KING WAN CORPORATION LIMITED

THE SUM OF ABILITIES

Annual Report 2021

The new normal is volatile,
uncertain, complex and ambiguous.
Hearteningly, the sum of our abilities
has not only empowered King Wan
to overcome challenges in the
environment, but also brought about
opportunities that enable us
to realise a positive future.

Contents

Corporate Profile

Established in 1977, King Wan Corporation Limited is a Singapore-based integrated building services company with principal activities in the provision of Mechanical and Electrical ("M&E") engineering services for the building and construction industry. Over the past four decades, King Wan has grown from strength to strength to expand beyond its core businesses, and successfully ignited new growth engines to propel the Group for greater shareholders' value. The Group operates through its network of subsidiaries, associates and joint venture in Singapore, China and Thailand.

The Group operates principally in two major business segments as follows:

Mechanical & Electrical Engineering Services Segment

The Group provides multi-disciplined M&E engineering services such as the design and installation of plumbing and sanitary systems, air-conditioning and mechanical ventilation systems, electrical systems, fire protection and alarm systems, communications and security systems for the building and construction industry. It also provides mobile chemical lavatories for rental and ancilliary facilities for construction worksites as well as public and nationwide public events.

Investment Portfolio Segment

Through direct investments, the Group now operates in three other business sectors i.e. Vessel Ownership and Chartering, Property Development, and Operation of Workers' Dormitory.

STABLE + ABILITY =

STABILITY

Our Values

Commitment
We are fully committed to our customers, our staff and our shareholders to give them returns that exceed their expectations.

Integrity & Professionalism
We do our jobs with the highest level of integrity and professionalism.

Quality & Reliability
We aim to provide services that are unsurpassed in quality and reliability attained through regulated, coordinated planning and management while ensuring competitive cost execution.

People
We value the contribution of each and every member of our team and seek to develop all staff to their fullest potential.

Passion
We approach every task with heart and passion.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I present the annual report of King Wan Corporation Limited ("King Wan") for the financial year ended 31 March 2021 ("FY2021").

For the whole of 2020, the Singapore economy contracted by 5.4%, a reversal from the 1.3% growth recorded in 2019. In particular, the construction sector shrank by 35.9%, a sharp retraction from the 1.6% growth posted in 2019, weighed down by weakness in both public sector and private sector construction works.[1]

The COVID-19 pandemic has undoubtedly imposed unprecedented challenges on the construction industry in Singapore where the Group is mainly operating in. During the "Circuit Breaker" period in Singapore from 7 April 2020 to 1 June 2020, almost all the construction activities were halted. Following the progressive easing of restrictions and as economies reopening after the "Circuit Breaker" period, the construction progress at sites is slowed down by the requirement to comply with the safe management measures. The manpower crunch is further exacerbated by the border restrictions on the entry of foreign workers from South Asia which has led to an increase in manpower cost. In addition, the stiff global competition for resources and increase in freight cost have also pushed up the cost of materials. We have also observed a plunge in the contracts awarded for construction works amid the prevailing market uncertainties.

To navigate this unprecedented global health and economic crisis, we adopted a proactive approach, through financial prudence and depended on our core competencies, to deliver our services in a more cost effective and efficient manner. We continue to be committed to enhance our capabilities to capture opportunities.

Financial Performance

The consolidated revenue of the Company and its subsidiaries ("Group") for FY2021 was $45.9 million, a decrease of 36.6% compared to $72.4 million in FY2020 due to the impacts brought about by the COVID-19 pandemic. Overall, gross profit margin for the works completed in FY2021 was 6.6%, lower than the 12.8% achieved in FY2020.

The Group recorded a net loss after income tax of $1.5 million in FY2021 (FY2020 : net profit after income tax of $0.4 million). This was mainly due to lower gross profit achieved because of operating losses arising from the halt of construction activities during the "Circuit Breaker" period and increase in construction costs for certain projects as a result of the COVID-19 pandemic, as well as lesser variation orders being recognised as revenue. The loss was partially offset by the increase in demand for portable lavatories during the year.

Our Group's financial position as at 31 March 2021 remained sound with cash and cash equivalents recorded at $11.1 million (FY2020 : $8.2 million) and a net debt-equity ratio of 38.3% (FY2020 : 47.9%). As at 31 March 2021, the Group's net assets stood at $59.1 million (FY2020 : $55.7 million), translating into a net asset value of 16.9 cents (FY2020 : 16.0 cents) per share. The increase in net assets was a result of an increase in Group's investment in Kaset Thai International Sugar Corporation Public Company Limited ("KTIS") listed on Thailand Stock Exchange, carried at fair value through other comprehensive income. The share price of the KTIS shares held by the Group had increased to THB 3.92 per share as at 31 March 2021 compared with THB 2.88 as at 31 March 2020.

Our Group's financial position as at 31 March 2021 remained sound with cash and cash equivalents recorded at $11.1 million (FY2020 : $8.2 million) and a net debt-equity ratio of 38.3% (FY2020 : 47.9%).

Our Core M&E Engineering Services Business

In our core M&E engineering services business, we continued to secure projects from both the private and public sectors. During the year, the Group managed to secure new projects including *Daintree Residence*, *Temporary Worker's Dormitory at Sengkang*, and additions and alterations and interior fitting out works at *Great Eastern @ Changi*. Despite the difficulties imposed by the COVID-19 pandemic, we completed private residential project, *Forest Woods Residence*.

While the market conditions remain difficult, the Group has managed to maintain a firm foothold in the core M&E engineering services. As at 31 March 2021, the Group's order book stood at $156.9 million.

Our Investment Portfolio

Vessel Ownership and Chartering

Since June 2020, the Group had continued to charter its bulk carrier but at a reduced rate as the demand for dry bulk had been significantly impacted by the COVID-19 pandemic. However, the demand for dry bulk commodities such as steel, aluminum and iron ore has subsequently increased and is expected to remain firm with the support from the Special Purpose Bonds issued by the China government to spur its construction industry between August and October 2020 and moving forward. The charter rate of the bulk carrier has improved slightly since December 2020.

Property Development

The outlook for the property sector in Dalian, People's Republic of China remains uncertain. Apart from the existing keen competition for buyers from other developments in the vicinity of our project, the sales have provisionally slowed down by the prevailing property market conditions mainly due to local government's stringent containment measures implemented as and when there are new COVID-19 cases being identified locally. The Group continues to exercise prudence and will not commence work on any new phases until the market has shown clear signs of improvement. As the market recovery expects to be protracted, we will tread cautiously with the market conditions, adjust the marketing strategy and plan the completed properties for sale to the market appropriately.

Chairman's Statement

Operation of Workers' Dormitory

Tuas South Dormitory has shown improvement in both rental rate and occupancy rate since it first starts operations in 2016. Since the onset of the COVID-19 pandemic, it has been working closely with the Singapore government to implement stringent measures in accordance with regulations introduced to curb the outbreak of COVID-19, while taking care of its residents' welfare. The Group's dormitory business is expected to face challenges going forward in view that the Singapore government's impending new safe management measures for dormitories are likely to be imposed in 2021.

Business Outlook

The Building and Construction Authority ("BCA") projects the total construction demand or the value of construction contracts to be awarded in 2021 to range between $23.0 billion and $28.0 billion. The construction demand is expected to be driven by the public housing and infrastructure projects, the development of the remaining en-bloc residential sites, major retrofitting of commercial developments as well as construction of high-specification industrial buildings to meet business needs. BCA expects a steady improvement in construction demand over the medium term. It is projected to reach between $25.0 billion and $32.0 billion per year from 2022 to 2025.[2]

Taking into account the developments in the global and domestic economic environment, Singapore Ministry of Trade and Industry maintains its gross domestic product growth forecast for 2021 at 4.0% to 6.0%. Domestically, Singapore's COVID-19 situation remains under control and its vaccination programme is also underway. However, the pace of border re-opening has slowed amidst the global surge in COVID-19 cases and the emergence of more contagious strains of the virus.[1] While the construction sector is projected to recover with output to be substantially below pre-COVID level by end 2021, the recovery will be significantly impeded by the manpower crunch and the requirement to comply with safe management measures.[3]

In view that the market is on its path to recovery, the Group believes that its growth in the near future will continue to be primarily driven by its core M&E engineering services.

Dividends

In view of the current challenging environment and to exercise prudent cash and capital management, there is no dividend recommended for the financial year just ended.

Note of Appreciation

On behalf of the Group, I would like to express our deepest gratitude to our valued shareholders, banks, clients, business associates, management team, as well as our employees who have worked tirelessly with us to ride through the challenging times.

We would like to take this opportunity to welcome our new director, Dr. Teo Ho Pin who joined the Board on 1 April 2021. With his vast leadership experiences, Dr. Teo will be able to bring fresh insights to the Board and our business. We would also like to express our sincere gratitude to Mr. Goh Chee Wee for his invaluable contributions and dedication during his tenure of service.

Last but not least, I would like to thank the Board of Directors for their invaluable guidance. Together, we will continue to work hard to deliver greater value to our shareholders.

Chua Kim Hua
Chairman

(1) Economic Survey of Singapore 2020, Singapore Ministry of Trade and Industry, 15 February 2021.
(2) Public Sector Construction Demand to Support the Sector's Recovery, BCA, 18 January 2021.
(3) Economic Survey of Singapore First Quarter 2021, Singapore Ministry of Trade and Industry, 25 May 2021.

Group Structure

KING WAN CORPORATION LIMITED

Core Businesses

- **100%** Shinergy Engineering Pte. Ltd. (Singapore)
- **100%** King Wan Construction Pte. Ltd. (Singapore)
- **100%** K & W Mobile Loo Services Pte Ltd (Singapore)

Investment Portfolio

- **100%** Gold Topaz Pte. Ltd. (Singapore)
  - **30%** Gold Hyacinth Development Pte. Ltd. (Singapore)
- **100%** Harmony Investment Holding Pte. Ltd. (Singapore)
  - **19%** Nexus Point Investments Pte. Ltd. (Singapore)
- **100%** King Wan Industries Pte Ltd (Singapore)
  - **50%** Soon Zhou Investments Pte. Ltd. (Singapore)
    - **100%** Blue Oasis Investments Pte. Ltd. (Singapore)
      - **100%** Dalian Blue Oasis Properties Co., Ltd (China)
  - **49%** Chang Li Investments Pte. Ltd. (Singapore)
  - **49%** Soon Li Investments Pte. Ltd. (Singapore)
  - **49%** Li Ta Investments Pte. Ltd. (Singapore)
- **100%** King Wan Development Pte Ltd (Singapore)
  - **40%** Meadows Bright Development Pte Ltd (Singapore)
  - **36.6%** Dalian Shicheng Property Development (S) Pte. Ltd. (Singapore)
    - **100%** Dalian Shicheng Property Development Co., Ltd (China)
  - **30%** S.I. Property Co., Ltd (Thailand)

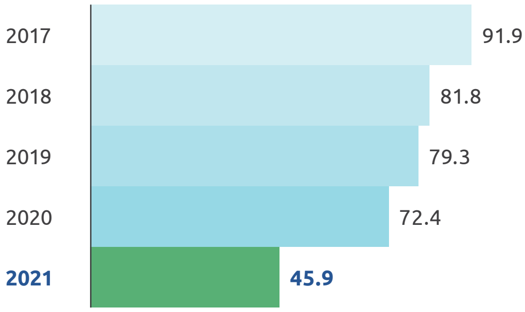
Five-year Financial Highlights

Year ended 31 March

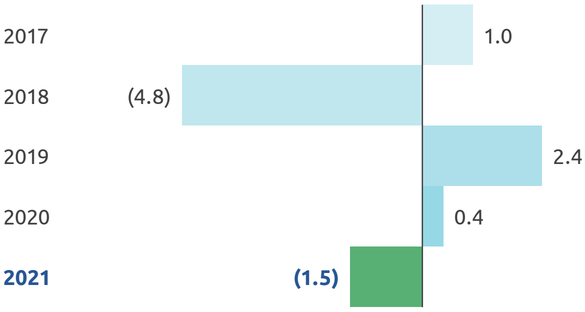
	2017 ($million)	2018 ($million)	2019 ($million)	2020 ($million)	2021 ($million)
FINANCIAL RESULTS					
Revenue	91.9	81.8	79.3	72.4	45.9
Profit/(Loss) after Income Tax	1.0	(4.8)	2.4	0.4	(1.5)
STATEMENT OF FINANCIAL POSITION					
Cash and Cash Equivalents	13.1	8.5	5.0	8.2	11.1
Property, Plant and Equipment	4.0	5.0	4.2	2.1	2.0
Right-of-Use Assets	-	-	-	2.8	2.3
Other Assets	108.6	114.4	112.7	99.4	102.8
Total Assets	**125.7**	**127.9**	**121.9**	**112.5**	**118.2**
Short and Long Term Borrowings	30.9	38.7	36.0	34.9	33.8
Other Liabilities	19.3	19.8	16.1	21.9	25.3
Total Liabilities	50.2	58.5	52.1	56.8	59.1
Total Equity	75.5	69.4	69.8	55.7	59.1
Total Liabilities and Equity	**125.7**	**127.9**	**121.9**	**112.5**	**118.2**
PER SHARE DATA (CENTS)					
Number of Shares	349,176,870	349,176,870	349,176,870	349,176,870	349,176,870
Earnings/(Loss) Per Share (Basic)	0.29	(1.39)	0.68	0.12	(0.43)
Net Assets	21.63	19.88	19.98	15.96	16.93
FINANCIAL RATIOS					
Return on Equity	1.3%	-7.0%	3.4%	0.8%	-2.5%
Return on Total Assets Employed	0.8%	-3.8%	1.9%	0.4%	-1.3%
Gross Debt to Total Equity Ratio	40.9%	55.8%	51.7%	62.6%	57.2%
Net Debt to Total Equity Ratio	23.6%	43.5%	44.5%	47.9%	38.3%

Financial Charts

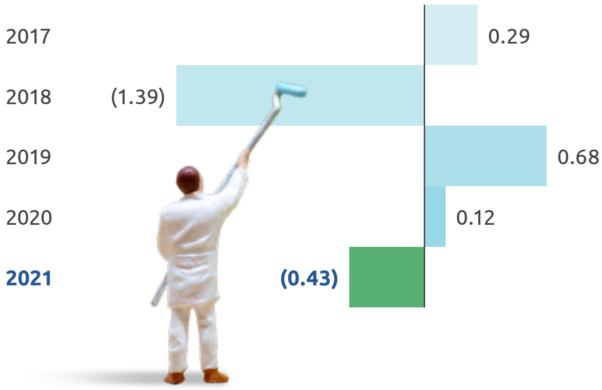
Revenue
($million)



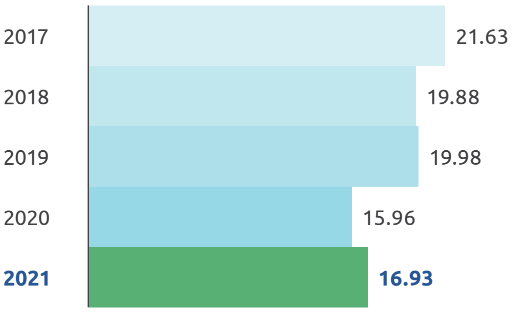
Profit/(Loss) after Income Tax
($million)



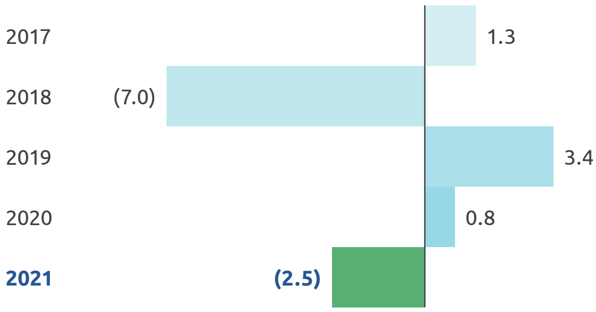
Earnings/(Loss) Per Share
(cents)



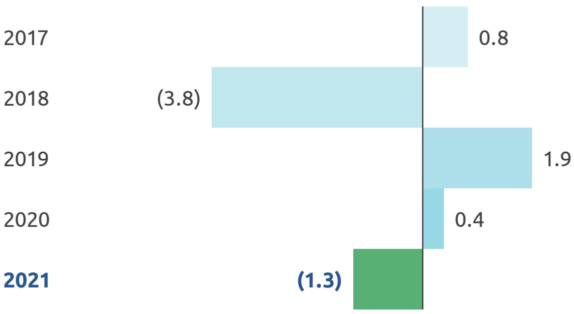
Net Assets Per Share
(cents)



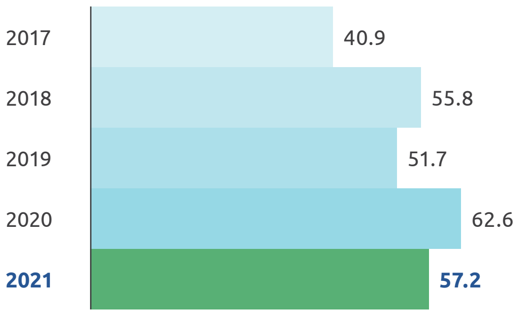
Return on Equity
(%)



Return on Total Assets Employed
(%)



Gross Debt to Total Equity Ratio
(%)



Board of Directors

Chua Kim Hua

Group Chairman
First appointed – 8 February 2000
Re-elected – 30 July 2019

Mr. Chua Kim Hua, 81, serves as the Group's Chairman and is also a member of the Nominating Committee. Bringing with him more than 50 years of experience in the building and construction industry, he started his career in 1967 as a licensed Public Utilities Board electrician. He joined the Group as a Director in July 1983 and paved the way for its expansion and diversification. Mr. Chua has been playing a pivotal role in steering and stabilizing the Group's businesses. He continues to lead the Group in its long-term growth and development.

He has been conferred the Long Service Award by the Ministry of Education and has also been awarded the Public Service Medal, Pingat Bakti Masyarakat (PBM) and the Public Service Star, Bintang Bakti Masyarakat (BBM).

Chua Eng Eng

Managing Director
First appointed – 15 November 2000
Re-elected – 30 July 2019

Ms. Chua Eng Eng, 51, serves as the Managing Director (MD) of the Group. She provides leadership and direction to deliver performance for the Group. As the MD, she drives the Group's strategy and oversees all of the Group's operation, business development, corporate planning, and the implementation of policies and activities. Ms. Chua plays a crucial role in networking with key strategic partners and developing the leadership capabilities within the Group. She is also responsible for administration, investment, recruitment, financial, legal and corporate affairs.

She holds a Bachelor of Arts in Economics from the National University of Singapore and completed the Business Management for CEO program at the prestigious Tsinghua University.

Chua Hai Kuey

Executive Director
First appointed – 8 February 2000
Re-elected – 29 September 2020

Mr. Chua Hai Kuey, 70, is an Executive Director of the Group and the Managing Director of King Wan Construction Pte Ltd. He is responsible for the Group's day-to-day operations including the technical, engineering and quality control aspects of all projects. In addition, he oversees the supervision of projects, troubleshoots when necessary and takes requisite measures to monitor wastage and control cost. His job scope also includes project management, project tenders and quality management.

He holds an advanced level General Certificate of Education.

Goh Chee Wee

Independent Non-Executive Director
First appointed – 15 November 2000
Re-elected – 26 July 2018

Mr. Goh Chee Wee, 75, is an Independent Non-Executive Director. He is the Chairman of the Remuneration Committee and the Audit Committee. He is also a member of the Nominating Committee. He is currently also a director of Beng Kuang Marine Ltd, Chailease Holding Company Ltd and Sin Ghee Huat Corporation Ltd, all of which are listed companies. He was formerly a Member of Parliament and Minister of State for Trade and Industry, Labour and Communications, as well as the Group Managing Director of listed company, Comfort Group Ltd.

Mr. Goh holds a Bachelor of Science (First-Class Honours) degree from the then University of Singapore and a Master of Science (Engineering) degree from the University of Wisconsin, USA.

Siraarpa Siriviriyakul

Independent Non-Executive Director
First appointed – 2 October 2017
Re-elected – 29 September 2020

Ms. Siraarpa Siriviriyakul, 35, is an Independent Non-Executive Director. She is a member of the Audit Committee and the Remuneration Committee. She is currently a Deputy Managing Director of Siricharoen Sappraiwan Co., Ltd. and Principal of Designing Impacts.

Ms. Siriviriyakul holds a Bachelor of Economics from the Chulalongkorn University and a Master of Science in Management from the Stanford University.

Tang Siew Foo David

Independent Non-Executive Director
First appointed – 30 November 2018
Re-elected – 30 July 2019

Mr. Tang Siew Foo David, 59, is an Independent Non-Executive Director. He is the chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee. He was formerly a Senior Business Head in Global Commercial Banking at Oversea-Chinese Banking Corporation Limited (OCBC), responsible for various sectors including construction, engineering and real estate. Mr. Tang has over 30 years of experience in commercial and investment banking, and private wealth management in local and international banks.

Mr. Tang holds a Bachelor of Business Administration from the National University of Singapore. He is an associate of the Chartered Institute of Bankers (London) and Institute of Banking and Finance Fellow for Corporate Banking.

Dr Teo Ho Pin

Independent Non-Executive Director
First appointed – 1 April 2021

Dr. Teo Ho Pin, 61, is a long-serving politician with a career in the public service spanning over 23 years. Formerly a Member of Parliament ("MP") for various constituencies including Sembawang GRC (1996-2001), Holland-Bukit Panjang GRC Bukit Panjang GRC (2001-2006) and Bukit Panjang SMC (2006-2020), Dr. Teo was also the Mayor of the North West District in Singapore (2001-2020), responsible for implementing Community Development Programmes for approximately 906,000 residents. During his tenure as Mayor, the North West District had clinched notable awards including the ASEAN Environmentally Sustainable Cities Award in 2017 and the Singapore Environment Council-Lee Foundation Singapore Environmental Achievement Award (Public Sector) in the same year.

Dr. Teo had also served as the Chairman of the Holland-Bukit Panjang Town Council (2001-2020), and as Coordinating Chairman of 15 People's Action Party ("PAP") Town Councils in Singapore taking charge of township management for about one million public housing flats. Over the course of his political career, Dr. Teo has chaired various Government Parliamentary Committees in National Development, Environment and Water Resources, Home Affairs, Law and Foreign Affairs.

Dr. Teo was in 1982 awarded the Tan Lark Sye scholarship to pursue his bachelor's degree in Building from the National University of Singapore. Upon graduation in 1985, he joined the National University of Singapore as a teaching staff before he was awarded the National University of Singapore's Overseas Graduate Scholarship in 1986 to pursue his Master (in Project Management) and Doctorate (in Building) degrees at Heriot-Watt University in the United Kingdom. In 1992, Dr. Teo was appointed as the Chief Executive Officer of Jurong Town Council where he was responsible for the management of over 40,000 units of public housing flats. Dr. Teo also took up three directorships in the private sector from 1999-2001, alongside numerous other public sector appointments throughout the course of his career.

From his prior experience gained, notably as an MP and former Mayor of the North West District in Singapore, Dr. Teo has developed extensive expertise and a track record in implementing Green and Smart City initiatives to create sustainable buildings and communities. With his strong background and network in the built environment sector, we believe that Dr. Teo will additionally help to impart fresh industry insights, spur thought leadership and lend his industry connections to elevate the organisation to greater heights.

Management & Key Executives

Siow Nget Yuen, Priscilla
Director
King Wan Construction Pte Ltd (KWC)

Ms. Siow Nget Yuen, Priscilla, 70, was appointed a Director of KWC in November 2000. She first joined KWC in August 1978 as an Administration and Finance Officer, and was promoted to Administration and Finance Manager in 1994. She has since been promoted to Director and now assists the executive directors in human resource management, administration and finance related matters.

Er Soon Kiat, Joe
Director
King Wan Construction Pte Ltd (KWC)

Mr. Er Soon Kiat, Joe, 51, has been appointed the company's Director since April 2016. He is responsible for overseeing the Air-conditioning & Mechanical Ventilation Division's operational, design, contracts negotiation, project management and performance. He first joined KWC in November 2001 as a mechanical engineer. From then, he was involved in various assignments, actively contributing to the design and project management of the Group's building construction projects as Project Manager and subsequently as Director.

With more than 20 years of experience in the construction industry, Mr. Er holds a Bachelor of Engineering (Mechanical) from the Engineering Council of the United Kingdom and a Master of Science (Building Science) from the National University of Singapore. He is a Registered Chartered Engineer and also a Senior Member of the Institution of Engineers Singapore.

Chua Kok Chuan
Director
King Wan Construction Pte Ltd (KWC)

Mr. Chua Kok Chuan, 49, has been appointed the company's Director since April 2016. He oversees all operational, design and project management and is also currently responsible for the Plumbing and Sanitary and Electrical Divisions' contracts negotiation, development, planning and overall performance. He joined KWC in October 1997 as a Mechanical and Electrical Engineer. He was instrumental in expanding the Divisions' operations as the Group embarked on commercial and institutional projects.

Rising through the ranks over the years from Project Manager to Director, he has contributed significantly to the design, implementation and project management of the P&S and EL components of the Group's building construction projects.

Mr. Chua holds a Bachelor of Engineering (Mechanical) from the University of Glasgow.

