

# TRAVELITE

TRAVELITE HOLDINGS LTD

ANNUAL REPORT 2018



UNLOCKING THE  
POTENTIAL FOR GROWTH

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Callaway  
✓

# CORPORATE PROFILE

Our founder, Mr TJ Thang, started the luggage business in 1986 to distribute luggage in Singapore. Over the years, we have diversified our product mix to include menswear, ladies fashion and other travel-related accessories.

We currently represent over 20 international brands, either as a licensee or distributor, to market their products across various parts of Southeast Asia.

Our distribution channel consists of departmental stores, chain of specialty stores, third party retail outlets, gift redemption and corporate gift programmes in Singapore and Malaysia; and wholesale distribution to third party distributors in countries such as Brunei, Cambodia, Indonesia, Myanmar, Thailand, Maldives and Kuwait.

Travelite Holdings was initially listed on the former SGX-SESDAQ on 16 May 2007 and successfully upgraded to the SGX Mainboard on 24 August 2009, marking a significant milestone in the history of the Company.

## VISION

The leading lifestyle brand management company in Asia and key international markets

## MISSION

1. Enhance shareholders' value through a continued focus on profitability.
2. Increase consumer loyalty through excellent customer service.
3. Expand our brand representation & product segments through strategic acquisitions, joint ventures or alliances.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr Thang Teck Jong**

*Executive Chairman*

**Mr Yeo Toon Wee**

*Executive Director*

**Mr Foong Daw Ching**

*Lead Independent Director*

**Mr Tan Chun Chieh**

*Independent Director*

## AUDIT COMMITTEE

**Mr Foong Daw Ching** – *Chairman*

**Mr Tan Chun Chieh**

**Mr Yeo Toon Wee**

## NOMINATING COMMITTEE

**Mr Tan Chun Chieh** – *Chairman*

**Mr Foong Daw Ching**

**Mr Yeo Toon Wee**

## REMUNERATION COMMITTEE

**Mr Tan Chun Chieh** – *Chairman*

**Mr Foong Daw Ching**

**Mr Yeo Toon Wee**

## COMPANY SECRETARIES

**Ms Wee Woon Hong**, LLB (Hons)

**Ms Lee Li Erh**, CA Singapore

## REGISTERED OFFICE

53 Ubi Avenue 3

Travelite Building

Singapore 408863

Tel: (65) 6785 8000

Fax: (65) 6785 7000

Website: [www.etravelite.com](http://www.etravelite.com)

## SHARE REGISTRAR

**Tricor Barbinder Share Registration Services**

(A division of Tricor Singapore Pte. Ltd.)

80 Robinson Road #02-00

Singapore 068898

## INDEPENDENT AUDITORS

**RSM Chio Lim LLP**

Public Accountants and Chartered Accountants

8 Wilkie Road

#04-08 Wilkie Edge

Singapore 228095

Partner-in-charge: Ms Tay Hui Jun Sabrina, CA Singapore  
(Appointed with effect from financial year ended 31 March 2017)

## PRINCIPAL BANKERS

**DBS Bank Ltd.**

5 Tampines Central 6

#01-10 Telepark

Singapore 529482

**Oversea-Chinese Banking Corporation Limited**

65 Chulia Street

OCBC Centre

Singapore 049513

**United Overseas Bank Ltd**

1 Tampines Central 1

#01-01 UOB Tampines Centre

Singapore 529539



OUR  
BRANDS

CERRUTI 1881

**DELSEY**  
PARIS

VAN HEUSEN

  
VICTORINOX

*Callaway*  


  
DANIEL HECHTER  
PARIS

 BESIDE·U®

  
Traveler's Choice®  
The trusted choice in travelware

 bradFORD

 camel  
active 

 pierre cardin  
PARIS

*Arnold Palmer* 

Hedgren

**URS**inc.  
一緒に行動

Crocodile

**AF** AMERICAN  
FLYER 

 BEVERLY HILLS  
POLO CLUB®

 **WENGER**®

BRENTWOOD

# CHAIRMAN'S MESSAGE



“

AS WE REMAIN PRUDENT IN OUR APPROACH TOWARDS EXPANSION AMIDST UNCERTAINTIES IN THE GLOBAL ECONOMY, WE WILL CONTINUE TO FOCUS OUR EFFORTS ON DRIVING REVENUE AND MANAGING OPERATING COSTS.

”

## DEAR SHAREHOLDERS,

FY2018 proved to be yet another challenging year for the Group as industry-wide changes built momentum to the detriment of brick-and-mortar retail channels. Technological disruptions continue to change consumption patterns, further waning consumer sentiment and heightening competition especially within the apparel market. The Group has embraced these challenges and mitigated their effects by adapting our approach to customers, exploring new avenues in our markets and further streamlining our operations.

