	0.70%
16	CHEN MIN I OR CHEN CHIH-YUAN	35,000,000	0.65%
17	LAU SONG CHIN	34,947,500	0.65%
18	TAN SOO CHONG	33,000,000	0.61%
19	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	32,795,202	0.61%
20	LIEW WING ONN	31,386,900	0.58%
		3,195,882,484	59.39%

SIZE OF SHAREHOLDINGS

As at 14 June 2018

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

	No. of Shares	
Name of Shareholders	**Direct Int**	**Deemed Int**
Pengiran Muda Abdul Qawi	–	500,000,000#
Sunny Wealth Limited [1]	–	1,044,185,000
Wong Ben Koon [2]	121,000,000	1,044,185,000

Interest registered under UOB Kay Hian Pte Ltd.

1 Interests are held through its nominee, Phillip Securities Pte Ltd.

2 Mr Wong Ben Koon is the sole shareholder of Sunny Wealth Limited, a company incorporated in the British Virgin Islands. Mr Wong Ben Koon is deemed to have an interest in all shares held by Sunny Wealth Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of KLW HOLDINGS LIMITED will be held at RELC International Hotel, Tanglin 1, Level 1, 30 Orange Grove Road, Singapore 258352 on Friday, 27 July 2018 at 10 a.m., for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31 March 2018 and the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$211,000 for the financial year ending 31 March 2019, to be paid in arrears. **(Resolution 2)**

3. To re-elect the following Directors retiring under Article 109 of the Company's Constitution:

   a. Ms Wong Gloria [See Explanatory Note (a)] **(Resolution 3)**
   b. Mr Lim Han Siang Peter [See Explanatory Note (b)] **(Resolution 4)**

4. To re-elect Mr Mark Leong Kei Wei, a Director retiring under Article 119 of the Company's Constitution. [See Explanatory Note (c)] **(Resolution 5)**

5. To re-appoint Messrs Baker Tilly TFW LLP as the Company's Independent Auditors and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

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

AS SPECIAL BUSINESS:

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

7. **SHARE ISSUE MANDATE**

   That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore and the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Rules of the Catalist**") and notwithstanding the provisions of the Constitution of the Company, authority be and is hereby given to the Directors of the Company to:

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

   (ii) make or grant offers, agreements or options (collectively, "**instruments**") that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

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

provided that:

(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) does not exceed hundred per cent (100%) of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist of the SGX-ST) and treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist of the SGX-ST) and treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist of the SGX-ST) and treasury shares of the Company shall be calculated based on the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist of the SGX-ST) and treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

(1) new shares arising from the conversion or exercise of any convertible securities;

(2) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of the Catalist; and

(3) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of the Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; 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 (d)] **(Resolution 7)**

By Order of the Board
Abdul Jabbar Bin Karam Din
Company Secretary

Singapore, 12 July 2018

NOTICE OF ANNUAL GENERAL MEETING

Notes:-

1. Save as provided in the Constitution, a member (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

3. The instrument appointing a proxy or proxies, duly executed must be deposited at the Registered Office of the Company at 2 Kallang Ave, #07-03 CT Hub Singapore 339407 not less than forty-eight (48) hours before the time fixed for the Annual General Meeting.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an official or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

* A Relevant Intermediary is:

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

(ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

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

EXPLANATORY NOTES:

(a) **Resolution 3** is to re-elect Ms Wong Gloria as a Director of the Company. Ms Wong Gloria will, upon re-election, remain as an Executive Director of the Company.

(b) **Resolution 4** is to re-elect Mr Lim Han Siang Peter as a Director of the Company. Mr Lim will, upon re-election, remain as an Independent Director and the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company.

(c) **Resolution 5** is to re-elect Mr Mark Leong Kei Wei as a Director of the Company. Mr Leong will, upon re-election, remain as an Independent Director and the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee of the Company.