Ong Ai Ling
Chief Financial Officer
King Wan Corporation Limited

Ms. Ong Ai Ling, 34, oversees the Group's overall financial, accounting and tax matters. She is also responsible for financial and management reporting of the Group and the compliance with the regulations of the Singapore Exchange. Prior to joining the Group, she was an audit manager with an international public accounting firm in Singapore.

Ms. Ong holds a Bachelor of Accountancy (Honours) from the Nanyang Technological University and is a non-practising member of the Institute of Singapore Chartered Accountants.

Business Review

Since its listing on the Singapore Exchange in year 2000, King Wan has built upon its strengths and competencies in its core Mechanical & Electrical ("M&E") engineering services business in Singapore, while at the same time, diversifying through direct investments in other sectors. Through its associate companies, the Group has investments in three other business sectors i.e. Property Development, Vessel Ownership and Chartering, and Operation of Workers' Dormitory. We also have a 2.9% equity interest in Kaset Thai International Sugar Corporation Public Company Limited, a company listed on the Stock Exchange of Thailand.

Mechanical & Electrical Engineering Services

The Group's M&E engineering services segment has been operating in the building and construction industry in Singapore for more than 40 years and provides a full suite of multi-disciplined engineering services, such as the design and installation of plumbing and sanitary systems, air-conditioning and mechanical ventilation systems, electrical systems, fire protection and alarm systems, communications and security systems.

Over the years, the Group has distinguished itself as a dominant player in the industry as well as a cost-effective, multi-disciplined M&E engineering service provider in Singapore.

We have partnered reputable contractors and property developers for M&E engineering services projects that span different market segments including commercial, institutional, educational, residential, hotels, industrial and public infrastructure market segments. Led by an experienced management team, we pride ourselves as a highly competitive and reliable outfit, as can be seen from our track record of successful public and private sector projects.

The Group holds the highest "L6" grading in the following workheads of the M&E engineering services categories under the contractors' registry administered by the BCA:

Workhead	Description
ME15	Integrated Building Services
ME12	Plumbing and Sanitary Works
ME05	Electrical Engineering
ME01	Air-Conditioning, Refrigeration and Ventilation Works

Punggol Point Cove

Business Review

The "L6" BCA grade allows the holder to bid for all public-sector contracts in Singapore in the relevant workhead category of unlimited contract value.

In addition, the Group also acquires BCA gradings for the following workheads:

Workhead	Description	Grading
CR07	Cable / Pipe Laying and Road Reinstatement	L5
ME06	Fire Prevention and Protection Systems	L4
CW02	Civil Engineering	C3

In FY2021, the revenue from M&E engineering services business decreased by 38.9% to $42.3 million as compared to $69.3 million recorded in FY2020. The decrease in revenue was a result of stoppages made to construction activities and additional safe management measures required to be implemented at construction sites amidst the COVID-19 pandemic. Revenue from M&E engineering services business accounted for 92.2% of the Group's total turnover in FY2021 (FY2020: 95.7%)

The Group's gross profit margin in FY2021 was 6.6%, lower than the 12.8% achieved in FY2020. By end March 2021, King Wan has amassed approximately $156.9 million worth of M&E engineering services contracts on hand.

Some of the notable projects secured between April 2020 to March 2021 include:

- **Great Eastern @ Changi** – additions and alterations and interior fitting out works to office building at Changi Road;
- **Temporary Worker's Dormitory at Sengkang** – design, supply and installation of plumbing and sanitary works to Temporary Worker's Dormitory (Total: 5000 workers) at Sengkang West Industrial Estate; and
- **Daintree Residence** – supply & installation of electrical work at proposed condominium housing development (Total: 327 units) at Toh Tuck Road.

The Singapore construction sector had been adversely affected since the onset of the COVID-19 pandemic in early 2020. During the circuit breaker, the Group had successfully secured an essential construction project to construct a temporary workers' dormitory which brought both revenue and cash inflow to the Group. By third quarter of FY2021, the Group had fully resumed its M&E operations.

With the prolonged manpower crunch and increasing cost of materials, we expect the M&E engineering services to be challenging in the next twelve (12) months and face pressures from rising cost and uncertainties over economic recovery. Based on order books secured, the M&E business segment will remain the core business for the Group and continue to generate an income stream that is sustainable.

With our strong past track records, including the highly acclaimed project, Jewel Changi Airport, the Group has continued to secure contracts. This clearly shows the market confidence in the Group's technical competency to undertake projects with a wide array of requirements.

Portable Lavatories

Another component of King Wan's services include the provision of mobile lavatories for rental and other ancillary facilities for construction sites. This business segment has provided a recurring revenue stream for the Group for more than 20 years.

For FY2021, it generated a revenue $3.6 million (FY2020: $2.4 million), which made up about 7.8% (FY2020: 3.3%) of the Group's total revenue.

With increased awareness of hygiene issues because of the COVID-19 situation, the government has heightened the relevant requirements in quick build workers' dormitories, as well as construction sites. This has boosted an increasing demand for portable toilets as the ratio of lavatories to workers has been required to increase. In addition, the Group has also successfully explored a new business opportunity whereby it modifies portable lavatories by tapping on its M&E skills to install shower unit and wash basin which meets the current market demand at affordable cost. The Group either sells or rents these modified portable lavatories.

Despite the upturn observed in this business segment, the Group will continue to enhance its marketing initiatives, explore further cost reduction measures, as well as improve the efficiency of the business operation to increase its competitiveness in the market. The business segment will continue to contribute positively and generate an income stream to the Group in the next twelve (12) months.

Investment Portfolio

A review of the Group's investment portfolio is set out below: -

1) Property Development

The Property Development segment engages in the development, marketing, sale and rental of residential and commercial properties in the People's Republic of China ("PRC") and Thailand. This is made via investments in associate companies, in collaboration with the business partners.

In China, the Group owns a 36.6% stake in its associate company, Dalian Shicheng Property Development (S) Pte Ltd, which is responsible for its property development, named "Singapore Garden" in Dalian, the PRC. Singapore Garden is a multi-phased mixed development. In November 2018, the project completed phase 7 of its property development consisting of residential as well as shop front units. The local market continues to absorb the supplies which have been accumulated over the last few years but it has significantly slowed down amid China's stringent containment measures during the COVID-19 pandemic.

At present, the Group has no development activities in China. The Group will stay vigilant in monitoring the market situation. Any further development plans for the remaining phases of the development, comprising mainly commercial areas, will depend on the local market conditions.

In Thailand, the Group has invested in the property sector through its 30% stake in the associate company, S.I. Property Co., Ltd. The associate owns and operates 17,308 square metres of office and commercial building in Liberty Plaza, which is located at Soi Thonglor (Sukhumvit 55) in Bangkok, Thailand.

2) Vessel Ownership & Chartering

King Wan has a 30% stake in its associate company, Gold Hyacinth Development Pte Ltd, which owns and operates a Crown 58 'Supramax' Bulk Carrier, named "Hai Jin". Designed and built to carry dry bulk commodities, the carrier has a deadweight of 58,000 tons and a net tonnage of 19,582 tons.

Since June 2020, Hai Jin had continued to be chartered but at a reduced rate as the demand for dry bulk had been significantly impacted by the COVID-19 pandemic. However, the demand for dry bulk commodities such as steel, aluminum and iron ore has subsequently increased and is expected to remain firm with the support from the Special Purpose Bonds issued by the China government to spur its construction industry between August and October 2020 and moving forward. The charter rate of Hai Jin has improved slightly since December 2020.

3) Workers' Dormitory

The Group has a 19% stake in its associate company, Nexus Point Investments Pte Ltd ("Nexus"), which operates the Tuas South Dormitory, a 9,180-bed workers' dormitory that commenced operations since mid-2016. Tuas South Dormitory is one of the largest purpose-built workers' dormitories in Singapore and is well-equipped to meet the needs of its residents. Nexus has shown improvement in both rental rate and occupancy rate since it first starts operations in 2016.

Since the onset of the COVID-19 pandemic, Nexus has been working closely with the Singapore government to implement stringent measures in accordance with regulations introduced to curb the outbreak of COVID-19, while taking care of its residents' welfare. The Singapore government is conducting a review of dormitory standards in consultation with stakeholders such as public health experts, dormitory operators, employers, and migrant workers. The Singapore government has stated the need to strengthen the resilience of dormitories against future public health outbreaks while ensuring a stable supply of beds and competitive bed rental prices.

The Group's dormitory business is expected to face challenges going forward in view that the Singapore government's impending new safe management measures for dormitories are likely to be imposed in 2021.

4) Kaset Thai International Sugar Corporation Public Company Limited ("KTIS")

The share price of the KTIS shares held by the Group has increased to THB 3.92 per share as at 31 March 2021 compared with THB 2.88 as at 31 March 2020. As at 31 March 2021, the fair value of the quoted equity shares of KTIS was $18.9 million (31 March 2020: $13.9 million).

KTIS continued to be profitable in its latest financial year ended 30 September 2020. As stated in KTIS' annual report dated 30 November 2020, KTIS was ranked the third largest in sugar production market in Thailand, and its bio business had been profitable and developed new products including mass production of hand sanitizer alcohol to meet the surge in market demand at reasonable price amidst the COVID-19 pandemic. Market outlook of KTIS' business operations is challenging in the face of the ongoing drought, economic downturn and the COVID-19 situation. In FY2021, the Group received dividend income from its investment in KTIS amounting to $Nil (FY2020: $0.7 million) as KTIS prioritises to maintain liquidity as protracted market recovery is expected.

Sustainability Summary

King Wan recognises the importance of sustainability and actively embraces sustainability practices in the Group's strategic formulation process. It is our belief that by doing so, we can achieve sustainable growth, care for our people, and protect our environment.

The unprecedented challenges faced in the past year has reinforced the importance of being adaptable and sustainable, and strengthened our commitment to sustainability. We will continue to work towards integrating sustainability practices throughout the organisation to create long-term value for all our stakeholders.

Sustainability Targets

For Our Business Operations

Goal 1:
We strive to reduce energy and water consumption for our dormitory, corporate office and mobile loo business.

Goal 2:
We target to adopt innovative technologies for our construction segment to reduce wastages and increase efficiency.

In Communities Where Our Operations are

Goal 1:
We will continue to engage with charitable organisations and various institutions by participating in community service that helps to improve the community's well-being.

For Our Employees

Goal 1:
We aim to introduce more diversity into our workplace – in terms of gender, nationality and age group mix – to strengthen our competency while providing fair and equal employment opportunities for all.

Goal 2:
We will continue to engage and develop our employees, enabling each of them to realise their full potential.

Goal 3:
We are committed to achieving zero fatalities and injuries through prioritising occupational health and safety.

Corporate Governance Report

King Wan Corporation Limited (the "**Company**") together with its subsidiaries (the "**Group**") is dedicated to implementing and maintaining a high standard of corporate governance at all levels within the Group to promote transparency so as to create and enhance the value for shareholders and the Group in the long term.

This report sets out the Company's corporate governance practices in the financial year ended 31 March 2021 ("**FY2021**") with specific reference to the Code of Corporate Governance 2018 (the "**Code**").

The Company is pleased to report that it has complied in all material aspects with the principles and guidelines of the Code. Deviations from the Code, if any, are explained under the respective sections.

A. BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provisions 1.1 and 1.2
Board roles and Directors' duties

The primary role of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders.

Besides discharging its fiduciary duties and statutory responsibilities, the principal functions of the Board include:

- providing entrepreneurial leadership, setting strategic objectives and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- formulating corporate strategies and charting the business direction of the Group, including the evaluation and approval of major funding, investments and divestments;
- reviewing and approving the Group's annual budget, operational and capital expenditure plans, as well as constructively challenging Management on the strategic options and planning process;
- reviewing the adequacy and effectiveness of the Group's internal controls, risk assessment and management, and business reporting to safeguard the shareholders' investments and the Company's assets;
- considering sustainability issues (including environmental, social and governance factors) as part of the Group's overall strategy;
- reviewing the Group's financial performance and approving the release of the Group's quarterly, half-year and full-year financial results;
- reviewing Management performance;
- approving the nominations of directors;
- identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation; and
- ensuring transparency and accountability to key stakeholder groups.

The Board exercises due diligence and independent judgement, and make decisions objectively in the best interest of the Group. This is one of the performance criteria for the peer and self assessment on the effectiveness of the individual directors.

<u>Board orientation and training</u>

The Group has in place an orientation program for new Directors to ensure that incoming directors are familiar with the Group's business, corporate governance policies, disclosure of interests in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibitions in dealing in the Company's securities and restrictions on disclosure of price sensitive information. The orientation program gives Directors an understanding of the Group's business to enable them to assimilate into their new roles. The program also allows the new Director to get acquainted with Senior Management, thereby facilitating board interaction and independent access to Senior Management.

Corporate Governance Report

All new Directors appointed on the Board, if any, will also be provided with a formal letter of appointment setting out the director's duties and obligations. New Directors are given appropriate briefing by the Management on the business activities of the Group and its strategic directions. The Company observed the aforesaid practices when Dr. Teo Ho Pin became an Independent Non-Executive Director of the Company on 1 April 2021.

The Directors are provided with continuing briefings and updates in areas such as Directors' duties and responsibilities, corporate governance, risk management, financial reporting standards and issues which have a direct impact on financial statements by the Management, Auditors and Company Secretary, so as to enable them to properly discharge their duties as Board or Board Committee members. Relevant news releases issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Accounting and Corporate Regulatory Authority and/or the Monetary Authority of Singapore are also circulated to the Board. Briefings and updates provided for directors in FY2021 included:

- the Chairman, Managing Director and the Executive Director update the board on business and strategic developments; and
- the External Auditors, BDO LLP briefed the board on developments in accounting and governance standards.

Directors are at liberty to request for further explanations, briefings or information on any aspect of the Company's operations or business issues from Management.

The Board is mindful of the best practice in the Code to initiate programs for Directors to meet their relevant training needs. In this regard, the Group is supportive of Directors in the participation of industry conferences and seminars and in the funding of members' attendance at any courses or training programs in connection with their duties as a Director. The Company relies on the Directors to update themselves on new laws, regulations and changing commercial risks.

Provision 1.3
Internal guidelines on matters requiring Board's approval

Board approval is required for investments, divestments, annual business plans, operating budgets, financial results announcements, statutory accounts and establishment of banking facilities.

Provision 1.4
Delegation to Board Committee

To assist in the execution of its responsibilities, the Board has established three (3) Board Committees namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). These Committees function within clearly defined written terms of reference and operating procedures, which are reviewed on a regular basis. The effectiveness of each Committee is also constantly monitored. All the Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The Board accepts that while these various Board Committees have the authority to examine particular issues and will report to the Board with their decision and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Provision 1.5
Board and Board Committee meetings and attendance records

The Board conducts meetings on a quarterly basis. Ad hoc meetings are also convened when circumstances warrant. For FY2021, the Board met four (4) times. The report on the Directors' attendance for Board and Board Committees meetings is set out hereunder. Notwithstanding such disclosure, the Board is of the view that the contributions of each director extend beyond his/her attendance at these meetings and their contribution also come in other forms such as through the sharing of expertise, advice, experience and strategic networking relationships that are outside the confine of the Boardroom. Telephonic attendance and conference via audio communication at board meetings are allowed under the Company's Constitution.

Regular Board meetings are held to discuss and decide on specific issues including significant transactions with related and non-related parties, investments and divestments of assets, annual budget review, review of the Group's financial performance and to approve the release of the quarter, half-year and full-year financial statements. Although specific guidelines have not been formulated to set forth the matters that require Board's approval, the Board, in general, deals with matters such as conflict of interest issues relating to directors and substantial shareholders, major acquisition and disposal of assets, dividend and other distribution to shareholders, and those transactions or matters which require Board's approval under the provisions of the SGX-ST Listing Manual or any applicable regulations.

Name	No. of Board Meetings Attended	No. of Audit Committee Meetings Attended	No. of Nominating Committee Meetings Attended	No. of Remuneration Committee Meetings Attended
No. of meetings held	4	4	1	1
Mr. Chua Kim Hua	4	N.A.	1	N.A.
Ms. Chua Eng Eng	4	N.A.	N.A.	N.A.
Mr. Chua Hai Kuey	4	N.A.	N.A.	N.A.
Mr. Goh Chee Wee	4	4	1	1
Ms. Siraarpa Siriviriyakul	4	4	N.A.	1
Mr. Tang Siew Foo David	4	4	1	1

Provision 1.6
Access to complete, adequate and timely information

All Directors are provided with the names and contact details of the Company's Senior Management and the Company Secretary to facilitate unrestricted access to the Senior Management and the Company Secretary in carrying out their duties. Requests for information from the Board are dealt with promptly by the Management.

The Board is kept informed of all relevant information on material events and transactions accurately and promptly as and when they arise. The Management also consults the Board whenever necessary.

An agenda for Board meetings together with the relevant papers are prepared in consultation with the Managing Director and are circulated before the holding of each Board and Committee meetings. This allows control over the quality, quantity and timeliness of the flow of information between the Management and the Board. The Board papers include sufficient background explanatory information from the Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings. Such explanatory information may also be in the form of briefings to the Directors or formal presentations made by Senior Management staff in attendance at Board meetings, or by external professionals engaged on specific projects.

Provision 1.7
Company Secretary/Independent professional advice

Company Secretary

Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed and compliance with the Company's Constitution, relevant rules and regulations of the Companies Act, Cap. 50, the Securities and Futures Act, Cap. 289, and the SGX-ST Listing Manual. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value.

Corporate Governance Report

Under the direction of the Managing Director, the Company Secretary ensures good information flow to and within the Board and its Committees and between Management and Non-Executive Directors.

During FY2021, the Company Secretary attended and prepared minutes for all meetings of the Board and its Committees and the minutes of such meetings were promptly circulated to all members of the Board and Board Committees. The Company Secretary assists the Chairman of the Board, the Chairman of Board Committees and Management in the development of the agendas for the various Board and Board Committee meetings.

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

Independent professional advice

The Board members may, at any time, in the furtherance of their duties, request for independent professional advice and receive training at the expense of the Company.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Board Composition at a glance

The Board presently comprises of seven (7) members – three (3) are Non-Independent Executive Directors and four (4) are Independent Non-Executive Directors. Key information on the Directors' particulars and background can be found under "Board of Directors" section on pages 10 to 11 of the Annual Report.

As at 15 July 2021, the Board comprises the following members:

Mr. Chua Kim Hua	Executive Chairman
Ms. Chua Eng Eng	Managing Director
Mr. Chua Hai Kuey	Executive Director
Mr. Goh Chee Wee	Lead Independent and Non-Executive Director
Ms. Siraarpa Siriviriyakul	Independent and Non-Executive Director
Mr. Tang Siew Foo David	Independent and Non-Executive Director
Dr. Teo Ho Pin	Independent and Non-Executive Director (Appointed on 1 April 2021)

Provisions 2.1, 2.2 and 2.3
Independence of Directors, Composition of Independent Directors on the Board and Proportion of Non-Executive Directors

Board Independence

The Board comprises of four (4) Independent Directors out of a total of seven (7) Board members. The four (4) Independent Non-Executive Directors are Mr. Goh Chee Wee, Ms. Siraarpa Siriviriyakul, Mr. Tang Siew Foo David and Dr. Teo Ho Pin.

The independence of each Director is assessed annually by the NC. Each Director is required to make annual declaration of Director's independence based on guidelines as set out in the Code.

Under the Code, an Independent Director is one who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

Corporate Governance Report

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a Director is independent, bearing in mind the guidelines set forth in the Code and any other salient factors which would render a director to be deemed not independent. For the purpose of determining directors' independence, all directors had provided declaration of their independence which was deliberated upon by the NC and the Board.

The Board recognises that Independent Directors will over time develop significant insights in the Group's businesses and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. An Independent Director's contributions in terms of experience, expertise, integrity, objectivity and independent judgment in engaging and challenging the management in the best interests of the Company as he or she performs his or her duties are more critical measures in ascertaining his independence than the number of years he or she has served.

Presently, Mr. Goh Chee Wee has served as Independent Director of the Company for more than nine years. When there are such directors, the NC and the Board will do a rigorous review of their continuing contribution and independence and may exercise its discretion to extend their tenures.

Taking into account the views of the NC, the Board had concurred that Mr. Goh Chee Wee continued to demonstrate strong independence in character and judgment in the discharge of his responsibilities as Independent Director of the Company. He had continued to express his individual viewpoints, debated issues and objectively scrutinized and challenged the Management. He had sought clarification and amplification as he deemed required, including through direct access to the Group's employees.

Furthermore, having gained in-depth understanding of the business and operating environment of the Group, he has provided the Company with much needed experience and knowledge of the industry. Based on the declaration of independence received from him, he has no association with the Management that could compromise his independence.

After taking into account all these factors, the Board had determined that Mr. Goh Chee Wee shall continue to be considered as Independent Director, notwithstanding that he had served on the Board for more than nine years from the date of his first appointment.

During FY2021, the NC had conducted its annual review of the Director's Independence, and was satisfied that the Company complied with the guideline of the Code, and each and every Director share equal responsibility on the Board.

During FY2021, the Independent Directors make up half of the Board. The NC is cognizant of the deviations from provisions 2.2 and 2.3 of the Code whereby Independent Directors and Non-Executive Directors shall make up a majority of the Board where the Chairman is not independent. Notwithstanding these deviations, the Board is of the view that there is a sufficiently strong element and safeguards in place to enable independent exercise of objective judgement on affairs and operations of the Group by the members of the Board. The AC and RC comprise entirely of Independent Directors while the NC is made up of a majority of Independent Directors. AC, RC and NC meetings are chaired by the Independent Directors and decisions made at these meetings are achieved by majority consensus. This provides a strong and independent element on the Board and fundamental to good corporate governance as it facilitates the exercise of independent and objective judgment on corporate affairs. It also ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined.

Provision 2.4
Board composition and size

<u>Board composition and size</u>

During FY2021, the NC had conducted its annual review on the composition and size of the Board and concluded that they were appropriate, taking into account the scope and nature of the Group's businesses, for effective decision making. The Board, which is made up of a total of seven (7) Directors, currently includes two (2) female Directors who have served for different tenures. The NC also noted that there was adequate diversity in that the Board comprised members of both genders and from different backgrounds whose core competencies, qualifications, skills and experiences met with the requirements of the Group.

Corporate Governance Report

Board Diversity

The Board and the Management fully appreciate that an effective and robust Board, whose members engage in open and constructive debates and challenge the Management on its assumptions and proposals, is fundamental to good corporate governance.

A Board should also aid in the development of strategic proposals and oversee effective implementation by the Management to achieve set objectives. For this to happen, the Board and the Non-Executive Directors, in particular, must be kept well informed of the Group's businesses and be knowledgeable about the industry the Group operates in.

To ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, the Non-Executive Directors have unrestricted access to management. The Group has adopted initiatives to put in place processes to ensure that the Non-Executive Directors have sufficient time and resources to discharge their oversight functions effectively. These initiatives include:

- regular informal meetings are held by management to brief the Non-Executive Directors on prospective deals and potential developments at an early stage, before formal Board's approval is sought; and
- periodic information papers and board papers on the latest market developments and trends, and key business initiatives are circulated to Non-Executive Directors on a timely basis to allow them to have sufficient time for review.

Provision 2.5
Regular meetings of Non-Executive Directors

In FY2021, the Non-Executive Directors met during the periodic meetings of the Board and Board Committees. In addition, the Non-Executive Directors met informally (online or offline) with the key management personnel (including the Managing Director) and other Senior Management of the Group from time to time to discuss matters relating to the Group. After the meetings, they provided feedback to Management to review and resolve specific issues and matters discussed during the meetings. The Company has benefited from Management's ready access to the Non-Executive Directors for guidance and exchange of views, both within and outside of Board and Board Committee meetings in FY2021.

CHAIRMAN AND MANAGING DIRECTOR

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provisions 3.1 and 3.2
Separation of the role of Chairman and Managing Director

The Executive Chairman and the Managing Director for the Group are separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Mr. Chua Kim Hua, the founder of the Group and Executive Director, also assumes the role of Chairman of the Board. He plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision. As the Executive Chairman, Mr. Chua Kim Hua charts the strategic direction, the business planning and development of the Group. He also ensures that Board meetings are held as and when necessary, approves the Board meeting agenda and ensures adequate time is available for discussion of all agenda items, in particular strategic issues, reviews the Board papers before they are presented to the Board to ensure that Board members are provided with complete, adequate and timely information. Management staff who have prepared the papers or can provide additional insight into the matters to be discussed are invited to present the papers or attend the relevant Board meetings. Mr. Chua Kim Hua also monitors communications and relations between the Company and its shareholders, between the Board and Management, between Executive and Non-Executive Directors and between Independent and Non-

Independent Directors, with a view to encourage constructive relations and dialogue amongst them. The Executive Chairman also works to facilitate the effective contribution of Non-Executive Directors and assists to ensure procedures are introduced to comply with the Company's guidelines on corporate governance.

Ms. Chua Eng Eng, the Managing Director, is responsible for making strategic proposals to the Board, implementing approved strategies and policies, managing and reviewing the development of strategies and running the day-to-day operations of the Company.

Although the Chairman and the Managing Director are immediate family members, the balance of power and authority is provided by three (3) Committees, namely AC, NC and RC which are all chaired by the Independent Directors.