Against the tumultuous operating environment, the Group has looked into strengthening its core business, the distribution of luggage and apparel, through several key strategies. The first strategy is tapping on the rise of e-commerce. We are expanding our online and physical specialty stores in tandem with brand building via social media. The greater online accessibility and presence of our brands help strengthen our visibility and presence in consumers' minds.

Our second strategy is staying in tune with consumer demands by closely tracking changing preferences. We are constantly on the lookout for the right fit to grow our portfolio of established brands.

While Singapore, Malaysia and Indonesia remain our key markets, the Group considers it vital to further solidify our presence in the region. Hence, our third strategy for FY2018

involved the incorporation of an associated company, BYN International Co., Ltd, for the manufacture and sale of men's apparel in Thailand and Vietnam. This provides us with a springboard to delve deeper into these markets and strengthen our position as a menswear retailer in Southeast Asia. On that note, we are also seeking to optimise our reach in existing markets such as Cambodia to better tap into the burgeoning retail market in the country.

The Group will also continue to explore opportunities for mergers and acquisitions to grow its business. Our strategy involves further expanding distribution reach into more territories and increasing our market share in the Indo-China region.

Lastly, in unison with our aforementioned strategies are our continued efforts to streamline our business by improving productivity and operational efficiency. During FY2018, the Group spent S\$0.2 million to relocate to our new headquarter located at 53 Ubi Avenue 3 and S\$0.8 million on renovation costs. The consolidation of subsidiaries under one roof enables the Group to synergise operations, share resources and achieve cost efficiency. With this strategy, we have now streamlined our warehousing and delivery functions, enabled shared back-end services, increased productivity by harmonising standard operating procedures and improved interactions among staff across business units.

## FINANCIAL REVIEW

During the year in review, the Group registered an 8.1% decrease in revenue from S\$43.8 million in FY2017 to S\$40.3 million in FY2018. This was largely due to the lower revenue from wholesale distribution and departmental stores, partly offset by higher revenue from specialty stores.

In tandem with the decline in revenue, the Group's gross profit fell by 8.8% from S\$19.0 million in FY2017 to S\$17.3 million in FY2018 while maintaining its gross profit margin at approximately 43%.

Marketing and distribution costs incurred during the financial year in review were 10% lower at S\$11.1 million following the consolidation of Singapore operating units at the new location and downsizing of manpower in response to the difficult operating period. On the other hand, administrative expenses increased by 13.4% to S\$7.7 million due to the full year impact of the Company's leasehold property acquired in early 2017, partly offset by reduction in staff costs and other expenses.

Other losses were 57.1% lower than the previous year at S\$0.3 million. It included an allowance for impairment on inventories of S\$0.2 million. Other gains for the year included S\$0.4 million from the disposal of a wholly-owned subsidiary and S\$0.3 million of government grants.

As part of ongoing efforts to rationalise its business, the Group recently disposed of its wholly-owned subsidiary, Yangtzekiang Industries Sdn Bhd, which yielded a net gain of S\$0.4 million to the Group. The disposal reduces strain on the Group's performance and cash flows, and generates passive income to the Group in the form of annual minimum guaranteed royalty income.

The Group ended FY2018 with a loss after tax of S\$1.2 million.

## LOOKING AHEAD

Moving forward, we anticipate the business environment to remain subdued as weak consumer sentiment and stiff competition persist in our key markets in Singapore and Malaysia. Taking into account the substantial impact of post-election policy changes and fiscal reforms, the outlook of Malaysia now appears uncertain. On the other hand, Indonesia remains a good potential for our export as its GDP is expected to expand at 5.3% in 2018. To address the challenges ahead, the Group will continue to focus on its core business, improve operational efficiency and seek new opportunities in overseas markets.

The rapid expansion of e-commerce is expected to continue

causing significant disruptions in the retail industry. The Group will keep seeking growth by further strengthening its online presence and building up its chain of specialty stores. Our partnership with e-commerce platforms enables us to offer seamless O2O experience to our customers and to reach out to potential customers. With an omni-channel business model, we are able to maximise the benefits of brand building and customer outreach efforts on the digital front.

In addition, the Group will maintain its approach of investing in technology to boost productivity, increase capabilities to harness data for market insights and reduce reliance on manpower which is in short supply. We will also update and revamp our customer loyalty programmes to better attract, engage and retain our customers.

As we remain prudent in our approach towards expansion amidst uncertainties in the global economy, we will continue to focus our efforts on driving revenue and managing operating costs.

## ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to take this opportunity to thank our business partners and colleagues for their unwavering support and valued contributions during the past year. I would also like to express my thanks to our shareholders and customers for their continued trust and loyalty. As we enter a new financial year, we are confident that together we will rise above the challenging operating environment and take the Group into a direction towards long-term growth.

**TJ Thang**  
Executive Chairman



VICTORINOX



Hedgren



# BOARD OF DIRECTORS



## **THANG TECK JONG (TJ)**

### *EXECUTIVE CHAIRMAN*

He is the Executive Chairman of the Company. Mr Thang formulates the Group's strategic directions and expansion plans. As the founder, he has been instrumental in the growth and development of the Group since its inception in 1986.

Mr Thang was named as one of the Entrepreneur of the Year 2005 by ASME and the Rotary Club of Singapore. He received the Service to Education Award (Pewter) from Ministry of Education for his long-term contribution. He was conferred a Master's Degree of Business Administration (EMBA) by University of Hull.

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## **YEO TOON WEE**

### *EXECUTIVE DIRECTOR*

He is the Executive Director of the Company. Formerly the Managing Director of YG Marketing Pte. Ltd. ("YG Marketing"), he was with YG Marketing for more than 30 years. He joined in 1981 and since then, has held various positions in YG Marketing, culminating in his present position. Prior to joining YG Marketing, he was employed by an MNC in Singapore where he gained considerable knowledge and experience in production, planning and control as well as personnel administration.

Mr Yeo is responsible for implementing the Group's conceptual directions and developing strategies for the Group. He graduated with a Bachelor Degree in Arts from Nanyang University Singapore in 1979.

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# BOARD OF DIRECTORS



## **FOONG DAW CHING**

### *LEAD INDEPENDENT DIRECTOR*

He is the Lead Independent Director and Chairman of the Audit Committee of the Company. Mr Foong has more than 36 years of audit experience with six years of experience with an international audit firm. He was the managing partner of Baker Tilly TFW LLP until 2010 and regional chairman of Asia Pacific region for Baker Tilly International Limited until 2016.

Mr Foong was awarded the Public Service Medal (Pingat Bakti Masyarakat) by the President of Singapore in 2003. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Institute of Singapore Chartered Accountants, a Fellow member of CPA, Australia and a Chartered Accountant of the Malaysian Institute of Accountants.

He is an Independent Director of Suntar Eco-city Limited, listed on SGX Mainboard. He is also an Independent Director of ayondo Limited and the Non-Executive Chairman of Starland Holdings Ltd, which are both listed on Catalist.

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## **TAN CHUN CHIEH**

### *INDEPENDENT DIRECTOR*

He is an Independent Director and the Chairman of the Nominating and Remuneration Committees of the Company. Mr Tan currently manages and runs his own businesses through the Lesus group of companies, spanning mechanical engineering to human resource consulting. He started his career as an engineer in 1999 and subsequently as a Project Manager in a local mechanical and electrical firm in 2000 before starting his own business in 2001.

Mr Tan graduated from National University of Singapore with First Class Honours in Civil Engineering, under the Construction Industry Development Board (CIDBSCC) scholarship. He was awarded the IES Gold Medal by Institute of Engineers (Singapore) in 1999 for being the top graduate in Civil Engineering.

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The trusted choice in travelware

[www.travelerchoice.com](http://www.travelerchoice.com)



# KEY MANAGEMENT



## **LEE LI ERH (JESSIE)**

*GROUP FINANCIAL CONTROLLER*

She is the Group Financial Controller, responsible for the overall financial accounting, financial reporting as well as matters relating to corporate finance of the Group. She also acts as the joint company secretary for the Group. She joined the Group in 2012 as Finance Manager, assisting the then Chief Financial Officer and rose to the current position in 2015. Prior to joining the Group, she was with a leading local mid-tier audit firm for six years as an auditor, with her last position being an audit manager. She started her career in 2005 with Standard Chartered Bank Malaysia Berhad, managing property-related matters as well as operational risks and management assurance.

Ms Lee is a Fellow of The Association of Chartered Certified Accountants. She is also a Chartered Accountant of the Institute of Singapore Chartered Accountants.

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## **YEO GUAN HONG (SIMON)**

*GENERAL MANAGER*

*DEMARCO PTE LTD*

He is the General Manager of Demarco Pte Ltd (“Demarco”). He joined in 2005 as Assistant Manager and rose to become the General Manager of Demarco in 2009. Previously, Mr Yeo was employed by another wholesale and retail company in Singapore dealing with luggage and bags where he gained considerable knowledge and experience in the wholesale and retail trade.