NOTICE OF ANNUAL GENERAL MEETING

(d) **Resolution 7** is to empower the Directors to issue shares in the capital of the Company and/or instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 7 (including shares to be issued in pursuance of instruments made or granted) shall not exceed hundred per cent (100%) of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist of the SGX-ST) and treasury shares of the Company, with a sub-limit of fifty per cent (50%) for shares issued other than on a pro rata basis (including shares to be issued in pursuance of instruments made or granted pursuant to this Resolution) to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist of the SGX-ST) and treasury shares of the Company will be calculated based on the total number of issued shares excluding subsidiary holdings (as defined in the Rules of Catalist of the SGX-ST) and treasury shares of the Company at the time of the passing of Resolution 7, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 7, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of the Catalist of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

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) for the purpose of the processing and administration by the Company (or its agents) 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) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

KLW HOLDINGS LIMITED
(Incorporated in Singapore)
(Registration No. 199504141D)

PROXY FORM

(Please see notes overleaf before completing this Form)

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

I/We, ______________________________ (Name) ____________________ (NRIC / Passport no.)

of ____ (Address)

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

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

and/or (delete as appropriate)

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

or failing him/her the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company ("**Meeting**") to be held at RELC International Hotel, Tanglin 1, Level 1, 30 Orange Grove Road, Singapore 258352 on Friday, 27 July 2018 at 10 a.m. and at any adjournment thereof.

The proxy/proxies shall vote on the Resolutions set out in the notice of Meeting in accordance with my/our directions as indicated hereunder. Where no such direction is given, the proxy/proxies may vote or abstain from voting at his/their discretion, on any matter at the Meeting or at any adjournment thereof.

No.	Resolutions relating to:	For*	Against*
	ORDINARY BUSINESS		
1	Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2018 and the Auditors' Report thereon **(Resolution 1)**		
2	Approval of Directors' fees of S$211,000 for the financial year ending 31 March 2019, to be paid in arrears **(Resolution 2)**		
3	Re-election of Ms Wong Gloria as a Director retiring under Article 109 of the Company's Constitution **(Resolution 3)**		
4	Re-election of Mr Lim Han Siang Peter as a Director retiring under Article 109 of the Company's Constitution **(Resolution 4)**		
5	Re-election of Mr Mark Leong Kei Wei as a Director retiring under Article 119 of the Company's Constitution **(Resolution 5)**		
6	Re-appointment of Messrs Baker Tilly TFW LLP as auditors **(Resolution 6)**		
7	Authority to issue shares under the Ezion Employee Share Option Scheme		
	SPECIAL BUSINESS		
8	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 **(Resolution 7)**		

* If you wish to exercise all your votes "For" or "Against", please indicate with an "x" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _________ day of ____________, 2018

Total Number of Shares held in:	
CDP Register	
Register of Members	

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 2 Kallang Ave, #07-03 CT Hub Singapore 339407 not less than 48 hours before the time set for the meeting.

4. Where a member (other than a Relevant Intermediary*) appointing more than one proxy shall specify the percentage of shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

5. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

6. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an official or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

8. 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 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

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

* A Relevant Intermediary is:

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

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

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

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 July 2018.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pengiran Muda Abdul Qawi
Non-Executive Chairman

Mr Mark Leong Kei Wei
Independent Director

Mr Lim Han Siang Peter
Independent Director

Mr Chan Ka Kin Kevin
Independent Director

Ms Wong Gloria
Executive Director

Mr Lam Chi Yun
Executive Director

Ms Lam Kwan
Executive Director

COMPANY SECRETARY

Mr Abdul Jabbar Bin Karam Din
Rajah & Tann Singapore LLP
9 Battery Road #25-01
Singapore 049910

REGISTERED OFFICE

2 Kallang Ave, CT Hub #07-03,
Singapore 339407
Telephone: 6754 1854
Fax: 6752 9908
Website: www.klw.com.sg

REGISTRAR AND SHARE TRANSFER OFFICE

Intertrust Singapore Corporate Services Pte. Ltd.
77 Robinson Road
#13-00 Robinson 77
Singapore 068896

EXTERNAL AUDITOR

Baker Tilly TFW LLP
(Registered with ACRA)
Public Accountants and Chartered Accountants of Singapore
600 North Bridge Road #05-01
Parkview Square
Singapore 188778

Partner-in-charge: Mr Khor Boon Hong
(Appointed with effect from the financial year ended 31 March 2016)

INTERNAL AUDITOR

BDO LLP
600 North Bridge Road #23-01
Parkview Square
Singapore 188778

Partner-in-charge: Mr Willy Leow
Year of appointment: 2016

SPONSOR

R & T Corporate Services Pte. Ltd.
9 Battery Road #25-01
Singapore 049910

Registered Professional:
Mr Howard Cheam Heng Haw
Year of appointment: 2016

KLW HOLDINGS LIMITED

Company Registration No.
199504141D

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CT Hub #07-03,
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