Provision 3.3
Lead Independent Director

The Board had also appointed Mr. Goh Chee Wee to act as the Lead Independent Director. Shareholders with concerns may contact him directly when contact through the normal channels via the Chairman, or the Managing Director has failed to provide satisfactory resolution, or when such contact is inappropriate. All the Independent Directors, including the Lead Independent Director, meet at least once a year without the presence of other Executive and Non-Independent Directors to discuss matters of significance which are then reported to the Chairman accordingly. The Lead Independent Director also sits on the NC.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board.

Provisions 4.1 and 4.2
Nominating Committee composition and key terms of reference

Nominating Committee

The NC currently comprises the following Directors:

Mr. Tang Siew Foo David	Chairman, Independent and Non-Executive Director
Mr. Goh Chee Wee	Independent and Non-Executive Director
Mr. Chua Kim Hua	Non-Independent and Executive Director

The NC, which has written terms of reference, is responsible for making recommendations to the Board on all Board appointments and re-appointments. The key terms of reference of the NC include the following:

- review and recommend to the Board on the appointment and re-appointment of directors (including Alternate Directors, if applicable);
- review annually whether or not a Director is independent;
- review the skills required by the Board, and the size of the Board;
- ensure that the Company adheres to the board composition rules, including having Independent Directors make up 50% of the Board under certain circumstances;
- identify gaps in the mix of skills, experience and other qualities required in an effective Board so as to better nominate or recommend suitable candidates to fill the gap. It uses its best efforts to ensure that the Directors appointed to the Board possesses the relevant background, experience and knowledge and that each Independent Director brings to the Board an independent and objective perspective to enable the making of balanced and well-considered decisions;
- evaluate whether or not a Director is able to and has been adequately carrying out his or her duties as Director of the Company and when he or she has multiple board representations;

Corporate Governance Report

- develop a process for evaluating the performance of the Board, its Board Committees and the contribution of each Director;
- formal assessment of the effectiveness of the Board as a whole and individual Director;
- review the training and professional development programs for the Board; and
- review the Board's succession plans for Directors.

The NC meets at least once annually, which will entail the calling of meetings, notice to be given of such meetings, the voting and proceedings. Minutes of the deliberations and proceedings of the NC are recorded by the Company Secretary.

Continuous Board renewal

The Board, in conjunction with the NC, reviews the composition of the Board and Board Committees annually, taking into account the performance and contribution of each individual Director. Board composition is also evaluated to ensure diversity of skills and experience is maintained within the Board and Board Committees. Based on the NC's assessment of independence of each individual Director and his or her relevant expertise, and with the aim of ensuring compliance with the requirements of the Code, the Board reviews, and reconstitutes as appropriate, the membership of the Board Committees.

Recommendation of Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointment, re-appointment or termination of Directors and Board Committee members, taking into account the proper criteria for such appointments, the Director's independence status, his or her participation and contributions during and outside Board meetings, the Code and other relevant factors as may be determined by the NC.

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

Provision 4.3
Selection, appointment and re-appointment of Directors

Process for selection and appointment of new Directors

When an existing Director chooses to retire or the need for a new Director arises, the NC, in consultation with the Board, determines the selection criteria and identifies candidates with the appropriate expertise and experience for the appointment as new Director. The potential candidate may be proposed by existing Directors, the Management or through third-party referrals. Shortlisted candidates will be required to furnish their curriculum vitae, stating in detail their qualifications, working experience and employment history. The NC may also consider to meet with the shortlisted potential candidates with the appropriate profile before nominating the most suitable candidates to the Board for appointment as Director. The NC confirmed that during the year it had observed the due process enumerated above which led to the appointment of Dr. Teo Ho Pin as a Director on 1 April 2021.

Process for Re-election of Directors

The NC is responsible for re-election of Directors. In its deliberations on the re-election of existing directors, the NC takes into consideration the Director's contribution and performance (including his or her contribution and performance as an Independent Director, if applicable).

The assessment parameters include attendance record, preparedness, intensity of participation and candor at meetings of the Board and Board Committees as well as the quality of intervention and special contribution.

Corporate Governance Report

We believe the Board renewal should be an ongoing process in order to ensure good corporate governance. The Company's Constitution requires one-third of the Board to retire and subject to re-election by shareholders at every Annual General Meeting ("**AGM**").

The Directors are required to submit themselves for re-nomination and re-election at regular intervals of at least once in every three (3) years. In addition, a newly appointed Director will submit himself or herself for retirement and re-election at the AGM immediately following his or her appointment. Thereafter, he or she is subject to retirement by rotation once every three (3) years.

At the forthcoming AGM, Ms. Chua Eng Eng who is retiring by rotation, is seeking re-election under Regulation 115 of the Company's Constitution. Dr. Teo Ho Pin who is retiring pursuant to Regulation 119 of the Company's Constitution, has also put himself up for re-election. Mr. Goh Chee Wee is retiring pursuant to Regulation 115 of the Company's Constitution.

The NC reviewed the above nominations for the re-election taking into account, the Director's individual credentials, his or her participation and contributions during and outside board meetings, as well as each Director's listed company board directorships and any other relevant time commitments.

On the issue of competing time commitments that were faced when Directors serve on multiple boards, the Committee noted that all the Directors seeking re-election had adequately carried out their duties as Directors of the Company during the year.

The NC, after assessing the contribution, performance and their effectiveness as Directors, recommended that Ms. Chua Eng Eng and Dr. Teo Ho Pin be nominated for re-election at the forthcoming AGM.

Appointment of Alternate Directors

In FY2021, the Company had no Alternate Director on its Board.

Provision 4.4
Continuous review of Directors' independence

The NC determines on an annual basis whether or not a director is independent, taking into account the Code's guidance on what constitutes an "independent" director, and the existence of relationships or circumstance which would deem a director to be not independent. A Director who has no relationship with the Company, its related corporations, its 5% substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment with a view to the best interest of the Company, is considered to be independent.

Provision 4.5
Multiple directorships

Directors' time commitments

All Directors are required to declare their Board representations. The limit on the number of listed company directorships that a director may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by different factors.

A Director with multiple directorships is expected to ensure that sufficient attention is given to the affairs of the Group. The NC believes that each individual Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of our Company, notwithstanding his or her multiple board appointments.

The NC determines annually whether a Director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his or her duties as a Director of the Company.

Corporate Governance Report

The NC takes into account the results of the assessment of the effectiveness of the individual Director, and the respective directors' actual conduct on the Board, in making this determination.

In FY2021, the NC had conducted an annual review and was of the view that each Director had discharged his or her duties adequately and satisfactorily.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

Provisions 5.1 and 5.2
Board evaluation process, Board performance criteria and individual Director evaluation

Board evaluation policy

The Board has implemented a process carried out by the NC, for assessing the effectiveness of the Board as a whole, effectiveness of its Board Committees and the contribution by each individual Director to the effectiveness of the Board on an annual basis.

Board evaluation process

Each director had completed a confidential questionnaire covering areas such as Board composition, the effectiveness of the Board in its monitoring role and the attainment of the strategic and long-term objectives set by the Board. The Company Secretary compiles Directors' responses to the questionnaire into a consolidated report. The report is discussed at an NC meeting and is also shared with the entire Board.

The NC reviewed the consolidated report to ascertain whether there were key areas for improvement/areas that required follow-up actions.

The NC considered the performance and effectiveness of the Board as a whole taking into consideration, attendance records at respective Board and Committee meetings, the contribution of each individual Director to the Board's effectiveness, Board process, Board accountability and communication with Senior Management and standard of conduct. It also takes into consideration that the Independent Directors, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

Based on the summary of median scores of the results of the qualitative questionnaires completed by the directors, and in comparison with the median scores of the performance evaluation exercise submitted for the preceding year, the NC noted that the Directors were generally satisfied and that the performance of the Directors was good, and as a Group, the Board provided core competencies with accounting/finance, business or management experience and industry knowledge.

For FY2021, the NC was satisfied that all Directors had discharged their duties adequately and that no individual or small group of individuals dominates the Board's decision-making process. The Board collectively not only reflect a diverse wealth of experience and knowledge in business, finance, accounting, and technical and management skills, but they also possess independence in decision-making at Board level. The Board as a whole had performed effectively and contributed to the growth of the Group. The NC is also of the view that the Board's current size and composition effectively serves the Group.

B. REMUNERATION MATTERS

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

Provisions 6.1, 6.2 and 6.3
Remuneration Committee composition, key terms of reference and developing remuneration framework

Remuneration Committee

The RC currently comprises the following Directors:

Mr. Goh Chee Wee	Chairman, Independent and Non-Executive Director
Ms. Siraarpa Siriviriyakul	Independent and Non-Executive Director
Mr. Tang Siew Foo David	Independent and Non-Executive Director

The Board considers that the members of the RC collectively have strong management experience and expertise on remuneration issues.

The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. In the event that a member of RC is related to the employee under review, he or she will abstain from the review.

The members of the RC carried out their duties in accordance with the terms of reference which include the following:

- review and recommend to the Board for endorsement, a framework of remuneration for the Board and key management personnel. The framework covers all aspect of remuneration, including but not limited to Director's fees, salaries, allowances, bonus, and benefits-in-kind;
- review and recommend to the Board, the specific remuneration packages for each Director as well as for the key management personnel;
- review the level and mix of remuneration and benefits policies and practices of the Company, including the long-term incentive schemes on an annual basis. The performance of the Company and that of executives would be considered by the RC in undertaking such reviews;
- review the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
- review the development of senior staff and assesses their strengths and development needs based on the Group's leadership competencies framework, with the aim of building talent and maintaining strong and sound leadership for the Group.

The Committee meets at least once annually.

The RC sets compensation to ensure that the Company is competitive and can attract, retain and motivate Directors and key management personnel of the required experience and expertise to run the Company successfully. In setting remuneration packages for Directors and key management personnel, the remuneration and other conditions within the industry and comparable companies are taken into consideration. While structured to attract and retain highly qualified people, the overall goal is to encourage sustained value-oriented management. The RC also aims to be fair and avoids rewarding poor performance.

None of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to him or her.

Corporate Governance Report

Provision 6.4
RC's access to advice on remuneration matters

The RC has access to expert advice in the field of executive compensation outside the Company, when required, in framing the remuneration policy and determining the level and mix of remuneration for Directors and key management personnel.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provisions 7.1, 7.2 and 7.3
Remuneration of Directors and key management personnel

When setting remuneration packages, the Company takes into consideration current practices of companies in the same industry and companies that are comparable in size and operations. The Group's financial performance and the performance of individual Directors are also taken into consideration.

The Group's compensation framework comprises base salary, variable bonus and fixed allowances. These are linked to corporate and individual performance, based on an annual appraisal process. The Company links remuneration of Executive Directors and key management personnel to the Group's performance, individual performance, based on appraisal, performance assessment, competencies and potential of individuals. The level and structure of the remuneration of Directors and key management personnel are aligned with the long-term interest and risk policies of the Company.

In designing the compensation structure, the RC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term compensation.

Executive Directors do not receive directors' fees. The structure for Executive Directors and key management personnel consist of the following components:

a. Fixed remuneration
b. Variable bonus
c. Other benefits-in-kind

<u>Fixed remuneration</u>

The fixed remuneration comprises base salary, statutory employer's contributions to the Central Provident Funds ("**CPF**") and fixed allowances. In setting remuneration packages, the Group takes into account salary and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of Executive Directors and key management personnel.

Variable bonus

Variable bonus is an annual remuneration component which varies according to the Group's and the individual's performance objectives. To link rewards to performance, the more senior the executive in the Group, the higher is the percentage of the variable bonus against total compensation. The Company has not implemented any claw-back provision for the service contracts of Executive Directors and its key management personnel to allow the Company to reclaim incentive components of remuneration from them in exceptional circumstances such as misstatement of financial results or misconduct resulting in financial loss to the Company.

The Executive Directors participates in profit sharing, which is based on the performance of the Group as a whole. Additionally, in making its decision regarding appropriate performance objectives, the RC also considered the following factors relative to profit before tax and profit after tax:

- each Executive Director and key management personnel believe he or she can meaningfully contribute to the achievement of performance objectives set; and
- maintaining the consistency of the objectives over a number of years allows for more accurate measurement and comparison of, and reward for, the desired performance from year to year.

Other benefits-in-kind

The Group provides benefits consistent with local market practice, such as medical benefits, club membership and car allowance. Eligibility for these benefits will depend on individual salary grade and length of service.

The Executive Directors, Mr. Chua Hai Kuey and Ms. Chua Eng Eng have entered into service contracts with the Company, subject to renewal every three (3) years while Mr. Chua Kim Hua has entered into service contract subject to renewal on a yearly basis. The review of service contracts for Executive Directors come under the purview of the RC to ensure that fair and reasonable terms of service is tied with performance. The service contracts of the Mr. Chua Hai Kuey and Ms. Chua Eng Eng were last renewed in 2020. During FY2021, the service contract of Mr. Chua Kim Hua was renewed. Each service contract may be terminated by either party giving the other party at least three (3) months prior written notice.

Long-term incentives

The Company currently does not have any long-term incentive scheme or schemes involving the offer of shares or grant of options or any other forms of deferred remuneration. The Board is of the view that such long-term incentive plan may not be effective and that it is difficult to determine how such long-term incentive plan contributes to the retention of employees and/or motivating desired performance.

Remuneration of Non-Executive Directors

The Non-Executive Directors receive a basic fee for serving as Director, and an additional fee for serving on Board Committees in FY2021. The Non-Executive Directors will also receive additional fees if he or she serve as Chairman of Board Committees. In order not to compensate the Non-Executive Directors excessively, the RC takes into consideration factors such as frequency of meetings, time required and responsibilities of Non-Executive Directors. The Company is fully aware of the need to pay competitive fees to attract, retain and motivate the Directors. Directors' fees are recommended by the Board for approval at the Company's AGM.

Corporate Governance Report

DISCLOSURE ON REMUNERATION

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions 8.1 and 8.3
Disclosure of remuneration and details of all forms of remuneration and other payments and benefits paid to Directors and key management personnel

Remuneration of Directors

The breakdown of remuneration of the Directors of the Company for FY2021 is set out below:

Name of Director	Fixed Component (1) %	Variable Component (2) %	Provident Fund (3) %	Directors Fees %	Total Compensation %
Up to $250,000					
Mr. Chua Hai Kuey	95%	0%	5%	0%	100%
Ms. Chua Eng Eng	90%	0%	10%	0%	100%
Mr. Chua Kim Hua	94%	0%	6%	0%	100%
Mr. Goh Chee Wee	0%	0%	0%	100%	100%
Ms. Siraarpa Siriviriyakul	0%	0%	0%	100%	100%
Mr. Tang Siew Foo David	0%	0%	0%	100%	100%

Notes

(1) Fixed Component refers to base salary for FY2021.
(2) Variable Component refers to allowances paid in FY2021.
(3) Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore CPF.

To maintain confidentiality of the remuneration policies of the Group, the Board is of the view that it is in the best interests of the Group not to fully disclose details of remuneration of each individual Director. In arriving at this decision, the Board took into consideration, *inter alia*, the confidential nature of remuneration matters, the relative size of the Group, the competitive business environment in which the Group operates in, and the negative impact such disclosure may have on the Group.

Remuneration of top five (5) key management personnel

The following information relates to the remuneration of the Company's top five (5) key management personnel (not being Directors) for FY2021:

Name of Executive	Fixed Component [1]	Variable Component [2]	Provident Fund [3]	Total Compensation
	%	%	%	%
Up to $250,000				
First Executive	88%	5%	7%	100%
Second Executive	93%	0%	7%	100%
Third Executive	89%	3%	8%	100%
Fourth Executive	90%	6%	4%	100%
Fifth Executive	77%	13%	10%	100%

Notes

(1) Fixed Component refers to base salary for FY2021.
(2) Variable Component refers to variable bonus and allowances paid in FY2021.
(3) Provident Fund represents payment in respect of the Company's statutory contributions to the Singapore CPF.

Due to competition related reasons, the names of the top five (5) key management personnel are not disclosed.

For FY2021, the aggregate remuneration (including employer CPF and benefits-in-kind) of the top five (5) key management personnel was $797,000 (FY2020 : $896,000).

During FY2021, there was no termination, retirement or post-employment benefits granted to Directors and the key management personnel (who are not directors).

Provision 8.2
Employee who is a substantial shareholder or is an immediate family member of a Director, Managing Director or substantial shareholder

Remuneration of employees who are immediate family members of a Director

For FY2021, the Company and its subsidiary companies do not have employee who is an immediate family member of a director and whose remuneration exceeds $100,000.

Corporate Governance Report

C. ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Provision 9.1
Significant risks, objectives and value creation

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely, reliable and full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual of the SGX-ST. Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

Financial results and annual reports are announced or issued within legally prescribed periods. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Hence, Board members receive regular financial and business reports from the Management. The Management updates the Board on the Group's business activities and financial performance through quarterly operations reports. Such reports compare the Group's actual performance against results of the previous corresponding financial period and where appropriate, against forecast. Major variances are analysed, investigated and explained accordingly. Such reports keep the Board members informed of the Group's and the Company's performance, position and prospects.

The Board reviews and approves the results as well as any announcements before its release. In presenting the financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

The AC, through the assistance of Internal and External Auditors, reviews and reports to the Board on the adequacy of the Group's system of controls, including financial, operational and compliance controls, established by the Management.

In assessing the effectiveness of internal controls, the AC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

Risk management

The key risks of the Group are deliberated by the Management and reported to the AC regularly. The AC reviews the adequacy and effectiveness of the internal controls, which includes the documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes. To ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. External Auditors provide assurance over the risk of material misstatements in the Group's financial statements. Internal Auditors provide assurance that controls over the key risks of the Group are adequate and effective.

The Company has an Enterprise Risk Management Framework in place for the Group. In view of the size and operations of the Company, the Company does not have a separate Committee for Board risk management. The AC and Management will continually assess the adequacy and effectiveness of the risk management framework and processes.

The Company has in place a Whistle Blowing Policy which encourages employees and outside parties such as vendors and contractors to raise concerns, in confidence, about possible irregularities to the whistle blowing Committee. It aims to provide an avenue for employees and outside parties to raise concerns and offer reassurance that they will be protected from reprisals or victimization for whistle blowing in good faith within the limits of the law.

The AC oversees the administration of the Whistle Blowing Policy. The AC has the responsibility to ensure that there is proper maintenance, regular review and relevant updates of the policy. Revisions, amendments and alterations to the Whistle Blowing Policy are subject to the approval of the AC and the Board prior to implementation. Changes will be notified when they are implemented. There were no complaints received during FY2021.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

Based on the review of the key risks identified, and the internal controls established and maintained by the Group, work performed by the Internal and External Auditors, reviews performed by Management and the AC, the Board with the concurrence of the AC, is satisfied that the Group's risk management system and internal controls are adequate and effective in addressing financial, operational compliance and information technology risks for FY2021.

Provision 9.2
Assurance from Managing Director and Chief Financial Officer

The Board has received assurance from the Managing Director and Chief Financial Officer that i) the financial records of the Group have been properly maintained and the financial statements for FY2021 give a true and fair view of the Group's operations and finances; and ii) the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.1, 10.2 and 10.3
Composition, roles and expertise of the AC

The AC currently comprises the following Independent Non-Executive Directors who do not have any existing business or professional relationship with the Group, the Directors or the substantial shareholders: -

Mr. Goh Chee Wee	Chairman, Independent and Non-Executive Director
Ms. Siraarpa Siriviriyakul	Independent and Non-Executive Director
Mr. Tang Siew Fong David	Independent and Non-Executive Director

The Chairman of the AC, Mr. Goh Chee Wee, presently sits on the Board of Directors of other public companies in Singapore and has vast experience in the field of accounting, auditing and risk management. The other members of the AC have many years of experience in business and financial management. The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

During FY2021, no former partner or Director of the Company's existing auditing firm or its member firms was appointed as a member of the AC.

Corporate Governance Report

The main responsibilities of the AC are to assist the Board in discharging its statutory and other responsibilities relating to four (4) main areas:

- overseeing financial reporting;
- overseeing internal control and risk management systems;
- overseeing internal and external audit processes; and
- overseeing Interested Party Transactions ("**IPTs**").

The AC will make enquiries in order to satisfy themselves on the adequacy of the processes supporting the Group's financial reporting, its system of internal control, risk identification and management, its internal and external audit processes, and the Group's process for monitoring compliance with laws and regulations and its own code of business conduct. The members of the AC carried out their duties in accordance with the written terms of reference which include the following:

- review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
- review with the External Auditors, external audit plan, evaluate the internal accounting controls, audit report, report on internal control weaknesses arising from the audit report and management's response thereto and any matters which the External Auditors wish to discuss, without the presence of Management;
- review with the Internal Auditors, internal audit plan, the scope and the results of internal audit procedures and their evaluation of the internal control system together with management's responses thereto and any matters which the Internal Auditors wish to discuss, without the presence of Management;
- review the quarter, half-year and full-year financial statements and other announcements to shareholders and the SGX-ST prior to submission to the Board;
- reviewing the audit fee, the terms of the audit, the nature and extent of non-audit services provided by the External Auditors and making recommendation to the Board on the proposals to the shareholders on the appointment or re-appointment of the External Auditors;
- review the adequacy of the Group's internal controls;
- review IPTs in accordance with the requirements of the SGX-ST Listing Manual;
- review assistance given by the Group's officers to the External and Internal Auditors and ensure that the internal audit function is adequately resourced; and
- carry out such other functions as may be agreed by the AC and the Board.

The AC has explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of the management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any Director or executive officer or any other person to attend its meetings.

The Chief Financial Officer, Company Secretary, Internal Auditors and External Auditors are invited to AC meetings. Other members of Senior Management are also invited to attend as appropriate to present reports.

The AC meets with the Internal Auditors and External Auditors two (2) times a year to discuss the reasonableness of financial reporting processes, the system of internal control and comments and recommendations of the auditors. These meetings enable the Internal Auditors and External Auditors to raise issues encountered during the course of their work directly to the AC.

The AC met on a quarterly basis and reviewed the quarterly, half-year and full-year financial statements announcements, material announcements and all related disclosures to the shareholders before submission to the Board for approval.

External Auditor

The AC had reviewed BDO LLP's external audit plan for FY2021 and had agreed with the External Auditor's proposed significant areas of focus and assumptions that impact the financial statements.

In AC's review of the financial statements of the Group for FY2021, it had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The AC focused particularly on:

- any significant adjustments resulting from the audit;
- the appropriateness of the going concern assumption in the preparation of the financial statements; and
- any deficiencies in internal controls over financial reporting matters that came to External Auditor's attention during their audit together with their recommendations.

The AC had also discussed the key audit matters with Management and the External Auditors, BDO LLP. The AC concurred with the basis and conclusions included in the Auditors' report with respect to the key audit matters. For more information on the key audit matters, please refer to pages 46 to 51 of this Annual Report.

Following the review and discussions, the AC then recommended to the Board for approval of the audited annual financial statements.

The AC manages the relationship with the Group's External Auditors, on behalf of the Board. During FY2021, the AC assessed the cost effectiveness of the audit processes, together with the Auditors' approach to audit quality and transparency. The AC concluded that the Auditors had demonstrated appropriate qualifications and expertise and that the audit process was effective.

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

In appointing Auditors for the Company, subsidiaries and significant associated companies, the Group has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

The AC had recommended to the Board that BDO LLP be re-appointed as the External Auditor of the Company. The Board had accepted this recommendation and proposed a resolution to shareholders for the re-appointment of BDO LLP of the Company at the forthcoming AGM.

Auditor Independence

In order to maintain the independence of the External Auditors, the Group has specific policy which governs the conduct of non-audit work by the External Auditors. This policy prohibits the External Auditors from:

- performing services which would result in the auditing of their own work;
- participating in activities normally undertaken by management;
- acting as advocate for the Group; or
- creating a mutuality of interest between the Auditors and the Group, for example being remunerated through a success fee structure.

The AC undertook a review of the independence and objectivity of the External Auditors through discussions with the External Auditors as well as reviewing any non-audit fees awarded to them. The AC is satisfied with the independence and objectivity of the External Auditors after their review.

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Interested Person Transactions

The AC reviewed the Group's IPTs to ensure that the transactions were carried out on normal commercial terms and are not prejudicial to the interests of the Company or its non-controlling shareholders. On a quarterly basis, the Management will report to the AC the IPTs, if any.

The Management reported that the internal control procedures for determining the transaction prices of IPTs had not changed since the date of the last AGM. The AC is satisfied that the internal controls over the identification, evaluation, review, approval and reporting of IPTs was effective.

Whistle Blowing Policy

Management had on the recommendation of the AC put in place the Whistle Blowing Policy for the King Wan Group. This policy provides a channel to employees and other parties to report in confidence, without fear of reprisals, concerns about possible improprieties in matters of financial reporting or other matters. The AC ensures that arrangements are in place for the independent investigation of such matters and appropriate follow up actions are taken.

It has also been a standard item in the agenda of the quarterly meeting of the AC to review any entries in the register of whistle blowing incidents, and progress of investigation, if it remains outstanding.

Provisions 10.4
Internal Auditors, reporting line, compliance and function

The AC is responsible to approve the hiring, removal, evaluation and compensation of the Internal Auditors. The AC will ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.