Mr Yeo is responsible for planning and implementing all action plans and decisions to ensure the profitability objectives of Demarco are achieved. He is also responsible for overseeing the day-to-day operations and administrative matters of Demarco.

Mr Yeo completed his formal education up to the level of School Certificate in Malaysia.

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# KEY MANAGEMENT



## **CHEW CHIEW HOR (JOHNNY)**

*GENERAL MANAGER  
YG MARKETING PTE LTD*

He is the General Manager of YG Marketing. Having been in the menswear wholesale and retail industry for over 20 years, Johnny has accumulated extensive experience, starting from an operational role before rising to hold various key management positions. Prior to joining Travelite in 2015, he ran a boutique menswear company, developing his house label into a renowned local brand within a short span of 5 years.

Mr Chew is responsible for achieving the strategic and financial objectives of YG Marketing. To ensure that these objectives are met, he also plays an integral role towards strategising and implementing action plans on the daily operations and administrative matters of YG Marketing.

He graduated with a Diploma in Marketing from National Productivity Board, or what is known now as PSB Academy in Singapore.

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## **TOH KIAN HOCK (MARK)**

*GENERAL MANAGER  
SINGAPORE CROCODILE (1968) PTE LTD*

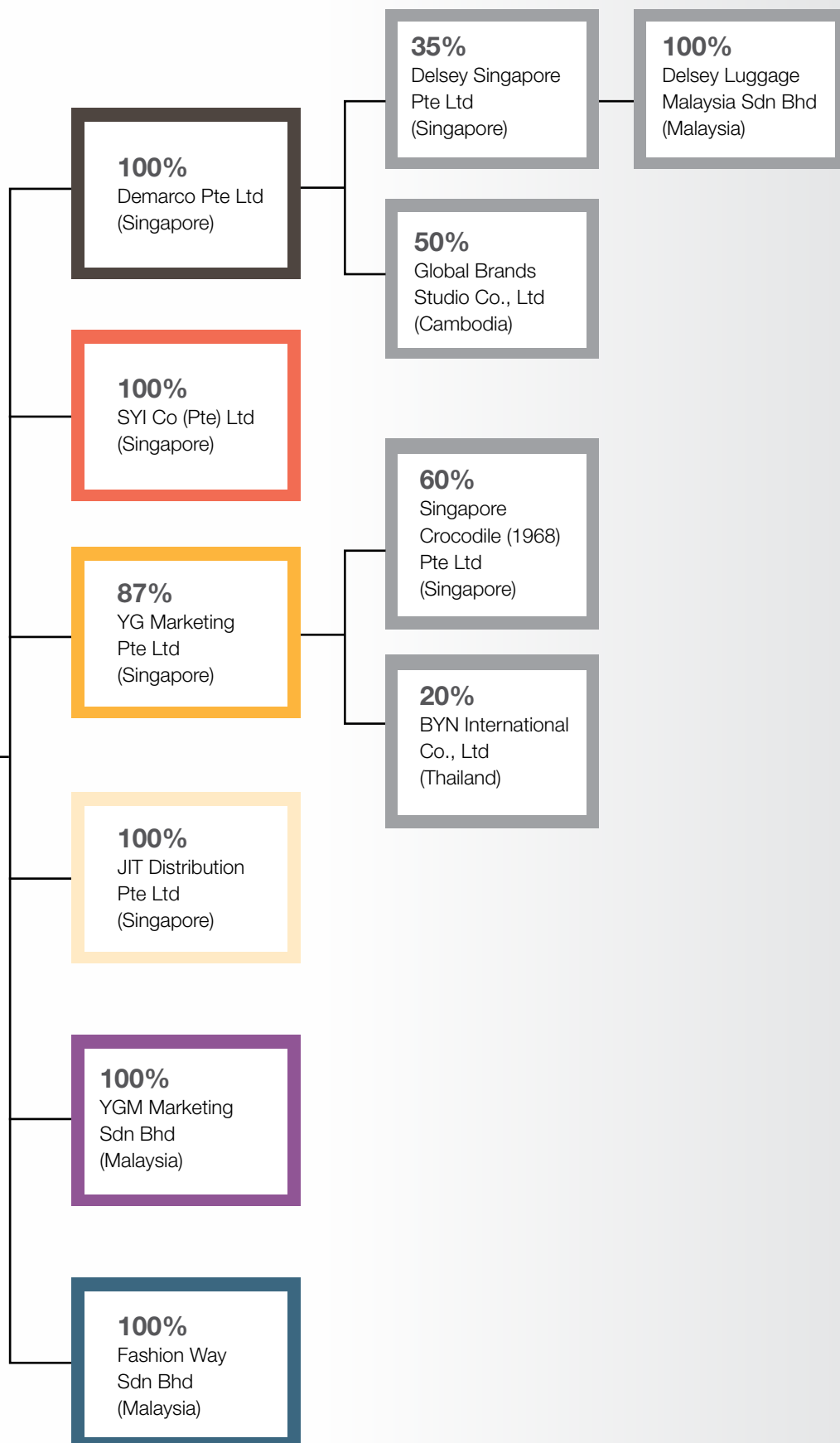
He is the General Manager of Singapore Crocodile (1968) Pte Ltd (“Singapore Crocodile”). Prior to joining Travelite in 2015, Mark was previously the Division General Manager of a Hong Kong-listed fashion and retail company in Singapore. He has over 20 years of experience in the retail trade, mostly in the apparel and accessories segment.