The Group has outsourced its internal audit function to Ernst & Young Advisory Pte Ltd, an international accounting firm that is not the Company's Auditors. The Internal Auditors serve to provide the Board and the Management with an independent appraisal of the reliability, adequacy and effectiveness of the internal controls established by the Management. Its aim is to promote internal control in the Group and to monitor the performance and the effective application of internal audit procedures. It supports the Directors in assessing key internal controls through a structured review programmed. The Internal Auditors have unfettered access to the Board, the AC and Management, where necessary, and have the right to seek information and explanations. The AC is satisfied that the Internal Auditors are staffed by suitably qualified and experienced personnel. The Group's engagement with Internal Auditors stipulates that its work shall comply with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The Internal Auditors report directly to the Chairman of the AC and assist in the identification of risks and assessment of the adequacy of internal controls systems being implemented. The Internal Auditors also make recommendations on how best to address the material risks identified in the Group. The findings of the Internal Auditors are presented to the AC for review. Having reviewed the audit plan, the AC is satisfied that the Company's internal audit function is adequately resourced to perform the work for the Group.

The Internal Auditors submit to the AC a report on the status of the audit plan and on audit findings, recommendations and actions taken by Management on such findings. Key findings are highlighted at the AC meetings for discussion and follow-up action. The AC monitors the timely and proper implementation of required corrective, preventive or improvement measures undertaken by Management.

During FY2021, the Internal Auditors had conducted its audit reviews based on the approved internal audit plan. All audit reports detailing findings and recommendations were provided to the Management who had responded on the actions to be taken. After having reviewed the internal audit reports and remedial actions implemented by the Management, the AC was satisfied that the internal control functions were adequate and effective.

Provision 10.5
Independent meeting with Internal and External Auditors

The AC has full access to the Internal and External Auditors without the presence of the Management of the Company. The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management of the Company and full discretion to invite any Director or Management of the Company or professionals to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC has met the Internal Auditors and External Auditors without the presence of Management during FY2021.

D. SHAREHOLDERS RIGHTS AND ENGAGEMENT

SHAREHOLDERS RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1
Providing opportunity for shareholders to participate and vote at general meetings

Shareholders are given the opportunity to communicate their views and encouraged to raise pertinent questions to the Board members and to vote at shareholders' meetings. The respective Chairman of the AC, NC and RC, as well as the External Auditors are also present at shareholders' meetings to address relevant questions raised by the Shareholders.

Under the alternative arrangements for conducting general meetings during the Safe Management Period in the Covid-19 situation ("Alternative Meeting Arrangements"), only Chairman of the meeting can only be appointed as the sole proxy by shareholders to attend, speak and vote on their behalf at the forthcoming AGM. Under normal circumstances, the Constitution of the Company allows a shareholder of the Company to appoint up to two (2) proxies to attend and vote in his stead at general meetings, and shareholders who are a "relevant intermediary" (as defined under Section 181 of the Companies Act) may also appoint multiple proxies pursuant to the Companies Act. The Company encourages shareholder participation at general meetings. Information on shareholder meeting is disseminated through notice in the annual reports or circular released through SGXNET and Company's corporate website at the URL **https://www.kingwan.com/**.

Provision 11.2
Separate resolutions at general meetings

All resolutions put to every shareholders' meeting of the Company are voted separately unless the resolutions are interdependent and linked so as to form one significant proposal. Voting at the forthcoming AGM shall be conducted by poll. Under the Alternative Meeting Arrangements, the votes will be pre-counted based on the proxy forms received at least 72 hours before the AGM and the poll results will be verified by the independent scrutineer. Votes cast, for or against, and the respective percentages on each resolution are tallied and announced at the meeting and via SGXNET on the same day of the meeting.

Provision 11.3
Attendees at general meetings

In 2021, due to the unprecedented pandemic crisis, the Company successfully conducted a virtual AGM via a "live" webcast for the first time. The results of the poll votes on each resolution tabled at the AGM (including the total number of votes cast for or against each resolution) were announced after the said meeting via SGXNet. Alternative Meeting Arrangements will continue to apply to the Company at the upcoming AGM to be held in respect of FY2021.

Prior to the meeting, the Company had received questions in relation to the Annual Report from the shareholders and the Securities Investors Association (Singapore). The Board and Management had addressed the questions in the announcements released via SGXNet. The relevant announcements had also been posted on the Company's corporate website.

Provision 11.4
Absentia voting at general meetings

The Company is not implementing absentia voting methods such as voting via mail, email or fax until security, integrity of the information and authentication of the identity of shareholders through the web are not compromised and other pertinent issues are satisfactorily resolved.

Provision 11.5
Minutes of general meetings

The Company prepares minutes of general meeting with details of the proceedings and the voting results of each resolution, and publishes on its corporate website as soon as practicable.

Under the Alternative Meeting Arrangements, minutes of the AGM will be published via SGXNet and the Company's corporate website within one month from the date of the AGM.

Provision 11.6
Dividend policy

The Board aims to declare and pay annual dividends to shareholders on a regular basis. In considering the level of dividend payments, the Board takes into account various factors including:

- level of the Group's available cash;
- return on equity and retained earnings; and
- the Group's projected levels of capital expenditure and other investment plans.

E. ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provisions 12.1, 12.2 and 12.3
Communication with Shareholders

<u>Disclosure of information on a timely basis</u>

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders and believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNet, press release and the corporate website. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNet.

The Board believes in regular, timely and effective communications with shareholders on all major developments that impact the Group. The Company does not practice selective disclosure. Shareholders are informed of shareholders' meetings through published notices and reports or circulars sent to all shareholders. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. The AGM procedures provide shareholders the opportunity to ask questions relating to each resolution tabled for approval. Opportunities are given to shareholders to participate, engage, and openly communicate to the directors, their views on matters relating to the Company.

Pertinent information is communicated to shareholders on a regular and timely basis through:

- the Company's annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Singapore Companies Act, the Singapore Financial Reporting Standards and the SGX-ST Listing Manual;
- financial statements containing a summary of the financial information and affairs of the Group for the period that are published on the SGXNet;
- disclosures to the SGX-ST; and
- the Company's corporate website at the URL: **https://www.kingwan.com/** from which shareholders can access information on the Group. The corporate website provides annual reports and profiles of the Group.

F. MANAGING STAKEHOLDERS RELATIONSHIP

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

Provisions 13.1, 13.2 and 13.3
Managing stakeholder relationships

The Group's management is available to communicate with shareholders and analysts on a regular basis and attending to their queries or concerns.

Key management personnel participate in investor seminars and conferences to keep the market and investors appraised of the Group's corporate developments and financial performance.

Senior Management, regularly engaged with local and foreign investors and analysts at conferences as well as one-on-one and group meetings. The aims of such engagements are to:

- provide shareholders and investors with relevant information promptly, to enable them to have a better understanding of the Group's businesses and performance; and
- solicit feedback from the investment community, including shareholders, on a range of strategic and topical issues. Such engagements provide invaluable insights to the Board and Management on investors' views. It also helps the Group to identify areas of improvement for investor communication.

The Company has a corporate website to communicate and engage with all stakeholders.

Corporate Governance Report

Any queries and concerns regarding the Group can be conveyed to the following person:

Ms. Ong Ai Ling, Chief Financial Officer
Email: **egm.2021@kingwan.com.sg**

G. CODE OF BUSINESS CONDUCT

King Wan's Code of Business Conduct also sets the standards and ethical conduct expected of employees of the Group. Directors, officers and employees are required to observe and maintain high standards of integrity as are in compliance with the law and regulations and company policies.

H. DEALINGS IN COMPANY'S SECURITIES

The Company has a formal policy on dealings in the securities of the Company, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to all Directors and officers. It has adopted best practices on securities dealings in compliance with Rule 1207 (19) of the Listing Manual. During FY2021, the Company sent out memoranda and e-mails to its Directors, officers and relevant employees to remind them that the Company, Directors, officers and relevant employees of the Group and their connected persons are prohibited from dealing in the Company's shares two (2) weeks before the announcement of the Company's quarterly results and one (1) month before the announcement of the Company's full-year results and ending on the date of announcement of the relevant results.

In addition, the Company also discourages the Company, Directors, officers and relevant employees from dealing in the Company's securities on short-term considerations.

Directors are required to notify the Company of any dealings in the Company's securities within two (2) business days of the transactions. The Board is satisfied with the Group's commitment in compliance with the Code.

I. MATERIAL CONTRACTS

Save as disclosed in the directors' statement and financial statements, there was no other material contracts entered into between the Company or any of its subsidiaries with any Director or controlling shareholder in FY2021.

Financials

Directors' Statement

The Directors of King Wan Corporation Limited (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2021, the statement of financial position of the Company as at 31 March 2021 and the statement of changes in equity of the Company for the financial year ended 31 March 2021.

1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon 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 2021, 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; and

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

2. DIRECTORS

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

Mr Chua Kim Hua
Ms Chua Eng Eng
Mr Chua Hai Kuey
Mr Goh Chee Wee
Ms Siraarpa Siriviriyakul
Mr Tang Siew Foo David
Dr Teo Ho Pin (Appointed on 1 April 2021)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4. DIRECTORS' INTERESTS IN SHARES OR 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 its related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50, in Singapore, except as follows:

	Shareholdings registered in name of directors	
Name of directors and Company in which interests are held	**Balance as at beginning of financial year**	**Balance as at the end of financial year**
The Company	**Ordinary shares**	
Chua Kim Hua	44,113,319	44,113,319
Chua Eng Eng	36,576,906	36,576,906
Chua Hai Kuey	22,247,676	22,247,676

By virtue of Section 7 of the Act, the above directors are deemed to have an interest in all related corporations of the Company. In accordance with the continuing listing requirement of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of directors' shareholding, the Directors' interests as at 21 April 2021 in the shares of the Company have not changed from those disclosed as at 31 March 2021.

5. SHARE OPTIONS

There were no share options granted by the Company or any corporation in the Group during the financial year.

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 any corporation in the Group.

There were no unissued shares of the Company or any corporation in the Group under options as at the end of the financial year.

6. AUDIT COMMITTEE

The Audit Committee ("AC") of the Company, consists of all non-executive and independent directors, comprises of the following members as at the date of this statement:

Mr Goh Chee Wee (Chairman)
Ms Siraarpa Siriviriyakul
Mr Tang Siew Foo David

The AC had met up with the external and internal auditors during the year and other directors were also invited to attend some of the meetings. The AC had also met with the external auditors and the internal auditors without the presence of the management. All minutes of the meetings are circulated to all members of the Board. The company secretary is also the secretary to the AC.

Directors' Statement

6. AUDIT COMMITTEE (Continued)

The key responsibility of the AC is to assist the Board in fulfilling its responsibilities for the Group's financial reporting, management of financial and control risks and monitoring of the internal control system. The AC will make enquiries in order to satisfy themselves on the adequacy of the processes supporting the Group's financial reporting, its system of internal control, risk identification and management, its internal and external audit processes, and the Group's process for monitoring compliance with laws and regulations and its own code of business conduct.

The AC had reviewed, *inter alia*, the followings with the executive directors, external and internal auditors of the Company where relevant:

- the external and internal audit plans, the scope of the internal audit procedures and results of the internal auditors' examination and evaluation of the Group's internal control system;
- the consolidated financial statements of the Group and the financial statements of the Company before their submission to the directors of the Company and the external auditors' report on those financial statements;
- the quarterly, half yearly and annual announcements as well as other announcements to shareholders and the SGX-ST prior to submission to the Board;
- the re-appointment of the external and internal auditors of the Group;
- the interested person transactions as specified under Chapter 9 of the SGX-ST Listing Manual Rules; and
- the co-operation and assistance given by the management to the Group's external and internal auditors.

To effectively discharge its responsibilities, the AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director or executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC has reviewed the scope of work proposed by the external auditors and is satisfied with their independence and objectivity. The AC has also undertaken a review of all non-audit services provided by the auditors and is of the opinion that they will not affect the independence of the auditors.

The AC has recommended to the Directors the nomination of BDO LLP for re-appointment as external auditor for the Company at the forthcoming annual general meeting of the Company.

Directors' Statement

7. INDEPENDENT AUDITOR

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Chua Kim Hua
Director

Chua Eng Eng
Director

2 July 2021

Independent Auditor's Report

To the Members of King Wan Corporation Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of King Wan Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 52 to 135, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2021;
- the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the 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, the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2021, 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.

KEY AUDIT MATTERS

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

1. Revenue recognition from construction contracts

The Group's main revenue is construction contracts revenue from the electrical, and plumbing and sanitary segments. The Group recognises revenue over time, whereby revenue is recognised by reference to the proportion of contract costs incurred to date to the satisfaction of a performance obligation ("input method").

As disclosed in Note 3(g) to the financial statements, significant assumptions are used to estimate the total contract costs which affect the accuracy of revenue recognition based on the input method and adequacy of provision for onerous contracts recognised. In making the estimates, the Group relies on past experience.

KEY AUDIT MATTERS (Continued)

1. Revenue recognition from construction contracts (Continued)

We focused our audit on the Group's revenue from construction contracts due to the high level of management judgements and estimates involved, particularly relating to:

- Estimating total contract costs, including estimated costs to complete the projects and provision for onerous contracts at the end of the financial year;
- Determining the stage of completion of each contract at the end of the financial year, including an assessment of the appropriateness of contract costs incurred to date; and
- Variations in scope of work and its corresponding costs relating to original contract and original estimated costs as the project progresses as well as the consequential impact on total estimated cost for the project.

Related Disclosures

Refer to Notes 2.13, 3(g) and 28 of the accompanying financial statements.

Audit Response

Our procedures included, amongst others, the following:

- Assessed the Group's internal controls over the recording of revenue and costs for construction contracts;
- Evaluated the revenue recognition of the Group in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*;
- For a selection of completed projects during the year, we performed retrospective review by comparing the total actual cost incurred at completion against the budgeted cost to assess the reasonableness of management's estimate;
- For a selection of projects in progress at the end of the financial year, we:
  - traced the estimated costs to complete for sampled projects by validating committed costs to supporting documents; and
  - tested the reasonableness of estimated labour costs and other overhead expenses for these sampled projects.
- In relation to variation orders raised against customers, we selected samples and checked to supporting documents to validate the management's estimate that the variable considerations will not result in highly probable significant reversal when the variation order is confirmed;
- Compared total contract revenue to actual cost incurred plus expected inputs to satisfy the performance obligations and assessed adequacy of provision for onerous contracts; and
- Considered the adequacy of the related disclosures.

Independent Auditor's Report

To the Members of King Wan Corporation Limited

KEY AUDIT MATTERS (Continued)

2. Assessment of the recoverability of debts owing by the associates and a joint venture to the Group

The Group has the following debts owing by the associates and a joint venture:

(a) An associate, Dalian Shicheng Property Development (S) Pte. Ltd. ("DSPDS") group;

(b) Associates, Chang Li Investments Pte. Ltd., Li Ta Investments Pte. Ltd. and Soon Li Investments Pte. Ltd. ("CLLTSL");

(c) An associate, Nexus Point Investments Pte. Ltd. ("Nexus");

(d) An associate, Gold Hyacinth Development Pte. Ltd. ("GHD"); and

(e) A joint venture, Soon Zhou Investments Pte. Ltd. ("SZI") group.

As at 31 March 2021, the gross carrying amount of the advances to DSPDS group of $30,409,000 was fully impaired by the Group.

The carrying amounts of receivables from CLLTSL, Nexus and GHD were $2,616,000 (net of loss allowance of $1,917,000), $9,429,000 (net of loss allowance of $7,350,000), and $3,093,000 (net of loss allowance of $1,225,000) respectively as at the end of the financial year.

With respect to SZI group, the carrying amount of the receivable was $22,883,000 as at the end of the financial year.

The management assessed that the net carrying amount of the above receivables are recoverable on the basis set out in Note 3(b) to the financial statements.

Management's assessments on the ability to recover the receivables owed by the associates and a joint venture involved significant judgements and estimation uncertainty, and are dependent on:

(a) ability of DSPDS group, SZI group and CLLTSL to realise the estimated values of the properties and/or undeveloped land held by them based on valuation performed by an external professional valuer;

(b) the assumption that DSPDS group will be able to pay its debts owing to SZI group; and

(c) estimates of the cash flow from Nexus and GHD's operations, a dormitory and a vessel respectively, based on valuation performed by the external professional valuers.

We focused our audit on the recoverability of debts owing by the associates and a joint venture due to the high level of management judgements and estimates involved listed above.

Related Disclosures

Refer to Notes 2.4, 3(b) and 7 of the accompanying financial statements.

Independent Auditor's Report

To the Members of King Wan Corporation Limited

KEY AUDIT MATTERS (Continued)

2. **Assessment of the recoverability of debts owing by the associates and a joint venture to the Group** (Continued)

   Audit Response

   Our procedures included, amongst others, the following:

   - Evaluated the expected credit loss taking into consideration historical and forward looking information;

   - In respect of the valuation of the properties, dormitory and vessel performed by the external professional valuer, we performed the following:

     i) Evaluated the qualifications, independence and objectivity of the valuers and considered the scope of their work;

     ii) Engaged our internal valuation specialists to review and assess the appropriateness of the valuation methodology, key assumptions and parameters used which affect the fair value estimates; and

     iii) Assessed the estimated cash flows and reasonableness of the other key assumptions used.

   - Evaluated the significant assumptions applied by management in assessing the ability of these associates and joint venture to repay its debts; and

   - Considered the adequacy of the related disclosures.

OTHER MATTERS

The consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2020 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 7 September 2020.

OTHER INFORMATION

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is 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 King Wan Corporation Limited

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 SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Independent Auditor's Report

To the Members of King Wan Corporation Limited

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by 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 Poh Chin Beng.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
2 July 2021

Statements of Financial Position

As at 31 March 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
ASSETS					
Current assets					
Cash and bank balances	5	11,130	8,197	120	144
Trade receivables	6	10,359	5,322	-	-
Other receivables and prepayments	7	6,661	6,895	15	44
Amount due from subsidiaries	8	-	-	5,244	5,003
Held-for-trading investments	9	157	203	-	-
Inventories	10	1,203	951	-	-
Contract assets	11	22,746	25,301	-	-
Total current assets		52,256	46,869	5,379	5,191
Non-current assets					
Other receivables	7	38,021	42,535	-	-
Property, plant and equipment	12	2,017	2,092	-	-
Right-of-use assets	13	2,334	2,810	-	-
Investment in subsidiaries	14	-	-	31,699	31,699
Investment in associates and joint venture	15	3,953	3,792	942	942
Investments	16	19,167	14,149	14,710	10,807
Deferred tax assets	17	500	222	-	-
Total non-current assets		65,992	65,600	47,351	43,448
Total assets		118,248	112,469	52,730	48,639

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

Statements of Financial Position

As at 31 March 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	18	10,867	14,713	-	-
Trade payables and bills payables	19	36,036	35,321	-	-
Other payables	20	1,695	1,870	667	835
Contract liabilities	21	1,728	158	-	-
Lease liabilities	22	522	511	-	-
Amount due to a subsidiary	23	-	-	18,635	16,794
Provision for liabilities	24	2,321	1,553	-	-
Income tax payable		934	992	2	2
Total current liabilities		54,103	55,118	19,304	17,631
Non-current liabilities					
Bank borrowings	18	3,958	-	-	-
Lease liabilities	22	1,084	1,606	-	-
Total non-current liabilities		5,042	1,606	-	-
Total liabilities		59,145	56,724	19,304	17,631
Capital and reserves					
Share capital	25	46,814	46,814	46,814	46,814
Retained earnings		37,257	38,746	5,936	7,421
Foreign currency translation reserve	26	(90)	86	-	-
Investment revaluation reserve	27	(24,878)	(29,901)	(19,324)	(23,227)
Total equity		59,103	55,745	33,426	31,008
Total liabilities and equity		118,248	112,469	52,730	48,639

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 March 2021

	Note	Group 2021 $'000	Group 2020 $'000
Revenue	28	45,906	72,398
Cost of sales		(42,891)	(63,121)
Gross profit		3,015	9,277
Other operating income	29	1,872	2,214
Administrative expenses		(4,630)	(5,838)
Other operating expenses	30	(119)	(85)
Share of profit of associates and joint venture		161	139
Loss allowance on trade receivables, other receivables and contract assets	33	(761)	(2,970)
Finance costs	31	(942)	(1,504)
(Loss)/Profit before income tax		(1,404)	1,233
Income tax expense	32	(85)	(813)
(Loss)/Profit for the financial year	33	(1,489)	420
Other comprehensive income/(loss)			
Item that will not be reclassified subsequently to profit or loss			
Net fair value gain/(loss) in equity securities carried at fair value through other comprehensive income ("FVTOCI")		5,023	(14,589)
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(176)	155
Other comprehensive income/(loss) for the financial year		4,847	(14,434)
Total comprehensive income/(loss) for the financial year		3,358	(14,014)
(Losses)/Earnings per share (cents)			
Basic and diluted	34	(0.43)	0.12

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

Statements of Changes in Equity

For the financial year ended 31 March 2021

	Share capital $'000	Retained earnings $'000	Foreign currency translation reserve $'000	Investment revaluation reserve $'000	Total $'000
Group					
Balance as at 1 April 2020	46,814	38,746	86	(29,901)	55,745
Total comprehensive income for the financial year:					
Loss for the financial year	-	(1,489)	-	-	(1,489)
Other comprehensive income for the financial year	-	-	(176)	5,023	4,847
Total	-	(1,489)	(176)	5,023	3,358
Balance as at 31 March 2021	46,814	37,257	(90)	(24,878)	59,103
Balance at 1 April 2019	46,814	38,326	(69)	(15,312)	69,759
Total comprehensive loss for the financial year:					
Profit for the financial year	-	420	-	-	420
Other comprehensive loss for the financial year	-	-	155	(14,589)	(14,434)
Total	-	420	155	(14,589)	(14,014)
Balance at 31 March 2020	46,814	38,746	86	(29,901)	55,745

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

Statements of Changes in Equity

For the financial year ended 31 March 2021

	Share capital $'000	Retained earnings $'000	Investment revaluation reserve $'000	Total $'000
Company				
Balance as at 1 April 2020	46,814	7,421	(23,227)	31,008
Total comprehensive income for the financial year:				
Loss for the financial year	-	(1,485)	-	(1,485)
Other comprehensive income for the financial year	-	-	3,903	3,903
Total	-	(1,485)	3,903	2,418
Balance as at 31 March 2021	46,814	5,936	(19,324)	33,426
Balance as at 1 April 2019	46,814	13,214	(11,895)	48,133
Total comprehensive loss for the financial year:				
Loss for the financial year	-	(5,793)	-	(5,793)
Other comprehensive loss for the financial year	-	-	(11,332)	(11,332)
Total	-	(5,793)	(11,332)	(17,125)
Balance as at 31 March 2020	46,814	7,421	(23,227)	31,008

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

Consolidated Statement of Cash Flows

For the financial year ended 31 March 2021

	Group	
	2021	2020
	$'000	$'000
Operating activities		
(Loss)/Profit before income tax	(1,404)	1,233
Adjustments for:		
Allowance/(Reversal) for inventory obsolescence	33	(21)
Bad trade debt written off	6	-
Change in fair value of held-for-trading investments	46	85
Change in fair value of insurance contract	5	(18)
Depreciation of property, plant and equipment	551	623
Depreciation of right-of-use assets	476	473
Dividend income from held-for-trading investments	(*)	(*)
Dividend income from investment in equity securities carried at FVTOCI	-	(741)
Fee income from financial guarantee to associates and joint venture	(116)	(181)
Gain on disposal of property, plant and equipment	(155)	(25)
Inventories written off	8	-
Interest income	(920)	(974)
Interest expense	942	1,504
Loss allowance for trade receivables, other receivables and contract assets	761	2,970
Share of profit of associates and joint venture	(161)	(139)
Provision for liabilities	1,044	633
Operating cash flows before movements in working capital	1,116	5,422
Trade receivables	(5,337)	953
Other receivables and prepayments	184	(386)
Contract assets	2,641	(328)
Contract liabilities	1,570	(665)
Inventories	(293)	30
Trade payables and bills payables	715	4,177
Other payables	(59)	91
Provision for liabilities	(276)	(234)
Cash generated from operations	261	9,060
Income taxes paid	(421)	(589)
Interest paid	(942)	(1,504)
Net cash (used in)/from operating activities	(1,102)	6,967

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

Consolidated Statement of Cash Flows

For the financial year ended 31 March 2021

	Group	
	2021	**2020**
	$'000	$'000
Investing activities		
Interest received	9	10
Advances to associates and joint venture	(1,305)	(3,375)
Repayments from joint venture	6,050	-
Dividends received from held-for-trading investments	*	*
Dividends received from investment in equity securities carried at FVTOCI	-	741
Purchase of property, plant and equipment	(532)	(50)
Proceeds from disposal of property, plant and equipment	211	79
Purchase of right-of-use assets (Note A)	-	(7)
Net cash from/(used in) investing activities	4,433	(2,602)
Financing activities		
Repayments of lease liabilities	(511)	(504)
Proceeds from bank borrowings and overdrafts	5,000	1,250
Repayments of bank borrowings and overdrafts	(3,625)	(3,166)
Net cash from/(used in) financing activities	864	(2,420)
Net increase in cash and cash equivalents	4,195	1,945
Cash and cash equivalents at the beginning of the financial year	6,934	4,988
Effect of foreign exchange rate changes on balances held in foreign currencies	1	1
Cash and cash equivalents at end of the financial year (Note 5)	11,130	6,934

* Amount less than $1,000.

Note A:

In 2020, the Group purchased right-of-use assets with an aggregate cost of $79,000 of which $72,000 was acquired under lease arrangement. There were no other non-cash changes in the cash flows used in financing activities for 2020.

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

Notes to the Financial Statements

For the financial year ended 31 March 2021

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

1. GENERAL

The Company (Registration No. 200001034R) is incorporated in Singapore with its registered office and principal place of business at No. 8 Sungei Kadut Loop, Singapore 729455. The Company is listed on the mainboard of Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of investment holding. The subsidiaries, associates and joint venture in the Group are principally engaged in activities as disclosed in Notes 14 and 15 to the financial statements respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

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

The individual financial statements of each entity within the Group are measured and presented in the currency of primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("$'000") as indicated.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

Going Concern

The Group reported a net loss of $1,489,000 for the financial year ended 31 March 2021, and as of that date, the Group's current liabilities exceeded its current assets by $1,847,000.

As at 31 March 2021, the Group had breached certain debt covenants with a few financial institutions. The Group had obtained letters of indulgence or waiver from respective financial institutions before end of the financial year as waiver of the breaches.

In addition, amidst the present market slow-down due to the COVID-19 pandemic, the cash flow and financial position of the Group have been impacted as construction activities were halted during the "Circuit Breaker" period in Singapore from 7 April 2020 to 1 June 2020. As of September 2020, the Group obtained approval from relevant authorities to commence its operation at all the construction sites within the Group.

Notes to the Financial Statements

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of accounting (Continued)

Going Concern (Continued)

In view of these circumstances, the Directors of the Company have given careful consideration of the future liquidity and cash flows of the Group in assessing whether the Group will have sufficient financial resources to continue as a going concern for the next 12 months from the date of authorisation of these financial statements. For this purpose, management has prepared a month-to-month consolidated cash flows forecast up to 30 June 2022 (the "Cash Flows Forecast") based on the latest available financial information. In preparing the Cash Flows Forecast, the following judgement and assumptions have been taken by the Group:

a) Management has assumed that construction activities will be in full operation, not be disrupted by significant restriction on the movement of foreign workers during the forecasted period, and that the monthly cash collections will be sustained;

b) Continued support from the Group's existing bankers in providing banking and other credit facilities and access to undrawn credit facilities. In preparing the Cash Flows Forecast, management has assumed that the short term revolving credit facilities will be rolled over as and when they fall due; and

c) Completion of rights issue exercise and receipt of net proceeds from such rights issue of approximately $6,750,000 in September 2021.

With the above improved conditions of the Group's operation, increased awareness of COVID-19 and the Singapore Government's effort on managing the outbreaks, the Directors are confident that the strategies in place will improve the operating performance and financial position of the Group and the Company and the Directors do not believe that a material uncertainty in relation to going concern exists.

Changes in accounting policies

New standards, amendments and interpretations effective from 1 April 2020

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies, except as detailed below.

Amendment to SFRS(I) 16 *Leases:* Covid-19-Related Rent Concessions

Effective 1 June 2020, the amendment provides a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction is lease payments affects only payments originally due on or before 30 June 2021; and

(c) There is no substantive change to other terms and conditions of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of accounting (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations effective from 1 April 2020 (Continued)

Amendment to SFRS(I) 16 *Leases:* Covid-19-Related Rent Concessions (Continued)

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred from April 2020 to May 2020. The impact of rent concessions in profit or loss amount to $76,000 (see Note 33).

New standards, amendments and interpretations issued but not yet effective

The following standards and amendments to standards have been issued by the ASC that are effective in future accounting periods and the Group has not decided to early adopt:

		Effective date (annual periods beginning on or after)
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Various	: Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I)4, SFRS(I) 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
SFRS(I) 16 (Amendments)	: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
SFRS(I) 3 (Amendments)	: Reference to the Conceptual Framework	1 January 2022
SFRS(I) 1-16 (Amendments)	: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
SFRS(I) 1-37 (Amendments)	: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Various	: Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
SFRS(I) 17	: Insurance Contracts	1 January 2023[1]
SFRS(I) 1-1 (Amendments)	: Classification of Liabilities as Current or Non-current	1 January 2023[2]
SFRS(I) 1-8 (Amendments)	: Definition of Accounting Estimates	1 January 2023
Various	: Amendments to SFRS(I) 17	1 January 2023
Various	: Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023

[1] The mandatory effective date of this Standard had been revised from 1 Jan 2021 to 1 Jan 2023 by the ASC in Nov 2020 via Amendments to SFRS(I) 17.

[2] The mandatory effective date of this Amendment had been revised from 1 Jan 2022 to 1 Jan 2023 by the ASC in Jul 2020 via Amendment to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current – Deferral of Effective Date.*

Notes to the Financial Statements

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of accounting (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations issued but not yet effective (Continued)

Management anticipates that the adoption of the above SFRS(I)s and amendments to SFRS(I)s in future periods will not have a material impact on the financial statements in the period of their initial adoption.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

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

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or the cost on initial recognition of an investment in an associate or a joint venture.

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

2.3 Business combinations

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

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

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

Notes to the Financial Statements

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business combinations (Continued)

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

2.4 Financial instruments

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of the assets within the timeframe established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Financial instruments (Continued)

Financial assets (Continued)

Classification of financial assets (Continued)

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see below on equity instruments designated as at FVTOCI); and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see below on financial assets at FVTPL).

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Notes to the Financial Statements

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost and effective interest method (Continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the 'other operating income' line item.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Group has designated all investments in quoted equity instruments that are not held for trading as at FVTOCI on initial application of SFRS(I) 9 (see Note 16).

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'revenue' line item (Note 28) in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each financial year, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 38(b)(vi).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each financial year. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘other operating income’ (Note 29) or ‘other operating expenses’ (Note 30) line items; and

- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve (Note 27).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on investments in debt instruments that are measured at amortised cost or at FVTOCI, contract assets, as well as financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at the end of each financial year to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the financial year, including time value of money where appropriate.

Notes to the Financial Statements

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the end of the financial year or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the end of the financial year.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the financial year with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely investment holding, provision of mechanical and electrical engineering services and rental of mobile lavatories.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtors' ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor; and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Financial instruments (Continued)

Financial assets (Continued)

Significant increase in credit risk (Continued)

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria is capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 2 years past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Notes to the Financial Statements

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Financial instruments (Continued)

Financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event (see above for "Definition of default"); or
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the end of the financial year.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Financial instruments (Continued)

Financial assets (Continued)

<u>Measurement and recognition of expected credit losses</u> (Continued)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables and other receivables are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for other receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics. If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the end of the financial year.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

<u>Derecognition of financial assets</u>

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Notes to the Financial Statements

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Borrowings

Interest-bearing bank loans, overdrafts and lease liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in profit or loss over the term of the borrowings.

Financial liabilities

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and

- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each financial year, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other operating income' (Note 29) or 'other operating expenses' (Note 30) line items in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.5 Leases

The Group as lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Leases (Continued)

The Group as lessee (Continued)

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of lease liabilities.

The Group presents the right-of-use and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset.

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.9 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities and variable lease payments not included in the measurement of the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Leases (Continued)

The Group as lessee (Continued)

Subsequent measurement (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional asses being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The Group as lessor

When the Group is a lessor, it determines whether each lease entered is a finance or an operating lease at the lease inception date and reassessed only if there is a lease modification. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Whereas, it is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

If the lease arrangement contains lease and non-lease components, the Group applies the principles within SFRS(I) 15 to allocate consideration in the lease arrangement.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of ‘other operating income’ (Note 29) line item. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

Any modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Notes to the Financial Statements

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Inventories

Inventories comprising raw materials and consumables are stated at the lower of cost and net realisable value. Cost includes all cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost includes its purchase price and any costs 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. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Property, plant and equipment under construction in progress includes professional fees and, for qualifying assets, borrowings costs capitalised in accordance with the Group’s accounting policy. Depreciation commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Buildings and properties	-	over the term of the lease which is 3% to 17%
Plant and machinery	-	5% to 20%
Office equipment	-	10% to 33⅓%
Motor vehicles	-	10% to 20%
Portable toilets	-	20%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Associates and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 1-36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Notes to the Financial Statements

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Associates and joint venture (Continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

2.9 Impairment of non-financial assets

At the end of each financial year, the Group reviews the carrying amounts 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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

2.10 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand, demand deposits and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents also includes bank overdrafts. In the consolidated statement of financial position, bank overdrafts are presented within 'bank borrowings' under current liabilities.

Notes to the Financial Statements

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Provisions

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

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

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

Accrual for profit sharing

The Group recognises a liability and an expense for profit sharing if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

Provision for rectification costs

The Group recognises a liability and an expense for rectification costs upon completion of the construction work and the obligation is made based on management's best estimates of the expected costs which are to be incurred pending the finalisation of the final account between the Group and its respective sub-contractors based on past experience and assessment of the projects.

2.12 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.13 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The Group provides construction services to customers through fixed-price contracts. Contract revenue is recognised when the Group's performance creates or enhance an asset that the customer controls as the asset is created or enhanced.

Notes to the Financial Statements

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Revenue recognition (Continued)

Construction contracts

i) Plumbing and sanitary

The Group is involved in the provision of plumbing and sanitary services which includes the design and installation of water distribution systems and pipe network for sewage and waste water drainage.

ii) Electrical

The Group is involved in the provision of electrical engineering services which include the design and installation of electricity distribution systems, fire protection, alarm systems, communications and security systems as well as air-conditioning and mechanical ventilation systems.

For these contracts, revenue is recognised over time, whereby revenue is recognised by reference to the proportion of contract costs incurred to date to the estimated total contract costs ("input method"). The estimated total contract costs comprised subcontractor costs, labour costs and other overhead expenses. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In some circumstances such as in the early stages of a contract where the Group may not be able to reasonably measure its progress but expects to recover the contract costs incurred, contract revenue is recognised only to the extent of the contract costs incurred until such time when the Group can reasonably measure its progress, where necessary.

Contract modifications that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

Estimates of revenue, costs or extent of progress toward completion are revised if there is a change in the scope of work. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The period between the transfer of the promised services and customer payment may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the customers from the performing entity's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The customer is invoiced on a milestone payment schedule. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Revenue recognition (Continued)

Rendering of services – toilet rental

The Group is involved in rental and operating of mobile lavatories and other facilities. Revenue from the toilet rental is recognised over the term of the relevant rental period.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Lease income

The Group's policy for recognition of revenue from operating leases is described above (see Note 2.5).

Management fee income

Management fee income is recognised in profit or loss as and when the services are rendered.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

2.15 Retirement benefit costs

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

2.16 Income tax

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

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

Notes to the Financial Statements

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Income tax (Continued)

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

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

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

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

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

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

<u>Sales tax</u>

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

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Foreign currency transactions and translation

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

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the accumulated exchange differences in respect of that operation in the Group's foreign currency translation reserve, are reclassified to profit or loss.

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

2.18 Contingencies

A contingent liability is:

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 March 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Contingencies (Continued)

Contingencies are not recognised on the consolidated statement of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the entity's accounting policies

There are no critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, 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.

(a) Recoverability of trade receivables, contract assets and amount due from subsidiaries

(i) Loss allowances for trade receivables and contract assets

The Group makes allowances for expected credit losses based on an assessment of the recoverability of trade receivables and contract assets. The impairment provisions for trade receivables and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each financial year. The identification of loss allowance requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade receivables and contract assets in the period in which such estimate has been changed.

As at the end of the financial year, the loss allowance and the carrying amounts of trade receivables and contract assets are disclosed in Notes 6 and 11 to the financial statements respectively.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

(a) Recoverability of trade receivables, contract assets and amount due from subsidiaries (Continued)

(ii) Recoverability of amount due from subsidiaries

The Company assesses annually whether the advances to subsidiaries have any indication of impairment in accordance with the accounting policy. Management evaluates, among other factors, the market and economic environment in which the subsidiaries operate, economic performance of these entities i.e. existing financial performance as well as operating profit forecasts and the duration and extent to which the cost of investments in these entities and advances to subsidiaries exceed their net tangible assets values.

As at the end of the financial year, the loss allowance and the carrying amount of amount due from subsidiaries is disclosed in Note 8 to the financial statements.

(b) Recoverability of amounts due from associates and joint venture

(i) Dalian Shicheng Property Development (S) Pte. Ltd. ("DSPDS") group, comprising DSPDS and its subsidiary - Dalian Shicheng Property Development Co., Ltd ("DSPDC")

The Group assesses at the end of each financial year whether the advances to DSPDS group are recoverable. The gross carrying amount of the advances to DSPDS group is $30,409,000 (2020: $29,914,000) and loss allowance on the full amount has been recognised at the end of the financial year.

As at the end of the financial year, total loss allowances of $30,409,000 (2020: $29,914,000) have been made after considering the financial position of DSPDS group and the valuation of the multi-phased mixed development properties in Dalian, PRC (the "Singapore Garden") estimated by an external professional valuer. In making this assessment, the significant assumptions include the ability of DSPDS group to realise the estimated values of the properties.

(ii) Soon Zhou Investments Pte. Ltd. ("SZI") group, comprising SZI and its subsidiaries

The Group assesses at the end of each financial year whether the advances to SZI group are recoverable. The carrying amount of advances to SZI group at the end of the financial year is $22,883,000 (2020: $27,487,000), and no loss allowance was recognised in the financial year ended 31 March 2021 and 31 March 2020 (Note 7).

In 2016, SZI and its wholly-owned subsidiary, Dalian Blue Oasis Properties Co Ltd ("DBOP") contracted with DSPDS to purchase certain residential units, retail properties and rights of use of semi-basement and carparks in DSPDC's Singapore Garden for amounts totalling RMB201 million (equivalent to $42 million).

In August 2018, DBOP issued a notification letter to DSPDC on its intent to cancel the sale and purchase agreements ("SPAs") for the sale of residential units from DSPDC to DBOP due to non-delivery of the fully paid purchased residential units within the contracted period under the SPAs by DSPDC. In September 2018, a cancellation agreement was entered into between both parties whereby DSPDC had to refund RMB148 million (equivalent to $30 million) to DBOP. As at 31 March 2021, DBOP has receivables amounting to RMB49 million (equivalent to $10 million) from DSPDC relating to the refund. Management assessed that these receivables are recoverable.

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For the financial year ended 31 March 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

(b) Recoverability of amounts due from associates and joint venture (Continued)

(ii) Soon Zhou Investments Pte. Ltd. ("SZI") group, comprising SZI and its subsidiaries (Continued)

Management has assessed that there are tax liabilities associated with the sales and purchase transactions and has assessed the tax obligation based on a probability-weighted approach and determined the potential tax obligation to be approximately $3.0 million for DSPDC and $0.3 million for DBOP. These potential tax obligations have been recognised by the associate and joint venture at the end of the financial year. Due to the uncertainty associated with such tax items, it is probable that on conclusion of such tax matters at a future date, the final outcome may differ significantly and may have an impact on the recoverability of advances from SZI.

After considering the financial position of SZI group, the ability to recover the above receivable, the valuation of the previously acquired development properties from DSPDC in Singapore Garden, estimated by an external professional valuer, and the potential tax impact, management expects the advances to SZI group to be recoverable. In making this assessment, significant assumptions include the ability of SZI group to realise the estimated values of the properties as well as its receivables.

(iii) Chang Li Investments Pte. Ltd. ("Chang Li"), Li Ta Investments Pte. Ltd. ("Li Ta") and Soon Li Investments Pte. Ltd. ("Soon Li")

The Group assesses at the end of each financial year whether the advances to these associates are recoverable. The carrying amount of advances to these associates at the end of the financial year is $2,616,000 (2020: $2,616,000) (net of loss allowance of $1,917,000 (2020: $1,917,000)) (Note 7).

After considering the financial position of these associates and the valuation of the previously acquired investment properties from DSPDC in Singapore Garden, estimated by reference to an external professional valuer, management expects the advances to these associates to be recoverable up to net carrying amount as at end of the financial year. In making this assessment, significant assumptions include the ability of these associates to realise the estimated values of the investment properties.

(iv) Nexus Point Investments Pte. Ltd. ("Nexus")

The advances to Nexus are to support the dormitory operations. The Group assesses at the end of each financial year whether the advances to Nexus are recoverable. The carrying amount of advances to Nexus at the end of the financial year is $9,429,000 (2020: $9,224,000) (net of loss allowance of $7,350,000 (2020: $7,350,000)) (Note 7).

The Group's ability to recover advances to Nexus is dependent on estimates of the cash flow from the associate's operations based on valuation performed by an external professional valuer. The critical judgements and estimations involved in evaluating the market value include the occupancy rate, the rental rate and market prices of comparable properties.

As at the end of the financial year, total loss allowances of $7,350,000 (2020: $7,350,000) have been made based on the market conditions reflecting the recoverability of the net assets in Nexus and the associate's cash flows from operation.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

(b) Recoverability of amounts due from associates and joint venture (Continued)

(v) Gold Hyacinth Development Pte. Ltd. ("GHD")

The advances to GHD are to support its vessel charter operations. The Group assesses at the end of each financial year whether the advances to GHD are recoverable. The carrying amount of advances to GHD at the end of the financial year is $3,093,000 (2020: $3,208,000) (net of loss allowance of $1,225,000 (2020: $1,299,000)) (Note 7).

The Group's ability to recover the advances owed by GHD is dependent on estimates of the cash flow from the associate's operations based on valuation performed by an external professional valuer. The critical judgements and estimations involved includes the market charter rates and the market prices of similar vessels.

As at the end of the financial year, total loss allowances of $1,225,000 (2020: $1,299,000) have been made based on the market conditions reflecting the recoverability of the net assets in GHD and the associate's cash flows from operation.

(vi) Meadows Bright Development Pte Ltd ("MBD")

The Group assesses at the end of each financial year whether the advances to MBD are recoverable. The carrying amount of advances to MBD at the end of the financial year is $6,117,000 (2020: $6,110,000), and no loss allowance was recognised in the financial year ended 31 March 2021 and 31 March 2020 (Note 7).

In assessing the recoverability of the advances to MBD, the Group evaluates, among other factors, the market and economic environment in which MBD operates as well as economic performance of MBD i.e. existing financial position and the recoverability of the net assets in MBD.

(c) Assessment of corporate guarantee given in connection with bank loans of DSPDS group (entities described in Note 3 (b)(i) above)

The Company together with another shareholder (the "Joint Guarantor") of the associate, DSPDS group, provided joint and several corporate guarantees to a bank for credit facilities utilised by DSPDS group for development of the Singapore Garden (the "Development"). As at 31 March 2021, the outstanding bank loan of DSPDS group is $10,000,000 (2020: $10,568,000).

The total outstanding bank loans of DSPDS group which are covered by joint and several corporate guarantees from the Company and a Joint Guarantor amounted to $10,000,000 (2020: $10,568,000) as at 31 March 2021.

In assessing whether the Group needs to record any loss allowance in respect of the above joint and several corporate guarantee, management engaged an external professional valuer to estimate the market value of unsold property units and remaining undeveloped land in respect of which there are no development plans as at 31 March 2021.

Based on these estimates, management projects that future sales proceeds from unsold property units and remaining undeveloped land will be sufficient for DSPDS group to repay the bank loan referred above.

Notes to the Financial Statements

For the financial year ended 31 March 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

(c) Assessment of corporate guarantee given in connection with bank loans of DSPDS group (entities described in Note 3 (b)(i) above) (Continued)

It is anticipated that the Group together with the Joint Guarantor will be required to fund instalment payments due on the bank loans. However, such payments are expected to be recovered subsequently from the eventual sale of properties in the Development.

Based on the above assessment, management has made the judgement that, as at 31 March 2021, no provision for loss allowance needs to be made in connection with the bank guarantees (2020: $Nil).

The above assessment is based on the best estimates of net cash flows which may be realised from sale of properties of DSPDC, the ability to sell the properties for the estimated amounts, the timing of sale relative to timing of repayment of bank loans and the assumption that the Joint Guarantor will fund 50% of any cash required for instalment payments due on the bank loans.

Management monitors the above projections, reassesses the judgements and accounting estimates periodically.

(d) Assessment of corporate guarantee given in connection with bank loans of Nexus Point Investments Pte. Ltd. ("Nexus") (entity described in Note 3 (b)(iv) above)

The Company together with two other shareholders (the "Joint Guarantors") of the associate, Nexus, provided corporate guarantees to a bank for credit facilities utilised by Nexus for the land and construction loan of a dormitory. The Company's maximum exposure to the corporate guarantee amounted to $20,721,000 (2020: $21,050,000).

In assessing whether the Group needs to record any loss allowance in respect of the corporate guarantee, management has assessed the estimates of the cash flow from the associate's net assets after considering the valuation performed by an external professional valuer. The critical judgements and estimations involved in evaluating the market value include the occupancy rate, the rental rate and market prices of comparable properties.

Based on the above assessment, management has made the judgement that, as at 31 March 2021, no provision for loss allowance needs to be made in connection with the bank guarantee (2020: $Nil).

The assessment is also dependent on the assumption that the Joint Guarantors will fund the proportionate cash required for instalment payments due on the bank loans.

Management monitors the above assessments, reassesses the judgements and accounting estimates periodically.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

(e) Impairment in value of investment in associates and joint venture – Group level

The Group assesses annually whether its investment in associates and joint venture has any indication of impairment in accordance with the accounting policy. Critical judgements and key sources of estimation uncertainties are disclosed in Note 3 (b) to the financial statements.

As disclosed in Note 15, the carrying amount of the investment in certain associates and joint venture is $Nil at the end of the financial year as the Group has recognised losses incurred by the associates and joint venture to the Group's cost of investment in the associates and joint venture. The Group did not recognise its share of losses in excess of the carrying amount of the investments in associates and joint venture as the Group does not have the legal or constructive obligation or made payments on behalf of the associates and joint venture.

As at the end of the financial year, total allowance for impairment loss of $2,139,000 (2020: $2,139,000) has been made for the carrying value of investment in associates estimated based on the market conditions reflecting the recoverability of the net assets in associates. The carrying amount of the investment in associates and joint venture is disclosed in Note 15 to the financial statements.

(f) Impairment in value of investment in subsidiaries, associates and joint venture – Company level

The Company assesses annually whether its investment in associates and joint venture has any indication of impairment in accordance with the accounting policy. Critical judgements and key sources of estimation uncertainties are disclosed in Note 3 (b) to the financial statements.

The Company also assesses annually whether its investment in subsidiaries has any indication of impairment in accordance with the accounting policy. Management evaluates, among other factors, the market and economic environment in which the subsidiaries operate, economic performance of these entities i.e. existing financial performance as well as operating profit forecasts and the duration and extent to which the cost of investments in these entities exceed their net tangible assets value and fair value less cost to sell.

As at the end of the financial year, total allowance for impairment loss of $10,000,000 (2020: $10,000,000) have been made for investment in subsidiaries, estimated based on the market conditions reflecting the recoverability of the net assets in subsidiaries. The carrying amounts of the investment in subsidiaries, associates and joint venture are disclosed in Notes 14 and 15 to the financial statements respectively.

Notes to the Financial Statements

For the financial year ended 31 March 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

(g) Revenue recognition and contract cost from construction contracts

Revenue is recognised over time, whereby the revenue is recognised by reference to the the proportion of contract costs incurred to date to the estimated total contract costs (“input method”).

Management estimates the total contract costs to complete, which are used in the input method to determine the Group’s recognition of the revenue. When it is probable that the total contract costs will exceed the total revenue from construction contracts, a provision for onerous contracts is recognised immediately. As at the end of the financial year, total provision for onerous contracts of $1,462,000 (2020: $720,000) has been made and disclosed in Note 24 to the financial statements.

Significant assumptions are used to estimate the total contract costs which affect the accuracy of revenue recognition based on the input method and completeness of provision for onerous contracts recognised. In making these estimates, management has relied on past experience. Revenue from construction contracts is disclosed in Note 28 to the financial statements.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount can be measured reliably.

4. RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

During the financial year, the Group entered into the following transactions with related parties:

	Group	
	2021	**2020**
	$’000	$’000
Lease income from an associate	(16)	(16)
Interest income from associates and joint venture	(911)	(964)
Management fee income from associates	(109)	(109)
Advances to associates	495	1,535
Advances to a joint venture	810	1,840
Repayments from a joint venture	(6,050)	-

4. RELATED PARTY TRANSACTIONS (Continued)

Compensation of directors and key management personnel

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

	Group	
	2021	**2020**
	$'000	$'000
Short-term benefits	910	1,493
Post-employment benefits	66	69
	976	1,562
Directors' fees	121	176
	1,097	1,738

The remuneration of directors and key management is determined by the Remuneration Committee having regards to the performance of individuals and market trends.

5. CASH AND BANK BALANCES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Cash and bank balances	11,130	8,197	120	144
Less: Bank overdrafts (Note 18)	-	(1,263)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	11,130	6,934	120	144

Cash and cash equivalents comprise cash held by the Group that are readily convertible to cash within a short period of time. The carrying amounts of these assets approximate their fair values.

Cash balances held with certain banks amounting to $6,232,000 (2020: $6,691,000) bear interest at interest rates ranging from 0.04% to 1.00% per annum (2020: 0.26% to 1.00% per annum).