Mr Toh is responsible for implementing all action plans and decisions in accordance to the Group’s overall strategic business plans and directions. He also oversees the day-to-day operations and administrative matters of Singapore Crocodile.

He completed his formal education up to the Singapore-Cambridge GCE O-Level in Singapore.

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# GROUP STRUCTURE





Crocodile



# FINANCIAL HIGHLIGHTS

	FY2014	FY2015	FY2016 <sup>(3)</sup>	FY2017 <sup>(3)</sup>	FY2018
<b>Financial Results</b>					
Revenue (\$'000)	67,264	46,082	45,722	48,859	40,262
Profit/(Loss) Before Tax (\$'000)	380	(4,329)	948	544	(1,316)
Earnings/(Loss) Per Share (cents) <sup>(1)</sup>	(0.3)	(7.3)	0.7	0.7	(1.5)
<b>Financial Position</b>					
Non-Current Assets (\$'000)	5,175	3,463	4,143	24,474	24,722
Net Current Assets (\$'000)	23,787	20,970	25,158	16,388	14,793
Total Equity <sup>(2)</sup> (\$'000)	28,375	24,033	28,910	29,627	27,957
Net Debt/(Cash) (\$'000)	(7,415)	(1,183)	(5,493)	19,198	17,317
Return on Equity (%)	-0.7%	-18.7%	1.4%	1.4%	-3.5%
Net Debt to Equity Ratio (times)	N.A.	N.A.	N.A.	0.6	0.6
Net Assets Per Share (cents) <sup>(1)</sup> (excluding treasury shares)	46.2	39.0	45.8	47.0	44.3

(1) Those of FY2014 to FY2015 were restated for 5:3 share consolidation effective from 5 August 2015.

(2) Includes non-controlling interests.

(3) Financial results and return on equity (%) presented are before applying the classification and presentation requirements of FRS 105 in respect of the business of distribution, wholesale and retail of Delsey products discontinued during FY2017.

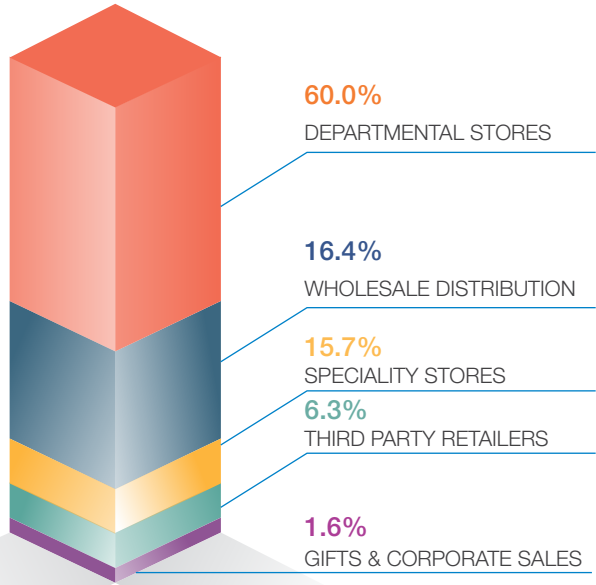
N.A. denotes not applicable.



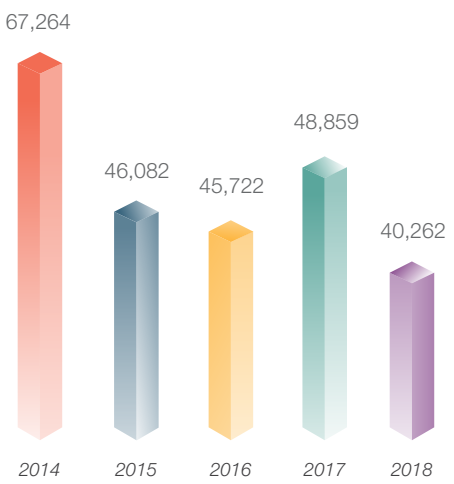


# FINANCIAL HIGHLIGHTS

## SEGMENT REVENUE



## REVENUE (\$'000)<sup>(1)</sup>



(1) FY2017 revenue presented is before applying the classification and presentation requirements of FRS105 in respect of the business of distribution, wholesale and retail of Delsey products discontinued during FY2017.