6. TRADE RECEIVABLES

	Group 2021 $'000	Group 2020 $'000
Amounts receivable from construction contract customers	11,635	6,560
Amounts receivable from rendering of services	848	592
	12,483	7,152
Less: Loss allowance for trade receivables	(2,124)	(1,830)
Net	10,359	5,322

The average credit period is 30 days (2020: 30 days). No interest is charged on overdue trade receivables.

Before accepting any new customer, the Group performs a background search on the credit worthiness and litigation status. The Group's customers mainly comprise of reputable and well established construction companies. The credit limit of the customers is reviewed periodically by the management. Concentration of credit risk with respect of trade receivables in the construction industry does exist in view of the limited number of main contractors that the Group has dealings with. The Group's trade receivables comprises 5 debtors (2020: 5 debtors) that individually represent more than 5% of the total balance of trade receivables.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group's provision matrix.

	Expected weighted credit loss rate %	Estimated total gross carrying amount at default $'000	Lifetime ECL $'000	Total $'000
2021				
Current (not past due)	-	8,068	-	8,068
1 to 60 days past due	0.4	1,665	(6)	1,659
61 to 150 days past due	1.9	213	(4)	209
151 to 240 days past due	44.4	9	(4)	5
More than 240 days past due	83.5	2,528	(2,110)	418
		12,483	(2,124)	10,359
2020				
Current (not past due)	1.0	3,352	(34)	3,318
1 to 60 days past due	13.7	804	(110)	694
61 to 150 days past due	24.5	944	(231)	713
151 to 240 days past due	48.7	425	(207)	218
More than 240 days past due	76.7	1,627	(1,248)	379
		7,152	(1,830)	5,322

6. TRADE RECEIVABLES (Continued)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

Movement in loss allowance:

	Group	
	2021	**2020**
	$'000	$'000
Balance as at beginning of the financial year	1,830	295
Change in loss allowance recognised in profit or loss (Note 33)	294	1,535
Balance as at end of the financial year	2,124	1,830

7. OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Current:				
- Amounts due from associate (Notes 4 and 15)	6,117	6,110	-	-
- Other receivables	311	493	6	35
- Prepayments	177	243	9	9
- Deposits	114	49	-	-
	6,719	6,895	15	44
Less: Loss allowance for other receivables	(58)	-	-	-
	6,661	6,895	15	44
Non-current:				
- Amounts due from associates and joint venture (Notes 4 and 15)	78,922	83,015	-	-
Less: Loss allowance for amounts due from associates	(40,901)	(40,480)	-	-
	38,021	42,535	-	-

As at the end of the financial year, amounts due from associates and joint venture (net of loss allowance) amounting to $38,021,000 (2020: $42,535,000) are classified as non-current, out of which $3,093,000 (2020: $3,208,000) relates to an amount due from an associate which is due on 31 December 2022. These other receivables have been classified as non-current as management does not expect these amounts to be repaid within the next 12 months.

Amounts due from associates and joint venture amounting to $32,509,000 (2020: $37,895,000) are unsecured and bear interest of 2.5% (2020: 2.5%) per annum. The remaining balances are unsecured and non-interest bearing. Management has assessed that the interest charged on amounts due from associates and joint venture approximate the market rates and hence, the carrying amounts of these assets approximate their fair values.

As at the end of the financial year, a loss allowance of $40,901,000 (2020: $40,480,000) was made for amounts due from associates (Note 3(b)(i), (iii) to (v)).

Notes to the Financial Statements

For the financial year ended 31 March 2021

7. OTHER RECEIVABLES AND PREPAYMENTS (Continued)

The following table shows the movement in ECL that has been recognised for other receivables.

Movement in loss allowance:

	Group	
	2021	**2020**
	$'000	$'000
Balance as at beginning of the financial year	40,480	38,413
Change in loss allowance recognised in profit or loss (Note 33)		
- Other receivables	58	-
- Amount due from associates	495	2,004
Exchange differences	(74)	63
Balance as at end of the financial year	40,959	40,480

As at 31 March 2021, the credit-impaired financial assets included in the gross carrying amount due from associates to the Group amounted to $56,039,000 (2020: $55,528,000), of which a loss allowance of $40,901,000 (2020: $40,480,000) was recognised.

8. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	2021	**2020**
	$'000	$'000
Subsidiaries - non-trade	19,862	18,666
Less: Loss allowance for amount due from subsidiaries	(14,618)	(13,663)
	5,244	5,003

The advances to the subsidiaries are interest-free, unsecured and repayable on demand. As at the end of the financial year, a loss allowance of $14,618,000 (2020: $13,663,000) was made based on the market conditions reflecting the recoverability of the net assets in subsidiaries.

The following table shows the movement in ECL that has been recognised for amount due from subsidiaries.

Movement in loss allowance:

	Company	
	2021	**2020**
	$'000	$'000
Balance as at beginning of the financial year	13,663	8,603
Change in loss allowance recognised in profit or loss	955	5,060
Balance as at end of the financial year	14,618	13,663

9. HELD-FOR-TRADING INVESTMENTS

	Group	
	2021	2020
	$'000	$'000
Quoted equity shares, at fair value	157	203
Balance as at beginning of the financial year	203	288
Change in fair value recognised in profit or loss (Note 30)	(46)	(85)
Balance as at end of the financial year	157	203

Held-for-trading investments are investment in quoted equity securities that offer the Group the opportunity for return through dividend income and fair value gain. They have no fixed maturity or coupon rate. The fair value of the quoted equity securities are based on quoted bid market prices on the last market day of the financial year.

10. INVENTORIES

	Group	
	2021	2020
	$'000	$'000
Raw materials and consumables	1,463	1,178
Less: Allowance for inventory obsolescence	(260)	(227)
	1,203	951

As at 31 March 2021, write down of inventories to net realisable value amounting to $33,000 (2020: write down reversal of $21,000) have been included in "administrative expenses" in profit or loss (Note 33).

11. CONTRACT ASSETS

	Group	
	2021	2020
	$'000	$'000
Retention monies on construction contracts	5,033	7,277
Accrued income from construction contracts	18,059	18,456
	23,092	25,733
Less: Loss allowance for contract assets	(346)	(432)
	22,746	25,301

A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Retention monies on construction contracts have been classified as current because they are expected to be realised in the normal operating cycle of the Group.

Notes to the Financial Statements

For the financial year ended 31 March 2021

11. CONTRACT ASSETS (Continued)

The following table details the risk profile of contract assets based on the Group's provision matrix.

	Group	
	2021	**2020**
	$'000	$'000
Expected credit loss rate	1.5%	1.7%
Estimated total gross carrying amount at default:		
- amounts not past due	23,092	25,733
Lifetime ECL	(346)	(432)
Net carrying amount	22,746	25,301

The table below shows the movement in lifetime ECL that has been recognised for contract assets in accordance with the simplified approach set out in SFRS(I) 9:

Movement in loss allowance:

	Group	
	2021	**2020**
	$'000	$'000
Balance as at beginning of the financial year	432	1,001
Change in loss allowance recognised in profit or loss (Note 33)	(86)	(569)
Balance as at end of the financial year	346	432

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings and properties $'000	Plant and machinery $'000	Office equipment $'000	Motor vehicles $'000	Portable toilets $'000	Construction in progress $'000	Total $'000
Group							
Cost							
Balance as at 1 April 2020	8,300	1,082	1,267	3,527	1,780	90	16,046
Additions	-	15	61	287	169	-	532
Disposals	-	(4)	(69)	-	(53)	-	(126)
Balance as at 31 March 2021	8,300	1,093	1,259	3,814	1,896	90	16,452
Accumulated depreciation							
Balance as at 1 April 2020	7,245	968	1,132	2,870	1,739	-	13,954
Depreciation for the financial year	212	27	61	226	25	-	551
Disposals	-	(3)	(64)	-	(3)	-	(70)
Balance as at 31 March 2021	7,457	992	1,129	3,096	1,761	-	14,435
Carrying amount							
Balance as at 31 March 2021	843	101	130	718	135	90	2,017
Cost							
Balance as at 1 April 2019	8,300	1,079	1,288	3,961	1,794	90	16,512
Additions	-	6	44	-	-	-	50
Disposals	-	(3)	(65)	(434)	(14)	-	(516)
Balance as at 31 March 2020	8,300	1,082	1,267	3,527	1,780	90	16,046
Accumulated depreciation							
Balance as at 1 April 2019	7,033	937	1,110	2,989	1,724	-	13,793
Depreciation for the financial year	212	33	82	266	30	-	623
Disposals	-	(2)	(60)	(385)	(15)	-	(462)
Balance as at 31 March 2020	7,245	968	1,132	2,870	1,739	-	13,954
Carrying amount							
Balance as at 31 March 2020	1,055	114	135	657	41	90	2,092

Notes to the Financial Statements

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12. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Office equipment $'000
Company	
Cost	
Balance as at 31 March 2020 and 2021	15
Accumulated depreciation	
Balance as at 31 March 2020 and 2021	15
Carrying amount	
Balance as at 31 March 2020 and 2021	-
Cost	
Balance as at 31 March 2019 and 2020	15
Accumulated depreciation	
Balance as at 31 March 2019 and 2020	15
Carrying amount	
Balance as at 31 March 2019 and 2020	-

Details of the property held by the Group are set out below:

Location	Description	Area	Tenure
8 Sungei Kadut Loop Singapore 729455	Single storey build warehouse with a 3-storey ancillary office block on leased land from JTC.	12,494 sq metre	Lease term of 34 years from 16 March 1991 (Note 13)

13. RIGHT-OF-USE ASSETS

	Leasehold property $'000	Motor Vehicles $'000	Total $'000
Group			
Cost			
Balance as at 1 April 2020 and 31 March 2021	1,693	1,936	3,629
Accumulated depreciation			
Balance as at 1 April 2020	282	537	819
Depreciation for the financial year	282	194	476
Balance as at 31 March 2021	564	731	1,295
Carrying amount			
Balance as at 31 March 2021	1,129	1,205	2,334
Cost			
Balance as at 1 April 2019	1,693	1,857	3,550
Additions	-	79	79
Balance as at 31 March 2020	1,693	1,936	3,629
Accumulated depreciation			
Balance as at 1 April 2019	-	346	346
Depreciation for the financial year	282	191	473
Balance as at 31 March 2020	282	537	819
Carrying amount			
Balance as at 31 March 2020	1,411	1,399	2,810

The Group's right-of-use assets relate to lease payments payable for land spaces where its buildings and properties are located, and motor vehicles under hire purchase arrangement. The average lease term ranges from 4 to 5 years.

As at 31 March 2021, lease liabilities are secured by motor vehicles of the Group with carrying amount of $1,205,000 (2020: $1,399,000).

Notes to the Financial Statements

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14. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	$'000	$'000
Unquoted equity shares - at cost	40,240	40,240
Less: Allowance for impairment loss on investment in subsidiary [i]	(10,000)	(10,000)
	30,240	30,240
Deemed investment arising from financial guarantees provided to banks on behalf of subsidiaries (Note 20)	1,459	1,459
Net	31,699	31,699

[i] The allowance for impairment loss on investment in subsidiary relates to impairment of investment in King Wan Development Pte Ltd who holds investment in Dalian Shicheng Property Development (S) Pte. Ltd.. Refer to Note 3(f) to the financial statements for further details on impairment assessment of investment in subsidiaries.

Movement in the allowance for impairment loss on investment in a subsidiary:

	Company	
	2021	2020
	$'000	$'000
Unquoted equity shares - at cost	10,000	10,000

The subsidiaries of the Company at the end of the financial year are as follows:

Name of subsidiaries	Principal activities (Place of operation and country of incorporation)	Proportion of ownership interest and voting power held	
		2021	2020
		%	%
King Wan Construction Pte. Ltd. [1]	Provision of mechanical and electrical engineering services (Singapore)	100	100
Shinergy Engineering Pte. Ltd. [1]	Provision of mechanical and electrical engineering services (Singapore)	100	100
K & W Mobile Loo Services Pte Ltd [1]	Owner, renters and operators of mobile lavatories and other facilities (Singapore)	100	100
King Wan Industries Pte Ltd [1]	Investment holding (Singapore)	100	100
King Wan Development Pte Ltd [1]	Investment holding (Singapore)	100	100
Gold Topaz Pte. Ltd. [1]	Investment holding (Singapore)	100	100
Harmony Investment Holding Pte. Ltd. [1]	Investment holding (Singapore)	100	100

[1] Audited by BDO LLP, Singapore.

15. INVESTMENT IN ASSOCIATES AND JOINT VENTURE

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Unquoted equity shares - at cost	11,456	11,456	-	-
Deemed investment arising from financial guarantees provided to banks on behalf of Group's associates and joint venture	4,648	4,648	942	942
Excess of nominal value over fair value of advances given to associates	161	161	-	-
	16,265	16,265	942	942
Share of post-acquisition accumulated results, net of dividends received	(10,173)	(10,334)	-	-
Allowance for impairment loss on investment in an associate	(2,139)	(2,139)	-	-
Net	3,953	3,792	942	942

The associates and joint venture of the Group at the end of the financial year are as follows:

Name of associates	Principal activities (Place of operation and country of incorporation)	Proportion of effective ownership interest and voting power held	
		2021	2020
		%	%
Held through King Wan Industries Pte Ltd			
Soon Li Investments Pte. Ltd. (5)	Investment holding (Singapore)	49	49
Chang Li Investments Pte. Ltd. (5)	Investment holding (Singapore)	49	49
Li Ta Investments Pte. Ltd. (5)	Investment holding (Singapore)	49	49

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15. INVESTMENT IN ASSOCIATES AND JOINT VENTURE (Continued)

Name of associates	Principal activities (Place of operation and country of incorporation)	Proportion of effective ownership interest and voting power held 2021 %	2020 %
Held through King Wan Development Pte Ltd			
Meadows Bright Development Pte Ltd (6)	Property development (Singapore)	40	40
Dalian Shicheng Property Development (S) Pte. Ltd. (9)	Property development and investment holding (Singapore)	36.6	36.6
Dalian Shicheng Property Development Co., Ltd (2)	Development, marketing, sale and management of residential and commercial properties (People's Republic of China)	36.6	36.6
S.I. Property Co., Ltd (4)	Owner and rental of office and commercial space (Thailand)	30	30
Held through Gold Topaz Pte. Ltd.			
Gold Hyacinth Development Pte. Ltd. (1)	Chartering of vessels (Singapore)	30	30
Held through Harmony Investment Holding Pte. Ltd.			
Nexus Point Investments Pte. Ltd. (3)	Dormitory operator (Singapore)	19	19
Held through King Wan Industries Pte Ltd			
Soon Zhou Investments Pte. Ltd. (1)	Investment holding (Singapore)	50	50
Held through Soon Zhou Investments Pte. Ltd.			
Blue Oasis Investments Pte. Ltd. (1)(7)	Investment holding (Singapore)	50	50
Dalian Blue Oasis Properties Co., Ltd (8)	Investment holding (People's Republic of China)	50	50

15. INVESTMENT IN ASSOCIATES AND JOINT VENTURE (Continued)

(1) Audited by BDO LLP, Singapore.

(2) Dalian Shicheng Property Development Co., Ltd ("DSPDC") is 100% owned by the Group's associate, Dalian Shicheng Property Development (S) Pte. Ltd. ("DSPDS"). 100% shareholdings in DSPDC are pledged to a financial institution for banking facilities granted to DSPDS.

DSPDC is audited by an overseas member firm of BDO network in the People's Republic of China for consolidation purposes.

(3) Audited by another firm of auditors, Deloitte & Touche LLP, Singapore.

(4) Audited by another firm of auditors, Thanapan & Associates, Certified Public Accountants, Thailand.

(5) Audited by another firm of auditors, Chan Leng Leng & Co, Singapore.

(6) Audited by another firm of auditors, First Assurance PAF, Singapore.

(7) Blue Oasis Investments Pte. Ltd. ("BOI") is 100% owned by the Group's joint venture, Soon Zhou Investments Pte. Ltd. ("SZI"). 100% shareholdings in BOI are pledged to a financial institution for banking facilities granted to SZI group.

(8) 100% owned by Blue Oasis Investments Pte. Ltd..

Dalian Blue Oasis Properties Co., Ltd is audited by an overseas member firm of BDO network in the People's Republic of China for consolidation purposes.

(9) Reviewed by BDO LLP, Singapore for consolidation purposes.

15. INVESTMENT IN ASSOCIATES AND JOINT VENTURE (Continued)

Summarised financial information in respect of each of the Group's material associates and joint venture is set out below.

Dalian Shicheng Property Development (S) Pte. Ltd. ("DSPDS") group

	2021	**2020**
	$'000	$'000
Current assets	32,805	33,749
Non-current assets	18	32
Current liabilities	(121,035)	(117,353)
Capital deficiency	(88,212)	(83,572)
Revenue	229	1,470
Loss for the financial year	(4,589)	(7,907)
Other comprehensive loss for the financial year	(51)	(42)
Total comprehensive loss for the financial year	(4,640)	(7,949)

Reconciliation of the above summarised financial information to the carrying amount of the interest in DSPDS recognised in these consolidated financial statements:

	2021	**2020**
	$'000	$'000
Net liabilities of the associate	(88,212)	(83,572)
Proportion of the Group's ownership interest in DSPDS	36.6%	36.6%
The Group's interest in DSPDS	(32,286)	(30,587)
Deemed investment arising from financial guarantees provided to banks on behalf of DSPDS	825	825
Excess of nominal value over fair value of advances given to DSPDS	41	41
	(31,420)	(29,721)
Carrying amount of the Group's interest in DSPDS	-	-

As at the end of the financial year, the Group had not recognised loss amounting to $31,420,000 (2020: $29,721,000) incurred by DSPDS as this represented loss in excess of the Group's interest in DSPDS.

The ability of the DSPDS group to pay dividends or make other distributions or payments to the Group is subject to the PRC exchange control regulations. As at the end of the financial year, the Group has gross receivables from the associate amounting to $30,409,000 (2020: $29,914,000) which has been fully impaired (refer to Note 3(b)(i)). The ability to recover the advances from the associate in the future is dependent on the ability of the associate's PRC wholly owned subsidiary to generate profits from its operations and remit the funds from the PRC into Singapore, which is subject to the PRC exchange control regulations.

15. INVESTMENT IN ASSOCIATES AND JOINT VENTURE (Continued)

Meadows Bright Development Pte Ltd ("MBD")

	2021	2020
	$'000	$'000
Current assets	22,389	25,306
Non-current assets	-	508
Current liabilities	(13,426)	(17,136)
Total equity	8,963	8,678
Revenue	-	-
Profit for the financial year, representing total comprehensive income for the financial year	285	399

Reconciliation of the above summarised financial information to the carrying amount of the interest in MBD recognised in these consolidated financial statements:

	2021	2020
	$'000	$'000
Net assets of the associate	8,963	8,678
Proportion of the Group's ownership interest in MBD	40%	40%
The Group's interest in MBD	3,585	3,471
Deemed investment arising from financial guarantees provided to banks on behalf of MBD	1,731	1,731
Excess of nominal value over fair value of advances given to MBD	120	120
Pre-acquisition profits not recorded by the Group	288	288
Allowance for impairment loss on investment in MBD	(2,139)	(2,139)
	3,585	3,471
Carrying amount of the Group's interest in MBD	3,585	3,471

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15. INVESTMENT IN ASSOCIATES AND JOINT VENTURE (Continued)

Gold Hyacinth Development Pte. Ltd. ("GHD")

	2021 $'000	2020 $'000
Current assets	1,519	1,609
Non-current assets	17,371	19,411
Current liabilities	(4,356)	(4,178)
Non-current liabilities	(20,726)	(23,695)
Capital deficiency	(6,192)	(6,853)
Revenue	4,356	4,974
(Loss)/Profit for the financial year	(156)	792
Other comprehensive income/(loss) for the financial year	817	(371)
Total comprehensive income for the financial year	661	421

Reconciliation of the above summarised financial information to the carrying amount of the interest in GHD recognised in the consolidated financial statements:

	2021 $'000	2020 $'000
Net liabilities of the associate	(6,192)	(6,853)
Proportion of the Group's ownership interest in GHD	30%	30%
The Group's interest in GHD	(1,858)	(2,056)
Deemed investment arising from financial guarantees provided to banks on behalf of GHD	92	92
	(1,766)	(1,964)
Carrying amount of the Group's interest in GHD	-	-

As at the end of the financial year, the Group had not recognised loss amounting to $1,766,000 (2020: $1,964,000) incurred by GHD as this represented loss in excess of the Group's interest in GHD.

15. INVESTMENT IN ASSOCIATES AND JOINT VENTURE (Continued)

Soon Zhou Investments Pte. Ltd. ("SZI") group

	2021 $'000	2020 $'000
Current assets	22,205	36,147
Non-current assets	23,694	23,179
Current liabilities	(49,218)	(62,462)
Capital deficiency	(3,319)	(3,136)
Revenue	37	51
Loss for the financial year	(472)	(2,592)
Other comprehensive income for the financial year	289	1,567
Total comprehensive loss for the financial year	(183)	(1,025)

Reconciliation of the above summarised financial information to the carrying amount of the interest in SZI recognised in the consolidated financial statements:

	2021 $'000	2020 $'000
Net liabilities of the associate	(3,319)	(3,136)
Proportion of the Group's ownership interest in SZI	50%	50%
The Group's interest in SZI	(1,660)	(1,568)
Deemed investment arising from financial guarantees provided to banks on behalf of SZI	520	520
	(1,140)	(1,048)
Carrying amount of the Group's interest in SZI	-	-

As at the end of the financial year, the Group had not recognised loss amounting to $1,140,000 (2020: $1,048,000) incurred by SZI this represented loss in excess of the Group's interest in SZI.

Notes to the Financial Statements

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15. INVESTMENT IN ASSOCIATES AND JOINT VENTURE (Continued)

Nexus Point Investments Pte. Ltd. ("Nexus")

	2021 $'000	2020 $'000
Current assets	22,292	10,839
Non-current assets	150,227	165,398
Current liabilities	(20,280)	(19,672)
Non-current liabilities	(187,812)	(187,832)
Capital deficiency	(35,573)	(31,267)
Revenue	20,366	21,435
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year	(4,306)	3,912

Reconciliation of the above summarised financial information to the carrying amount of the interest in Nexus recognised in the consolidated financial statements:

	2021 $'000	2020 $'000
Net liabilities of the associate	(35,573)	(31,267)
Proportion of the Group's ownership interest in Nexus	19%	19%
The Group's interest in Nexus	(6,759)	(5,941)
Deemed investment arising from financial guarantees provided to banks on behalf of Nexus	1,478	1,478
	(5,281)	(4,463)
Carrying amount of the Group's interest in Nexus	-	-

As at the end of the financial year, the Group had not recognised loss amounting to $5,281,000 (2020: $4,463,000) incurred by Nexus as this represented loss in excess of the Group's interest in Nexus.

Aggregate information of associates that are not individually material

	2021 $'000	2020 $'000
The Group's share of profit/(loss) for the financial year	47	(21)
The Group's share of other comprehensive income for the financial year	-	3
Aggregate carrying amount of the Group's interest in these associates	368	321

16. INVESTMENTS

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Quoted equity shares, at fair value through other comprehensive income ("FVTOCI")	18,936	13,913	14,710	10,807
Insurance contract, at fair value through profit or loss	231	236	-	-
	19,167	14,149	14,710	10,807

Investment in quoted equity securities

Investments in equity instruments designated as at FVTOCI are not subject to impairment, and their cumulative fair value changes included in the investment revaluation reserve are not subsequently reclassified to profit or loss.

The investment in quoted equity securities offers the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on the quoted closing market prices on the last market day of the financial year.

Investment in life insurance policy

The life insurance policy relates to life insurance purchased for a key management personnel.

17. DEFERRED TAX ASSETS

	Group	
	2021	2020
	$'000	$'000
Tax losses:		
Balance as at beginning of the financial year	370	438
Credit/(Charge) to profit or loss (Note 32)	278	(68)
Balance as at end of the financial year	648	370
Accelerated tax over book depreciation:		
Balance as at beginning and end of the financial year	(148)	(148)
Total	500	222

18. BANK BORROWINGS

	Group	
	2021	**2020**
	$'000	$'000
Bank overdrafts (Note 5)	-	1,263
Short-term bank borrowings	9,325	11,200
Current portion of long-term bank borrowings	1,542	2,250
Total current portion of bank borrowings	10,867	14,713
Add: Non-current portion of long-term bank borrowings	3,958	-
	14,825	14,713

The short-term bank borrowings extended by the banks to a subsidiary are on 1 to 6 months (2020: 1 to 6 months) revolving basis and are borrowed for the purpose of short-term cash commitments. The borrowings are guaranteed by the Company and bear interest at rates ranging from 1.45% to 3.75% (2020: 2.65% to 5.05%) per annum and are arranged at floating rates thus exposing the Group to cash flow interest rate risks. As at 31 March 2021, the Group had breached certain debt covenants with a few financial institutions which the borrowings with these financial institutions are short term and are classified as current liabilities. The Group had obtained letters of indulgence or waiver from the respective financial institutions before the end of the financial year as waivers of the breaches.

The long-term bank borrowings extended by the banks to a subsidiary comprise:

- term loans for a term of 5 years and repayable over 48 equal monthly instalments from second year onwards. The term loans were drawn down for the purpose of working capital, guaranteed by the Company and bear fixed interest rate of 2.00% per annum. As at 31 March 2021, the outstanding balance of the loan was $5,000,000 (2020: Nil), of which the current portion was $1,042,000 (2020: Nil).