# SUSTAINABILITY REPORT

## CHAIRMAN'S MESSAGE

We are pleased to present our first Sustainability Report (the "Report"). At Travelite, sustainability is highly regarded by the Board of Directors (the "Board") and top management (the "Management"). We stay committed to creating an organisational culture whereby sustainable business practices are valued and sustainable criteria are used when selecting our business partners. We believe that we can play our part in contributing to environmental preservation by minimising the impact of our operations on the environment, and utilising our core competencies in a way that contributes to the society at large and generates long-term economic opportunities.

## ABOUT THIS REPORT

Travelite Holdings Ltd (the "Company" and together with its subsidiaries, "the Group") is pleased to present the Group's first annual Report which covers its performance from 1 April 2017 to 31 March 2018.

The Report provides information about Travelite's key sustainability topics, our management approach as well as our performance across the Group's operations. The Group has selected the Global Reporting Initiative ("GRI") Standards as they are known to be the most adopted international sustainability reporting standard. This Report is prepared in accordance with the GRI Standards "Core" option and incorporates the primary components of report content set out by the SGX-ST's "Comply or Explain" requirements on sustainability reporting under Listing Rule 711B.

Travelite's material topics were identified based on their impacts on our internal and external stakeholders, as outlined in the Key Stakeholders Engagement section. Detailed section reference with GRI standards is found at GRI Standards Content Index. The Management has assessed that external assurance is not required as the Group wishes to focus on building the sustainability reporting framework for this first Report.

## GOVERNANCE AND STATEMENT OF THE BOARD

Travelite has a strong commitment towards shaping a sustainable business. We established a Sustainability Team which comprises heads of department across all Group entities. The team is responsible for implementing and formalising sustainability policies and procedures, management processes and standards in respect of sustainability development. It also supports and provides adequate resources to functional units to perform the established sustainability processes and practices. The team assists the Board in determining material economic, environment and social aspects of the Company and setting quantitative and qualitative targets for the coming year. The Board has considered sustainability issues as part of its strategic formulation, approved the material environmental, social and economic topics identified and overseen that the factors identified are managed and monitored. The Group also adopts a precautionary approach in strategic decision and day-to-day operation by implementing a comprehensive risk management framework.

### Sustainability Targets

The Group will be prudent in managing its business. We will continue to encourage diversity in our workforce in terms of gender, race and age groups.

We will continue to maintain and uphold our energy saving initiatives in our offices and warehouses and along our value chain. We will continue to monitor and analyse our energy consumption patterns with the aim to maintain or lower our energy consumption, energy intensity ratio and greenhouse gas emissions.

## KEY STAKEHOLDERS ENGAGEMENT

The Group identifies stakeholders as groups that have an impact, or have the potential to be impacted by its business, as well as external organisations that have expertise in topics that it considers material. Our stakeholders are engaged through a variety of channels for updates on the Group's developments. We seek feedback from stakeholders as we believe in two-way communication. The feedback we receive from our stakeholders helps us to determine our material topics and identify our focus areas as follows:

# SUSTAINABILITY REPORT

Stakeholders	Areas of Concern	Means of Engagement	Section Reference
Employees	<ul style="list-style-type: none"> <li>• Remuneration and benefits</li> <li>• Training and development</li> <li>• Ethics and conduct</li> <li>• Diversity</li> </ul>	<ul style="list-style-type: none"> <li>• Performance appraisal</li> <li>• Ongoing communication</li> <li>• Training needs identification</li> <li>• Sustainability reporting</li> </ul>	Ethics and Integrity
Customers	<ul style="list-style-type: none"> <li>• Corporate social responsibility</li> <li>• Environmental compliance</li> <li>• Social compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Sustainability reporting</li> </ul>	Our People, Environmental Topics, Supplier Management
Communities	<ul style="list-style-type: none"> <li>• Usage of packaging materials and recycling efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability reporting</li> </ul>	Environmental Topics
Government and regulatory bodies	<ul style="list-style-type: none"> <li>• Environmental compliance</li> <li>• Environmental matters</li> <li>• Regulatory and industrial requirements (Ministry of Manpower)</li> </ul>	<ul style="list-style-type: none"> <li>• SGX announcements</li> <li>• Annual reports</li> <li>• Sustainability reporting</li> <li>• Ongoing dialogues</li> </ul>	Our People, Environmental Topics, Supplier Management
Shareholders and investors	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Annual reports</li> <li>• Investor relations management</li> <li>• Sustainability reporting</li> </ul>	Economic Topics, Ethics and Integrity

## MATERIAL TOPICS AND BOUNDARIES

The Group has applied the GRI Principles for Defining Report Content to identify material topics that are relevant to the business and to its stakeholders. We have conducted a materiality assessment based on the guidelines of GRI Standards. The following table summarises topics which we determined to be of the most significance to the Group:

Material Topics	Boundaries (where the impacts occur)
<b>ECONOMIC</b>	
GRI 201: Economic Performance	The Group*
GRI 205: Anti-corruption	The Group
<b>ENVIRONMENTAL</b>	
GRI 301: Materials	Significant subsidiaries*
GRI 302: Energy	The Group
GRI 305: Emissions	The Group
GRI 308: Supplier Environmental Assessment	Significant subsidiaries
<b>SOCIAL</b>	
GRI 401: Employment	The Group
GRI 403: Occupational Health and Safety	The Group
GRI 404: Training and Education	The Group
GRI 405: Diversity and Equal Opportunity	The Group
GRI 406: Non-discrimination	The Group
GRI 414: Supplier Social Assessment	Significant subsidiaries
GRI 418: Customer Privacy	The Group
GRI 419: Socioeconomic Compliance	The Group

\* Comprises the Company and its significant subsidiaries namely, Demarco Pte Ltd, YG Marketing Pte Ltd and Singapore Crocodile (1968) Pte Ltd.

# SUSTAINABILITY REPORT

## ETHICS AND INTEGRITY

*(GRI 205-1, 205-2, 205-3)*

The Group is strongly committed to a high legal and moral standard in all of its business activities. We have adopted a Code of Conduct as a testimony to our commitment to adhere to the highest standards of professionalism, integrity and ethics. All employees are required to read, understand and comply with the purposes and provisions of the Code of Conduct. Employees are held liable for their failure to comply which may result in disciplinary actions. The severity of these disciplinary actions depends on circumstances and the gravity of the misconduct.

To maintain a high standard of transparency, the Group identifies and monitors interested persons or related parties and transactions involving such interested or related parties. All key management personnel of the Group are required to declare any affiliation with other entities once every six months. This includes a declaration of no relationship, no financial benefits and no conflict of interests with the Group.

The Group takes a strong stance against corruption and malpractice and does not tolerate any impropriety, statutory non-compliance or wrongdoing by employees in the course of their work. To achieve a high standard of personal integrity and accountability, the Group developed a Whistle-Blowing Policy and Reporting Procedure to provide a framework to promote responsible and confidential whistleblowing without fear of adverse consequences. Employees and outside parties, such as suppliers, customers and other stakeholders, may report any concerns or complaints through the whistle-blowing channels of the Group. Areas of concern may include questionable accounting matters, internal controls, disclosure matters, conflict of interest, insider trading, collusion with competitors, serious breaches of Group policy, unsafe work practices or any other matters involving fraud, corruption and employee misconduct. All concerns reported through the channel are directed to the designated personnel of the senior Management team. Employees and external parties are assured that there will be no reprisal, discrimination or adverse consequences for concerns reported in good faith. The Policy has been circulated to all employees and there was no whistle-blowing letter received through the mechanism in FY2018.

In addition, to ensure compliance with anti-bribery laws and best practices in combating corruption across the Group's operations, under Travelite's Gifts and Hospitality Policy, all employees are required to declare and record in the gift register, all gifts or hospitality received by them or their family members from suppliers exceeding \$250 in aggregate value within 3 working days of receiving such gifts or hospitality.

There was no incident of corruption and no public legal case was brought against the Group or its employees. We will continue to be vigilant in ensuring our employees conduct themselves with the highest level of integrity.

## PROTECTION OF CUSTOMER PRIVACY

*(GRI 418-1)*

Travelite conforms to the Personal Data Protection Act (PDPA) and collects customers' data on a need basis. All personal data collected are accessible only by authorised personnel. In accordance with the requirements of PDPA, a customer may only be contacted for marketing activities with his/her consent. To obtain consent from customers and comply with PDPA, Travelite has a Personal Data Protection Policy which is communicated to its customers, setting out the basis upon which Travelite may collect, use, disclose or otherwise process personal data of customers in accordance with the PDPA.

Any complaint received is directed to the Group's data protection officer who contacts the customer to assess the situation. If mishandling by employees is found, disciplinary actions may be taken which is assessed on a case by case basis. Travelite has also performed a review of the Standard Operating Procedures to tighten the process of handling customer privacy and data. There was no incident or complaint concerning breaches of customer privacy or losses of customer data in FY2018.