- term loans for a term of 2 years and repayable over 8 quarterly instalments. The term loans were drawn down for the purpose of working capital, guaranteed by the Company and bear interest rates ranging from 2.80% to 3.90% per annum. As at 31 March 2021, the current portion of long-term bank borrowings was $500,000. As at 31 March 2020, the Group had breached certain debt covenants with a few financial institutions. The Group had obtained letters of indulgence or waiver from the respective financial institutions before the end of the financial year as waivers of the breaches, except for an amount of $500,000 which was reclassified from non-current portion of the long-term borrowings to current portion.

The carrying amount of these borrowings approximate their fair value as the interest rates approximate the prevailing market rate.

As at 31 March 2021, the Group had available $17,239,000 (2020: $15,143,000) of undrawn uncommitted borrowing facilities in respect of which all conditions precedent had been met.

19. TRADE PAYABLES AND BILLS PAYABLES

	Group	
	2021	2020
	$'000	$'000
Bills payables	18,586	19,542
Trade payables - external parties	13,477	11,692
Accrual for subcontractor costs	3,973	4,087
	36,036	35,321

Bills payables are repayable between 3 to 6 months (2020: 3 to 6 months) from the date the bills are first issued. The carrying amount of the bills payables approximates its fair value due to its short-term maturity. Bills payables bear interest at rates ranging from 1.45% to 2.49% (2020: 2.43% to 3.82% %) per annum and are supported by a corporate guarantee given by the Company.

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period on purchases of goods from outside parties is 3 months (2020: 3 months). No interest is charged on overdue trade payables.

20. OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Other payables	1,185	1,006	178	210
Deferred grant	11	249	-	21
Directors	80	80	80	80
Financial guarantees	419	535	409	524
	1,695	1,870	667	835

The amounts due to directors are unsecured, interest-free and repayable on demand.

Included in the Group's and Company's non-trade payables at the end of the financial year were unamortised financial guarantee fee income of $419,000 and $409,000 (2020: $535,000 and $524,000) respectively. The Company issued financial guarantees to financial institutions for credit facilities obtained by its subsidiaries, joint venture and certain associates, and recorded a deemed financial guarantee fee income in accordance with SFRS(I) 9 *Financial Instruments*. The deemed income was amortised over the period of the guarantee. The guarantee fee was not charged by the Company to the subsidiaries, joint venture and associates. The full amount of the guarantee fee is deemed to be the additional investment in the subsidiaries, joint venture and associates.

The Group and Company is a party to financial guarantee contracts where it has provided financial guarantee of $30,721,000 (2020: $35,405,000) to financial institutions in respect of associates and joint venture of the Group. The Company also provides financial guarantee of $38,148,000 (2020: $37,809,000) to financial institutions in respect of a subsidiary.

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21. CONTRACT LIABILITIES

	Group	
	2021	**2020**
	$'000	$'000
Amounts related to construction contracts	1,728	158

Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise when particular milestone payments exceed the revenue recognised to date under the input method.

22. LEASE LIABILITIES

	Group	
	2021	**2020**
	$'000	$'000
Maturity analysis:		
Year 1	591	603
Year 2	442	591
Year 3	378	442
Year 4	360	378
Year 5 onwards	-	360
	1,771	2,374
Less: Future interest	(165)	(257)
	1,606	2,117
Analysed as:		
Current	522	511
Non-current	1,084	1,606
	1,606	2,117

The above represents leases for leasehold property and motor vehicles of the Group.

The Group's leases do not contain variable lease payments and accordingly no expense relating to variable lease payments are included in the measurement of lease liabilities.

Certain leases of the Group contain extension periods, for which the related lease payments had been included in lease liabilities.

The Group does not face a significant liquidity risk with regard to its lease liabilities.

Total cash outflow for payment of principal portion of all leases in financial year ended 31 March 2021 was $511,000 (2020: $504,000).

Included in lease liabilities is an amount of $381,000 (2020: $646,000) representing the lease of motor vehicles from financial institutions, which are secured against motor vehicles with an average lease term of 4 to 5 years.

23. AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary was unsecured, interest-free and repayable on demand.

24. PROVISION FOR LIABILITIES

	Group		
	Provision for onerous contracts	**Provision for rectification cost**	**Total**
	$'000	$'000	$'000
2021			
Balance as at beginning of financial year	720	833	1,553
Charge to profit or loss	856	188	1,044
Utilisation	(114)	(162)	(276)
Balance as at end of financial year	1,462	859	2,321
2020			
Balance as at beginning of financial year	-	1,154	1,154
Charge/(Credit) to profit or loss	720	(87)	633
Utilisation	-	(234)	(234)
Balance as at end of financial year	720	833	1,553

Provision for onerous contracts

The Group has ongoing construction contracts. The provision for onerous contracts is recognised at the end of the financial year as it is probable that the total construction contract costs will exceed the total construction contract revenue for certain projects.

Provision for rectification cost

The Group has a contractual commitment to rectify defects works for its construction contracts during the defects liability period. A provision is recognised at the end of the financial year for the expected defects costs based on past experience of the level of defects.

25. SHARE CAPITAL

	Group and Company			
	2021	**2020**	**2021**	**2020**
	Number of ordinary shares		$'000	$'000
Issued and paid-up:				
Balance as at beginning and end of financial year	349,176,870	349,176,870	46,814	46,814

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

26. FOREIGN CURRENCY TRANSLATION RESERVE

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

27. INVESTMENT REVALUATION RESERVE

Investment revaluation reserve represents revaluation of investment in equity securities carried at FVTOCI to market values as at financial year end.

28. REVENUE

The Group derives its revenue from the transfer of services over time in the following major service lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 37).

A disaggregation of the Group's revenue for the financial year is as follows:

	Group	
	2021	**2020**
	$'000	$'000
Revenue from:		
Construction contracts		
- Plumbing and sanitary	22,354	36,616
- Electrical	19,954	32,635
Rendering of services		
- Toilet rental	3,598	2,406
Investment holdings		
- Dividend income from investment in equity securities carried at FVTOCI	-	741
	45,906	72,398
<u>Timing of revenue recognition</u>		
Over time	45,906	71,657
Right to receive established	-	741
	45,906	72,398

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the financial year.

	Group	
	2021	**2020**
	$'000	$'000
Construction contracts	156,886	181,021

Management expects that the transaction price allocated to the unsatisfied contracts as of 31 March 2021 will be recognised as revenue within the next 5 years.

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29. OTHER OPERATING INCOME

	Group	
	2021	**2020**
	$'000	$'000
Lease income from:		
- Associate (Note 4)	16	16
- External parties	211	579
Dividend income from held-for-trading investments	*	*
Change in fair value of insurance contract	-	18
Sundry income	204	111
Government grants	141	197
Management fee income (Note 4)	109	109
Interest income from:		
- Associates and joint venture (Note 4)	911	964
- External parties	9	10
Fee income from financial guarantee to associates and joint venture	116	181
Gain on disposal of property, plant and equipment	155	25
Net foreign exchange gain	-	4
	1,872	2,214

* Amount less than $1,000

30. OTHER OPERATING EXPENSES

	Group	
	2021	**2020**
	$'000	$'000
Net foreign exchange loss	68	-
Change in fair value of insurance contract	5	-
Change in fair value of held-for-trading investments	46	85
	119	85

31. FINANCE COSTS

	Group	
	2021	**2020**
	$'000	$'000
Interest expense from:		
- Bank borrowings	850	1,390
- Lease liabilities	92	114
	942	1,504

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32. INCOME TAX EXPENSE

	Group	
	2021	**2020**
	$'000	$'000
Current tax	363	957
Deferred tax (Note 17)	(278)	68
Withholding tax	-	87
Over provision of current tax in prior years	-	(299)
	85	813

Domestic income tax is calculated at 17% (2020: 17%) of the estimated assessable (loss)/profit for the financial year.

The total charge for the financial year can be reconciled to the accounting (loss)/profit as follows:

	Group	
	2021	**2020**
	$'000	$'000
(Loss)/Profit before income tax	(1,404)	1,233
Share of profit of associates, net of tax	(161)	(139)
	(1,565)	1,094
Income tax (credit)/expense calculated at 17% (2020: 17%)	(266)	186
Non-allowable items	552	1,038
Non-taxable items	(163)	(196)
Tax exemptions	(52)	(99)
Withholding tax	-	87
Effect of previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets	-	(15)
Others	14	111
	85	1,112
Over provision of current tax in prior years	-	(299)
	85	813

33. (LOSS)/PROFIT FOR THE FINANCIAL YEAR

(Loss)/Profit for the financial year is arrived at after charging/(crediting):

	Group	
	2021	**2020**
	$'000	$'000
Depreciation of property, plant and equipment	551	623
Depreciation of right-of-use assets	476	473
Directors' remuneration:		
- Company	285	807
- Subsidiaries	625	617
Directors' fees:		
- Company	121	176
Staff costs (including directors' remuneration)	7,258	12,064
Costs of defined contribution plans included in staff costs	567	532
Rent concessions (Note 2.1)	(76)	-
Loss allowance for:		
- trade receivables	294	1,535
- other receivables	58	-
- contract assets	(86)	(569)
- amounts due from associates	495	2,004
	761	2,970
Allowance/(Reversal) for inventory obsolescence	33	(21)
Cost of inventories recognised as expense	10,178	16,792
Audit fees paid/payable to auditors of the Company	117	185

Included in staff costs is government grants of $1,796,000 relating to grant provided by Singapore Government for wages paid to local employees under the Job Support Scheme announced in the various budgets during and subsequent to the financial year. The Group has elected to present these government grants by reducing the related expenses. The grant income is recognised on a systematic basis over the estimated period of economic uncertainty in which the Group recognises the related salary costs.

34. (LOSSES)/EARNINGS PER SHARE (CENTS)

Basic (losses)/earnings per share is calculated by dividing the Group's (loss)/profit for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:

	2021	**2020**
	$'000	$'000
Net (loss)/profit attributable to shareholders of the Company ($'000)	(1,489)	420
Weighted average number of ordinary shares in issue	349,176,870	349,176,870
Basic and diluted (losses)/earnings per share (in cents)	(0.43)	0.12

The fully diluted earnings per share is calculated using the same weighted number of ordinary shares as there are no dilutive potential ordinary shares.

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For the financial year ended 31 March 2021

35. COMMITMENTS AND CONTINGENT LIABILITIES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Corporate guarantees given to banks in respect of credit facilities utilised by:				
Subsidiaries	-	-	38,148	37,809
Associates and a joint venture	30,721	35,405	30,721	35,405
	30,721	35,405	68,869	73,214

In the previous financial year, the Company and the Joint Guarantor provided joint and several guarantee to a bank for loan taken by the joint venture, Soon Zhou Investments Pte. Ltd. group, to fund part of the acquisition of properties from DSPDC. The loan was fully settled in the current financial year and the corresponding corporate guarantee has been discharged.

The maximum amount that the Group and Company could be forced to settle under the financial guarantee contracts are $30,721,000 and $68,869,000 (2020: $35,405,000 and $73,214,000) respectively. The Group and Company considers that it is more likely than not that no amount will be payable under the arrangement.

36. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group rents out part of its leasehold property in Singapore under operating leases. Lease income earned during the financial year was $227,000 (2020: $595,000). Leases are negotiated for an average term of 1 year and rentals are fixed for an average of 1 year. These leases are non-cancellable and the lessee does not have an option to purchase the leased assets at the expiry of the lease period.

Maturity analysis of operating lease payments:

	Group	
	2021	**2020**
	$'000	$'000
Year 1	-	256
Year 2 to 5	-	1
	-	257

37. SEGMENT INFORMATION

Business segments

The segment information reported externally was analysed on the basis of the types of products and services provided by the Group's operating segments. The information reported to the Group's chief operating decision maker for the purposes of resources allocation and assessment of segment performance is focused on these operating segments. The reportable segments under SFRS(I) 8 are plumbing and sanitary, electrical, toilet rental and investment holdings.

Plumbing and sanitary - Provision of plumbing and sanitary services includes the design and installation of water distribution systems and pipe network for sewage and waste water drainage.

Electrical - Provision of electrical engineering services include the design and installation of electricity distribution systems, fire protection, alarm systems, communications and security systems as well as air-conditioning and mechanical ventilation systems.

Toilet rental - Rental and operating of mobile lavatories and other facilities.

Investment holdings - Group's investment in associates and joint venture, and investment in equity securities carried at FVTOCI.

Others - For those other activities which do not fall into the above categories.

Segment revenue and results are the operating revenue and results reported in the Group's consolidated statement of profit or loss and other comprehensive income that are directly attributable to a segment and the relevant portion of such revenue and results that can be allocated on a reasonable basis to a segment.

Inter-segment sales relate to sales between business segments and are stated at prevailing market prices. These sales are eliminated on consolidation.

Segment assets include all operating assets used by a segment and consist principally of cash, trade receivables, contract assets and property, plant and equipment. Unallocated assets comprise other assets that are not directly attributable to the segment. Capital expenditure includes the total cost incurred to acquire property, plant and equipment and right-of-use assets directly attributable to the segment.

Segment liabilities include all operating liabilities and consist principally of trade payables, contract liabilities, provision for rectification costs and accrued expenses. Unallocated liabilities comprise bank borrowings, lease liabilities, income tax payable and other liabilities that are not directly attributable to the segment.

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

Notes to the Financial Statements

For the financial year ended 31 March 2021

37. SEGMENT INFORMATION (Continued)

	Plumbing and sanitary		Electrical		Toilet rental	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
External sales	22,354	36,616	19,954	32,635	3,598	2,406
Intersegment sales	-	-	-	-	52	9
Total revenue	22,354	36,616	19,954	32,635	3,650	2,415
Results						
Segment result	(110)	5,282	(2,219)	(1,374)	1,403	(588)
Unallocated expenses						
Net other operating income						
Finance costs						
(Loss)/Profit before income tax						
Income tax expense						
(Loss)/Profit for the financial year						
Other information						
Capital expenditure additions	6	3	7	3	386	-
Fee income from financial guarantee to associates and joint venture	-	-	-	-	-	-
Depreciation	11	14	11	14	235	243
Loss allowance for amounts due from associates	-	-	-	-	-	-
Loss allowance for other receivables	-	-	-	-	-	-
Loss allowance/(Reversal) for trade receivables and contract assets	70	(706)	143	1,670	(5)	2

Investment holdings		Others		Eliminations		Consolidated	
2021	2020	2021	2020	2021	2020	2021	2020
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
-	741	-	-	-	-	45,906	72,398
-	-	-	-	(52)	(9)	-	-
-	741	-	-	(52)	(9)	45,906	72,398
(334)	(1,123)	-	-	12	60	(1,248)	2,257
						(869)	(1,636)
						1,655	2,116
						(942)	(1,504)
						(1,404)	1,233
						(85)	(813)
						(1,489)	420
-	-	133	123	-	-	532	129
-	-	116	186	-	(5)	116	181
-	-	770	825		-	1,027	1,096
495	2,004	-	-	-	-	495	2,004
-	-	58	-	-	-	58	-
-	-	-	-	-	-	208	966

Notes to the Financial Statements

For the financial year ended 31 March 2021

37. SEGMENT INFORMATION (Continued)

	Plumbing and sanitary		Electrical	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Assets				
Segment assets	21,742	21,072	11,799	9,511
Unallocated assets				
Consolidated total assets				
Liabilities				
Segment liabilities	19,834	19,279	19,946	17,523
Unallocated liabilities				
Consolidated total liabilities				

	Toilet rental		Investment holdings		Eliminations		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	2,462	2,074	66,866	66,210	-	(1)	102,869	98,866
							15,379	13,603
							118,248	112,469
	1,681	2,407	-	-	(3,314)	(2,432)	38,147	36,777
							20,998	19,947
							59,145	56,724

37. SEGMENT INFORMATION (Continued)

Geographical segments

The Group operates mainly in Singapore. Revenue is reported based on the location of customers regardless of where the goods are produced or services rendered. Assets and capital expenditure are shown by the geographical areas in which these assets are located.

	Revenue		Non-current assets	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Singapore	45,906	72,398	46,688	51,366

Non-current assets above exclude investments held in Thailand.

Information about major customer

Included in revenues arising from construction contracts on plumbing and sanitary, and electrical of $42,308,000 (2020: $69,251,000) are revenues of approximately $6,236,000 (2020: $10,170,000) which arose from construction works performed to the Group's largest external customer.

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Financial assets				
Financial assets at amortised cost				
- Cash and bank balances	11,130	8,197	120	144
- Trade receivables	10,359	5,322	-	-
- Other receivables (excluding prepayments)	44,505	49,187	6	35
- Amount due from subsidiaries	-	-	5,244	5,003
	65,994	62,706	5,370	5,182
Fair value through profit or loss				
- Investments – insurance contracts	231	236	-	-
- Held-for-trading investments	157	203	-	-
	388	439	-	-
Fair value through other comprehensive income				
- Investments – Quoted equity shares	18,936	13,913	14,710	10,807

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(a) ***Categories of financial instruments*** (Continued)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Financial liabilities				
Financial liabilities at amortised cost				
- Bank borrowings	14,825	14,713	-	-
- Trade payables and bills payables	36,036	35,321	-	-
- Other payables (excluding deferred grant)	1,684	1,621	667	814
- Lease liabilities	1,606	2,117	-	-
- Amount due to a subsidiary	-	-	18,635	16,794
	54,151	53,772	19,302	17,608

(b) ***Financial risk management policies and objectives***

The Group's overall risk management programme seeks to minimise potential adverse effects of the financial performance of the Group.

The Group's activities expose it to a variety of financial risks, including market risk (foreign currency exchange risk, interest rate risk and equity price risk), credit risk and liquidity risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

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

(i) Foreign exchange risk management

Foreign currency risk occurs as a result of the transactions that are not denominated in the Group entities' respective functional currencies.

Transactions of the individual entities within the Group are mainly transacted in their respective functional currencies except for investment in quoted equity securities carried at FVTOCI which is denominated in Thai Baht.

No sensitivity analysis is prepared as the Group and the Company do not expect any material effect on the Group's and the Company's profit or loss arising from the effects of reasonably possible changes to foreign currency risk at the end of the financial year.

The foreign currency risk relating to investments in quoted equity securities do not have any effect on the Group's and Company's profit or loss as it is a non-monetary item and changes arising from foreign exchange is recognised in the investment revaluation reserve.

The Company's subsidiaries operate mainly in Singapore and transact mainly in Singapore dollars. Exposures to foreign currency risks are minimal. The Group's associates and joint venture operate mainly in Singapore and PRC. The Group is exposed to currency translation risk on the net assets in foreign operations mainly in PRC (Renminbi).

Notes to the Financial Statements

For the financial year ended 31 March 2021

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(b) Financial risk management policies and objectives (Continued)

(ii) Interest rate risk management

Interest rate risk refers to the risk faced by the Group as a result of fluctuation in interest rates.

The Group is exposed to cash flow interest rate risk in relation to certain bank borrowings and bills payables and the effective interest rates are disclosed in Note 38 (b)(v).

The Group is not exposed to cash flow interest rate risk in relation to loan to associates and joint venture, certain bank borrowings and lease liabilities as the interest rate have been fixed at the inception of the advances to associates and joint venture, certain bank borrowings and lease liabilities. Interest rate of the advances to associates and joint venture, bank borrowings, bill payables and lease liabilities are disclosed in Notes 7, 18, 19 and 22 to the financial statements respectively. The Group does not have interest rate hedging policy and management monitors interest rate exposure closely.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for certain bank borrowings and bill payables at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit or loss would decrease or increase by $142,000 (2020: $168,000).

(iii) Equity price risk management

The Group's exposure to equity risks arise from equity investments classified as held-for-trading and investment in equity securities carried at FVTOCI. Investment in equity securities carried at FVTOCI are held for strategic rather than trading purposes. The Group does not actively trade investment in equity securities carried at FVTOCI. Further details of these equity investments can be found in Notes 9 and 16 to the financial statements respectively.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the financial year.

In respect of held-for-trading equity investments, if equity prices had been 10% higher or lower and all other variables were held constant, the Group's profit or loss would increase or decrease by $16,000 (2020: $20,000).

In respect of investment in quoted equity securities carried at FVTOCI, if equity prices had been 10% higher or lower and all other variables were held constant, there is no impact to the Group's and the Company's profit or loss. The Group's and the Company's investment revaluation reserve would increase or decrease by $1,894,000 and $1,471,000 (2020: $1,391,000 and $1,081,000) respectively.

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(b) *Financial risk management policies and objectives* (Continued)

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL (trade receivables and contract assets) 12-month ECL (other receivables)
Doubtful	Amount is >60 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >2 years past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the company has no realistic prospect of recovery.	Amount is written off

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(b) Financial risk management policies and objectives (Continued)

(iv) Credit risk management (Continued)

The table below details the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal Credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
2021						
Trade receivables	6	Performing (i)	Lifetime ECL - simplified approach	12,483	(2,124)	10,359
Other receivables	7	Performing	12-month ECL	29,425	(58)	29,367
Other receivables	7	In default (ii)	Lifetime ECL - credit-impaired	56,039	(40,901)	15,138
Contract assets	11	Performing (i)	Lifetime ECL - simplified approach	23,092	(346)	22,746
					(43,429)	
2020						
Trade receivables	6	Performing (i)	Lifetime ECL - simplified approach	7,152	(1,830)	5,322
Other receivables	7	Performing	12-month ECL	34,139	-	34,139
Other receivables	7	In default (ii)	Lifetime ECL - credit-impaired	55,528	(40,480)	15,048
Contract assets	11	Performing (i)	Lifetime ECL - simplified approach	25,733	(432)	25,301
					(42,742)	

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(b) Financial risk management policies and objectives (Continued)

(iv) Credit risk management (Continued)

	Note	Internal Credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Company						
2021						
Amount due from subsidiaries	8	In default (ii)	Lifetime ECL – credit-impaired	19,862	(14,618)	5,244
2020						
Amount due from subsidiaries	8	In default (ii)	Lifetime ECL - credit-impaired	18,666	(13,663)	5,003

(i) For trade receivables and contract assets, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The expected credit losses on trade receivables and contract assets are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of the conditions at the end of the financial year. Notes 6 and 11 includes further details on the loss allowance for these assets respectively.

(ii) For loans to or amount due from subsidiaries, associates and joint venture, the Group has applied the credit- impaired approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The expected credit losses has been determined after taking into account the historical default experience and the financial position of the counterparties, adjusted for underlying assets held by respective receivables and factors that are specific to these receivables. Notes 7 and 8 includes further details on the loss allowance for these assets respectively.

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38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(b) Financial risk management policies and objectives (Continued)

(iv) Credit risk management (Continued)

Management assessed that cash and cash equivalents are subject to immaterial credit loss as the counterparties are banks and financial institutions which are regulated with high credit ratings.

Concentration of credit risk with respect to trade receivables in the construction industry in which the Group operates does exist in view of the limited number of main contractors that the Group has been dealing with, and in respect of other receivables, the Group has a balance from associates and joint venture of $44,138,000 (2020: $48,645,000) and the Company has a balance from subsidiaries of $5,244,000 (2020: $5,003,000).

(v) Liquidity risk management

Liquidity risk arises when the Group is unable to meet its obligations towards other counterparties. At the end of the financial year, the Group's and the Company's current liabilities exceeded its current assets by $1,847,000 (2020: $8,249,000) and $13,925,000 (2020: $12,440,000).

Management has prepared a month-to-month consolidated cash flows forecast up to 30 June 2022 based on the latest available financial information and assessed that the Group is still able to maintain sufficient liquidity to enable the Group to continue as a going concern for at least the next 12 months from the date of authorisation of these financial statements.

The Group manages its liquidity risk by matching the payment and receipt cycle. The directors of the Group are of the opinion that liquidity risk is contained given that the Group has sufficient equity funds to finance its operations and that if required, financing can be obtained from its lines of banking credit facilities.

Liquidity and interest risk analyses

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statements of financial position.

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(b) *Financial risk management policies and objectives* (Continued)

(v) Liquidity risk management (Continued)

Liquidity and interest risk analyses (Continued)

Non-derivative financial assets (Continued)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
Group						
2021						
Non-interest bearing	-	26,349	-	904	-	27,253
Fixed interest rate instruments	2.11	8,910	-	30,753[1]	(922)	38,741
		35,259	-	31,657	(922)	65,994
2020						
Non-interest bearing	-	13,480	-	4,640	-	18,120
Fixed interest rate instruments	2.16	6,709	2,834	36,122[1]	(1,079)	44,586
		20,189	2,834	40,762	(1,079)	62,706
Company						
2021						
Non-interest bearing	-	5,370	-	-	-	5,370
2020						
Non-interest bearing	-	5,182	-	-	-	5,182

[1] Actual maturity date may differ from contractual maturity date as management expects that the amount will be repaid after 5 years.

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For the financial year ended 31 March 2021

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(b) Financial risk management policies and objectives (Continued)

(v) Liquidity risk management (Continued)

Liquidity and interest risk analyses (Continued)

Non-derivative financial liabilities

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

	Weighted average effective interest rate	**On demand or within 1 year**	**Within 2 to 5 years**	**After 5 years**	**Adjustment**	**Total**
	%	$'000	$'000	$'000	$'000	$'000
Group						
2021						
Non-interest bearing	-	18,715	-	-	-	18,715
Variable interest rate instruments	2.06	28,557	-	-	(146)	28,411
Fixed interest rate instruments	2.00	1,132	4,081	-	(213)	5,000
Lease liabilities (fixed rate)	4.69	591	1,180	-	(165)	1,606
Financial guarantee contract	-	30,721	-	-	(30,302)	419
		79,716	5,261	-	(30,826)	54,151

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(b) Financial risk management policies and objectives (Continued)

(v) Liquidity risk management (Continued)

Liquidity and interest risk analyses (Continued)

Non-derivative financial liabilities (Continued)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
Group						
2020						
Non-interest bearing	-	16,865	-	-	-	16,865
Variable interest rate instruments	4.35	33,782	-	-	(277)	33,505
Fixed interest rate instruments	3.90	765	-	-	(15)	750
Lease liabilities (fixed rate)	4.62	603	1,771	-	(257)	2,117
Financial guarantee contract	-	35,405	-	-	(34,870)	535
		87,420	1,771	-	(35,419)	53,772
Company						
2021						
Non-interest bearing	-	18,893	-	-	-	18,893
Financial guarantee contract	-	68,869	-	-	(68,460)	409
		87,762	-	-	(68,460)	19,302
2020						
Non-interest bearing	-	17,084	-	-	-	17,084
Financial guarantee contract	-	73,214	-	-	(72,690)	524
		90,298	-	-	(72,690)	17,608

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(b) *Financial risk management policies and objectives* (Continued)

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, bank borrowings and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at the end of the financial year, the fair value measurements of held-for-trading investment carried at fair value through profit or loss and investment in equity securities carried at FVTOCI for the Group and the Company were determined based on quoted price (unadjusted) in active markets for identical assets or liabilities (Level 1).

The fair value of the life insurance policy is based on the cash surrender value of the contracts stated in the annual statement of the policy (level 2).

There is no transfer between levels of the fair value hierarchy during the current year and prior year.

(c) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Notes 18, 19 and 22 to the financial statements, and equity attributable to owners of the parent, comprising issued capital and retained earnings. The Group is required to maintain a minimum Group's net worth, a maximum gearing ratio and a minimum current ratio in order to comply with the financial covenants in the loan agreements with the banks.

As disclosed in Note 18 to the financial statements, the Group has breached certain debt covenants with a few financial institutions as at 31 March 2021. The Group had obtained letters of indulgence or waiver from the respective financial institutions before the end of the financial year as waivers of the breaches.

Management reviews the capital structure on a yearly basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the Group will balance its overall capital structure through the payment of dividends, issue of new shares as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from prior year.

38. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (Continued)

(c) *Capital risk management policies and objectives* (Continued)

The Group monitors capital based on the Group's gross gearing and net gearing. The Group's gross gearing is calculated as total borrowings divided by total equity, whilst net gearing is calculated as net borrowings divided by total equity. Total borrowings are calculated as total bank borrowings, bills payables and lease liabilities representing the lease of motor vehicles from financial institutions as disclosed in Notes 18, 19 and 22 to the financial statements respectively. Net borrowings are calculated as total borrowings less cash and bank balances as disclosed in Note 5 to the financial statements.

	Group	
	2021	**2020**
	$'000	$'000
Total borrowings	33,792	34,901
Total equity	59,103	55,745
Gross gearing (times)	0.57	0.63
Net borrowings	22,662	26,704
Total equity	59,103	55,745
Net gearing (times)	0.38	0.48

39. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 31 March 2021, the Company had proposed a renounceable non-underwritten rights issue of up to 349,176,870 new ordinary shares in the capital of the Company (the "Rights Shares") at an issue price of $0.02 for each Rights Share, on the basis of one (1) Rights Share for every one (1) ordinary share in the capital of the Company held by each shareholder of the Company (the "Rights Issue").

The Executive Directors of the Company, namely Mr Chua Kim Hua, Ms Chua Eng Eng and Mr Chua Hai Kuey (the "Undertaking Shareholders") had entered into irrevocable undertakings with the Company to subscribe for their *pro-rata* entitlement of Rights Shares. The Undertaking Shareholders has indicated that they intend to, collectively, subscribe for up to 145,000,000 excess Rights Shares not subscribed for in the Rights Issue, if available.

Given the irrevocable undertakings, the estimated net proceeds arising from the Rights Issue are expected to range between $1,830,000 and $6,750,000.

As at the date of authorisation of these financial statements, the Rights Issue has yet to be completed.

40. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group, statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2021 were authorised for issue by the Board of Directors on 2 July 2021.

Shareholdings Statistics

As at 18 June 2021

Issued and fully paid share capital	:	$46,813,734
Number of Issued Shares	:	349,176,870
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per share
No. of treasury shares and subsidiary holdings held	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 18 JUNE 2021

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	2	0.14	5	0.00
100 - 1,000	66	4.76	52,510	0.01
1,001 - 10,000	357	25.72	2,412,552	0.69
10,001 - 1,000,000	935	67.36	75,970,902	21.76
1,000,001 and above	28	2.02	270,740,901	77.54
Total	1,388	100.00	349,176,870	100.00

SHAREHOLDING HELD IN HANDS OF THE PUBLIC

As at 18 June 2021, approximately 48.2% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual is complied with.

TWENTY LARGEST SHAREHOLDERS AS AT 18 JUNE 2021

No.	Name of Shareholders	No. of Shares	%
1	RAFFLES NOMINEES (PTE) LIMITED	81,292,300	23.28
2	CHUA KIM HUA	43,938,319	12.58
3	CHUA ENG ENG	33,461,906	9.58
4	CITIBANK NOMINEES SINGAPORE PTE LTD	23,210,800	6.65
5	CHUA HAI KUEY	22,247,676	6.37
6	LIONG KIAM TECK OR PHAN FONG YING	8,617,000	2.47
7	ANG JUI KHOON	6,063,700	1.74
8	ESTATE OF ONG TZE KING, DECEASED	5,221,667	1.50
9	DBS NOMINEES PTE LTD	5,220,100	1.49
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	4,493,000	1.29
11	SOME YEW PEW	4,296,400	1.23
12	TAN KHIOK KWEE	4,140,500	1.19
13	QUAH BIOW CHYE	3,730,000	1.07
14	OCBC NOMINEES SINGAPORE PTE LTD	3,278,300	0.94
15	UOB KAY HIAN PTE LTD	2,766,000	0.79
16	OCBC SECURITIES PRIVATE LTD	2,319,600	0.66
17	NEO TIAM POON @ NEO THIAM POON	2,255,000	0.65
18	HONG HENG CO PTE LTD	2,000,000	0.57
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,739,500	0.50
20	ANG CHIN SAN	1,400,000	0.40
	TOTAL	261,691,768	74.95

Shareholdings Statistics

As at 18 June 2021

SUBSTANTIAL SHAREHOLDERS AS AT 18 JUNE 2021 AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Number of Ordinary Shares			
Name of Substantial Shareholder	**Direct Interest**	**Deemed Interest**	**Total**	**%**
Mui Hia Holding Limited	76,875,000	-	76,875,000	22.02
Ganoktip Siriviriyakul [1]	-	76,875,000	76,875,000	22.02
Chua Kim Hua	44,113,319	-	44,113,319	12.63
Chua Eng Eng	36,576,906	-	36,576,906	10.48
Chua Hai Kuey	22,247,676	-	22,247,676	6.37

Notes:-

(1) Ms Ganoktip Siriviriyakul is deemed to be interested in the shares held by Mui Hia Holding Limited by virtue of her 100% shareholding interest in Mui Hia Holding Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of King Wan Corporation Limited ("the Company") will be held via electronic means on Friday, 30 July 2021 at 10:00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2021 together with the Auditors' Report thereon. Resolution 1

2. To re-elect Ms Chua Eng Eng, who is retiring in accordance with Regulation 115 of the Company's Constitution, as a Director of the Company. Resolution 2

   [See Explanatory Note(i)]

3. To re-elect Dr Teo Ho Pin, who is retiring in accordance with Regulation 119 of the Company's Constitution, as a Director of the Company. Resolution 3

   [See Explanatory Note(ii)]

4. To note the retirement of Mr Goh Chee Wee who is retiring as a Director of the Company in accordance with Regulation 115 of the Company's Constitution.

5. To approve the Directors' fees of $172,000 for the financial year ending 31 March 2022 (2021: $121,000), payable quarterly in arrears. Resolution 4

6. To re-appoint BDO LLP as independent auditor of the Company and to authorise the Directors to fix its remuneration. Resolution 5

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolution(s), with or without amendments:

7. **Authority to allot and issue shares** Resolution 6

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

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

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

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

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

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

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

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

    (b) new shares arising from exercising share options or vesting of share awards, provided that such share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

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

    and, in sub-paragraph (1) above and this sub-paragraph (2), “subsidiary holdings” has the meaning given to it in the Listing Manual of the SGX-ST;

    Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority 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 earlier.”

[See Explanatory Note(iii)]

Notice of Annual General Meeting

8. **Proposed renewal of Share Purchase Mandate of the Company** Resolution 7

"That

(a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "Shares") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Purchase Price (as hereafter defined), whether by way of:-

(i) market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

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

(i) the date on which the next Annual General Meeting of the Company is held; or

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held;

(c) in this Resolution:

"Average Closing Market Price" means the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares were recorded, before the day on which the Shares Purchases are made or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, and deemed to be adjusted for any corporate action that occurs after the 5-day period;

"Date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of the Shares on an equal access scheme, stating the purchase price (which shall not be more than the Maximum Purchase Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Maximum Purchase Price" in relation to a Share to be purchased means an amount that includes any expenses (including brokerage, commission and other related expenses), incurred directly in the purchase by the Company of its own shares which shall not exceed,

(i) in the case of a Market Purchase, one hundred and five per cent (105%) of the Average Closing Market Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent (120%) of the Average Closing Market Price (as defined hereinafter),

"Prescribed Limit" means ten per cent (10%) of the issued Shares of the Company as at the date of passing of this Resolution;

(d) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as may be permitted under the Act; and

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

[See Explanatory Note(iv)]

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

Explanatory Notes:

(i) Ms Chua Eng Eng will, upon re-election as a director of the Company, remain as Managing Director of the Company. Information relating to Ms Chua, including the information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST, can be found in the "Board of Directors" section and the "Additional Information on Directors Seeking Re-Election" section of the Company's Annual Report.

(ii) Dr Teo Ho Pin will, upon re-election as a director of the Company, remain as an Independent Non-Executive Director of the Company. Information relating to Dr Teo, including the information as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST, can be found in the "Board of Directors" section and the "Additional Information on Directors Seeking Re-Election" section of the Company's Annual Report.

(iii) The proposed Resolution 6 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

(iv) The proposed Resolution 7 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to repurchase (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued ordinary shares excluding any shares which are held as treasury shares and subsidiary holdings, if any, by the Company at prices up to but not exceeding the Maximum Purchase Price.

Notice of Annual General Meeting

By Order Of the Board

Catherine Lim Siok Ching
Company Secretary

Date: 15 July 2021

Notes :

a) A Shareholder (including a relevant intermediary*) entitled to vote at the Annual General Meeting (the "AGM") must appoint Chairman of the AGM to act as proxy and direct the vote at the AGM.

b) The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.

c) 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 AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

d) In the case of joint shareholders, all holders must sign the form of proxy.

Notice of Annual General Meeting

IMPORTANT NOTICE TO SHAREHOLDERS

The AGM is being convened, and will be held, only by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice, Annual Report of the Company for the financial year ended 31 March 2021 (the "Annual Report"), the proxy form and the Addendum to the Annual Report dated 15 July 2021 will not be sent to Shareholders. Instead, these documents will be made available on SGX website at the URL: **https://www.sgx.com/securities/company-announcements** and the Company's corporate website at the URL: **https://www.kingwan.com/**.

Alternative arrangements relating to, among others, attendance at the AGM by way of electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions prior to, or at the AGM and/or voting by appointing the Chairman of the AGM as proxy at the AGM, are set out below.

Due to the current COVID-19 situation and the related elevated safe distancing measures in Singapore, a Shareholder (including a relevant intermediary*) will not be able to attend the AGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM.

* Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any shareholder who is a relevant intermediary is required to appoint the Chairman of the AGM to attend and vote at the AGM. Relevant intermediary is either:

(i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

(ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or

(iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased on behalf of CPF investors.

Notice of Annual General Meeting

Shareholders may participate at the AGM by taking note of the following steps:

1. Registration for Live Webcast

A Shareholder will be able to follow the proceedings of the AGM through a live audio-visual webcast or live audio-only stream (collectively, "Live Webcast") via mobile phone, tablet, computer or any such electronic device.

In order to do so, a Shareholder must pre-register no later than 10.00 a.m. on 27 July 2021 ("Registration Deadline"), at the URL: **https://conveneagm.com/sg/kingwan** for authentication of their status as Shareholders.

Shareholders who have been authenticated will receive email instructions to access the Live Webcast of the proceedings of the AGM by 29 July 2021. Shareholders who have registered by the Registration Deadline but did not receive email instructions by 29 July 2021 may contact the Company by email at **egm.2021@kingwan.com.sg** for assistance.

Shareholders must not forward the abovementioned email instructions to other persons who are not Shareholders and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live Webcast.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, and wish to participate in the AGM should, in addition to pre-registering, approach their respective agents, including CPF Agent Banks and SRS Operators, as soon as possible so that the necessary arrangements can be made by the relevant agents for their participation in the AGM.

2. Shareholders' Queries

Shareholders will not be able to speak or ask questions during the Live Webcast, therefore it is important for them to submit their questions in advance of the AGM.

All questions must be submitted no later than 10.00 a.m. on 27 July 2021 to the Company:

(a) via the pre-registration website at the URL: **https://conveneagm.com/sg/kingwan**;

(b) mail to the Company's registered office at 8 Sungei Kadut Loop Singapore 729455; or

(c) via email to **egm.2021@kingwan.com.sg**

For verification purpose, when submitting any questions by post or via email, Shareholders MUST provide the Company with their particulars (comprising full name (for individuals) / company name (for corporates), email address, contact number, NRIC / passport number / company registration number, shareholding type and number of shares held).

The Company will endeavour to address the substantial queries from Shareholders prior to, or at the AGM and upload the Company's responses on the SGX website. The minutes of the AGM, which include responses to substantial queries from the Shareholders which are addressed during the AGM, shall thereafter be published on SGX website, within one (1) month from the conclusion of the AGM.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, can submit their questions in relation to any resolution set out in the Notice of AGM upon pre-registration, however, they should, in addition to pre-registering, approach their respective agents, including CPF Agent Banks and SRS Operators, as soon as possible, so that the necessary arrangements can be made by the relevant agents for their participation in the AGM.

3. Proxy Voting

A Shareholder (including a relevant intermediary) will not be able to attend the AGM physically in person. If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. The instrument appointing the Chairman of the AGM as proxy has been uploaded together with this Notice of AGM on SGX website on the same day.

Shareholders (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

(a) if by post, to the Registered Office Address of the Company, at 8 Sungei Kadut Loop Singapore 729455 (Opening Hours is 9am to 5.30pm, Mondays to Fridays (excluding Public Holidays); or

(b) if sent by email to **egm.2021@kingwan.com.sg**,

in either case, not less than 72 hours before the time for holding the AGM and at any adjournment thereof.

A Shareholder who wishes to submit an instrument of proxy by (a) and (b) must first download the proxy form, which is available on SGX website at the URL: **https://www.sgx.com/securities/company-announcements**, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit competed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

Investors who hold shares through relevant intermediaries as defined in Section 181(1C) of the Companies Act, including CPF and SRS Investors, and wish to appoint the Chairman of the AGM as proxy, should approach their respective agents, including CPF Agent Banks and SRS Operators, to submit their votes at least seven (7) working days before the AGM (i.e. by 5:00 p.m. on 19 July 2021) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

In the case of shares entered in the Depository Register, a Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to appoint the Chairman of the AGM as proxy.

The Annual Report has been uploaded on SGX website on 15 July 2021.

Notice of Annual General Meeting

IMPORTANT NOTICE: Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGX website. Shareholders are advised to check the SGX website regularly for updates on the AGM.

Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the AGM as proxy to attend and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via Live Webcast, or (c) submitting any question prior to the AGM in accordance with this Notice, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to Shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to the Live Webcast to observe the proceedings of the AGM and providing them with any technical assistance where necessary;

(iii) addressing substantial and relevant questions from Shareholders received before the AGM and if necessary, following up with the relevant Shareholders in relation to such questions;

(iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

Additional Information on Directors Seeking for Re-Election

Ms Chua Eng Eng and Dr Teo Ho Pin are the Directors seeking re-election at the annual general meeting of the Company on 30 July 2021.

Pursuant to Rule 720(6) of the SGX-ST Listing Manual, the information relating to Ms Chua Eng Eng and Dr Teo Ho Pin as set out in Appendix 7.4.1. of the SGX-ST Listing Manual is as follows:

Name of Director	Chua Eng Eng	Teo Ho Pin
Date of appointment	15 November 2000	1 April 2021
Date of last re-appointment (if applicable)	30 July 2019	N.A.
Age	51	61
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered the Nominating Committee's recommendation and assessment of Ms Chua Eng Eng's qualifications, experience, contribution and performance, and is satisfied that she will continue to contribute relevant knowledge, skills and experience to the Board.	The Board has considered the Nominating Committee's recommendation and assessment of Dr Teo Ho Pin's qualifications, experience and industry connections and is satisfied that he will continue to contribute relevant knowledge, skills and experience to the Board since his appointment on 1 April 2021. The Board considers Dr Teo as independent pursuant to Rule 704(8) of the SGX-ST Listing Manual.
Whether the appointment is executive, and if so, the area of responsibility	Executive She is responsible for setting directions, formulating and implementing corporate strategic plans, as well as overall management of the Group's businesses.	Non-executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Managing Director	Independent Non-Executive Director
Academic and professional qualifications	Bachelors of Arts in Economics, National University of Singapore	a) PhD in Building, Heriot-Watt University, United Kingdom b) Master of Science in Project Management (Distinction), Heriot-Watt University, United Kingdom c) Bachelor of Science in Building (Hons), National University of Singapore d) Honorary Fellow, Society of Project Managers

Additional Information on Directors Seeking for Re-Election

Name of Director	Chua Eng Eng	Teo Ho Pin
Working experience and occupation(s) during the past 10 years	Managing Director, King Wan Corporation Limited	a) Present : Independent Director, King Wan Corporation Limited b) Present : Independent Director, Broadway Industrial Group Limited c) Present : Independent Director, ISOteam Ltd d) 2020 - Present : Independent Director, Tiong Seng Holdings Limited e) 2020 - Present : Senior Advisor, Surbana Jurong Private Limited (Managed Services Division) f) 2020 - Present : Visiting Professor, Singapore University of Technology and Design g) 2017 - Present : Adjunct Professor, Department of Building, National University of Singapore h) 2004 - Present : Vice-Chairman, Singapore Environment Council i) 1999 - Present : President, Building and Estate Management Alumni, National University of Singapore j) 1996 - 2020 : Member of Parliament for Bukit Panjang Constituency k) 2001 - 2020 : Mayor of North West District of Singapore l) 2001 - 2020 : Chairman, Holland-Bukit Panjang Town Council m) 2006 - 2020 : Co-ordinating Chairman, PAP Town Councils n) 2014 - 2015 : Chairman, Mayor's Committee o) 2011 - 2015 : Deputy Government Whip
Shareholding interest in the listed issuer and its subsidiaries	Direct interest : 36,576,906 shares of the Company	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	a) Daughter of Chua Kim Hua (Director) b) Niece of Chua Hai Kuey (Director)	N.A.
Conflict of interest (including any competing business)	Nil	Nil

Additional Information on Directors Seeking for Re-Election

Name of Director	Chua Eng Eng	Teo Ho Pin
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships		
Present:	King Wan Group of Companies Grand Helio Pte Ltd Invest (CR) Pte Ltd Latitude 33 Pte Ltd QM Unity Investment Pte Ltd Nanyang International Education (Holdings) Limited SH Sapporo Pte Ltd Singapore Hokkien Huay Kuan Xylem Investments Pte Ltd Kaset Thai International Sugar Corporation Pcl Siri Charoen Sapraiwan Co Ltd	King Wan Corporation Limited Tiong Seng Holdings Limited ISOTeam Ltd Broadway Industrial Group Limited
Past (for the last 5 years):	Environment Pulp and Paper Co Ltd KTIS Bioethanol Co Ltd Meadows Property (S'pore) Pte Ltd	Nil
Ms Chua Eng Eng and Dr Teo have individually confirmed that on each of the questions as set out in paragraph (a) to (k) of Appendix 7.4.1 of the Listing Manual, the answer is "no".		
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Yes. This is a re-election of a director.	Yes. Dr Teo is currently an Independent Director of Tiong Seng Holdings Limited, ISOTeam Ltd and Broadway Industrial Group Limited.
Please provide details of the relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

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KING WAN CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200001034R)

ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT
1. The Annual General Meeting (the "AGM") is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream (collectively "Live Webcast"), submission in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying section entitled "Important Notice to Shareholders" of the Notice of AGM. For the avoidance of doubt, the aforesaid section is circulated together with and forms part of the Notice of AGM in respect of the AGM.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. Please read the notes to this proxy form.

I/We ______________________________ NRIC/Passport No./ Registration No. ______________________

of ____

being a member(s) of King Wan Corporation Limited (the "Company"), hereby appoint the Chairman of the Annual General Meeting as *my/our proxy to attend, speak and to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company ("AGM") to be held by way of electronic means on Friday, 30 July 2021 at 10:00 a.m. and at any adjournment thereof.

*I/We direct the Chairman of the AGM, being *my/our proxy, to vote for or against, or abstain from voting on the Ordinary Resolutions to be proposed at the AGM as indicated hereunder.

In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to exercise all your votes "For" or "Against" the relevant resolution, please mark an "X" in the relevant box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the relevant box provided below. If you mark an "X" in the abstain box provided below, you are directing your proxy, who is the Chairman of the AGM, not to vote on that resolution.

No.	Resolutions	For	Against	Abstain
1	To receive and adopt the Directors' Statements, Audited Financial Statements and Auditors' Report for the financial year ended 31 March 2021			
2	To re-elect Ms Chua Eng Eng as Director			
3	To re-elect Dr Teo Ho Pin as Director			
4	To approve the Directors' fees for the financial year ending 31 March 2022, payable quarterly in arrears			
5	To re-appoint BDO LLP as Auditor of the Company and to authorise the Directors to fix its remuneration.			
6	To authorise the Directors to allot and issue shares			
7	To approve the proposed renewal of Share Purchase Mandate of the Company			

Notes:
* Delete where inapplicable accordingly

Dated this ________ day of ______________ 2021

Total number of Shares held

____
Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Postage
Stamp

To: The Company Secretary
KING WAN CORPORATION LIMITED
8 Sungei Kadut Loop
Singapore 729455

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Fold along dotted line

NOTES:

1. Please insert the total number of shares in the capital of the Company ("**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, 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 instrument of proxy will be deemed to relate to all the Shares held by you.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
   Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
3. The Chairman of the AGM, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
   (a) if by post, to the Registered Office Address of the Company, at 8 Sungei Kadut Loop Singapore 729455 (Opening Hours is 9am to 5.30pm, Mondays to Fridays (excluding Public Holidays); or
   (b) if sent by email to: **egm.2021@kingwan.com.sg**.
   in either case, not less than 72 hours before the time for holding the AGM and at any adjournment thereof and in default the instrument of proxy shall not be treated as valid.
   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.
5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.
6. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM.
7. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy 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 the Chairman of the AGM as proxy. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such members are not shown to have shares entered against their names in the Depository Register at seventy-two (72) hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. For investors who have used their CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) to buy Shares, this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors and/or SRS Investors who wish to appoint the Chairman of the AGM to act as their proxy should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on 19 July 2021).

Personal Data Privacy:
By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 July 2021.

Corporate Information

Board of Directors
Chua Kim Hua (Chairman)
Chua Eng Eng (Managing Director)
Chua Hai Kuey (Executive Director)
Goh Chee Wee
Siraarpa Siriviriyakul
Tang Siew Foo David
Teo Ho Pin (Appointed on 1 April 2021)

Lead Independent Director
Goh Chee Wee

Audit Committee
Goh Chee Wee (Chairman)
Siraarpa Siriviriyakul
Tang Siew Foo David

Remuneration Committee
Goh Chee Wee (Chairman)
Siraarpa Siriviriyakul
Tang Siew Foo David

Nominating Committee
Tang Siew Foo David (Chairman)
Chua Kim Hua
Goh Chee Wee

Company Secretary
Lim Siok Ching Catherine, ACS, ACG

Registered Office
8 Sungei Kadut Loop
Singapore 729455
Tel: 65-6368 4300
Fax: 65-6365 7675
E-mail: kwc@kingwan.com.sg
Website: www.kingwan.com

Auditors
BDO LLP
Public Accountants and
Chartered Accountants
Singapore
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-In-Charge
Poh Chin Beng
(Appointed since the financial year
ended 31 March 2021)

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

Bankers
Bangkok Bank Public Company Limited
CIMB Bank Berhad
CTBC Bank Co., Ltd
DBS Bank Ltd
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank (Singapore) Limited
United Overseas Bank Limited

KING WAN CORPORATION LIMITED

8 Sungei Kadut Loop
Singapore 729455

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