## ECONOMIC TOPICS

### Direct Economic Value Generated and Distributed

(GRI 201-1)

	FY2018 \$'000	FY2017 \$'000
Revenue from sale of goods	39,520	48,056
Revenue from financial investments		
Royalty Income	742	803
Interest Income	225	94
Revenue from sale of assets		
Gain on disposal of plant and equipment	6	7
Gain on disposal of subsidiary	398	-
<b>Total economic value generated</b>	<b>40,891</b>	<b>48,960</b>
Operating costs	(6,760)	(6,990)
Employee costs	(11,975)	(13,169)
Payments to providers of capital	(565)	(224)
Refunds from/(Payments to) governments including taxes	118	(137)
<b>Total economic value distributed</b>	<b>(19,182)</b>	<b>(20,520)</b>
<b>Total economic value retained</b>	<b>21,709</b>	<b>28,440</b>

Note: Please refer to Financial Contents section for other financial information.

### Financial Assistance Received from Government

(GRI 201-4)

Travelite has received a total of \$394,000 and \$300,000 in financial assistance by the government from different schemes in FY2017 and FY2018 respectively. This includes the Wage Credit, Temporary Employment Credit and Special Employment Credit schemes. Please refer to Note 6 Other Gains under Notes to The Financial Statements.

## OUR PEOPLE

We recognise that our people are one of our greatest assets which is key to the long-term viability of our business. We embrace gender diversity and our workforce comprises employees from both genders and different age groups.

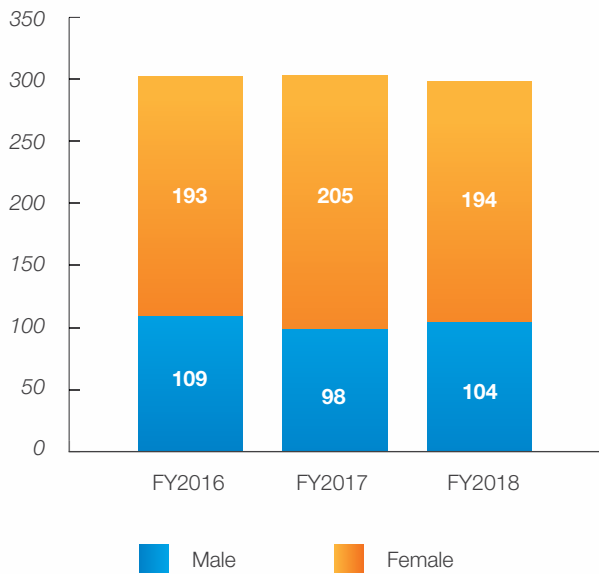
### Diversity in Our Workforce

(GRI 401-1, 405-1, 406-1)

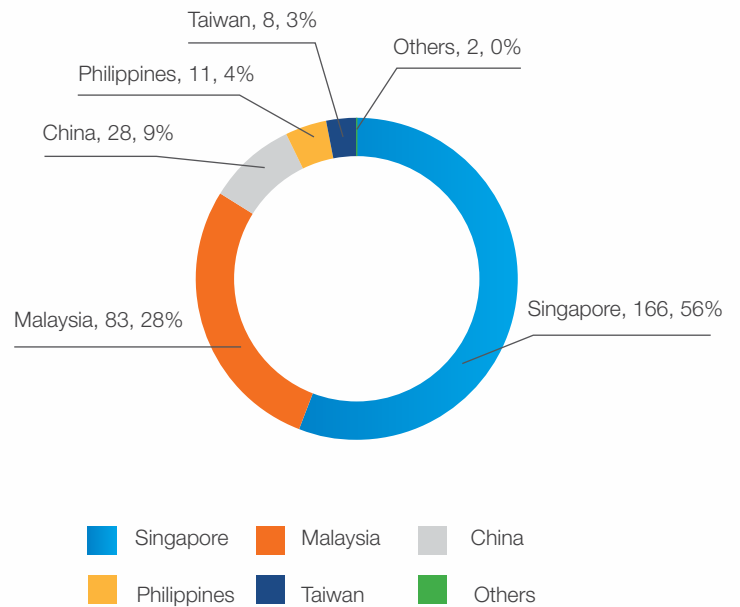
As at 31 March 2018, the Group has a total of 298 employees, of which 65.1% are female. The Group also has a workforce of diverse cultural backgrounds. We have employees from 7 different countries, contributing to a dynamic and inclusive working environment. We provide equal opportunities to employees of all ages as evidenced by the well-mixed employees by age group.

# SUSTAINABILITY REPORT

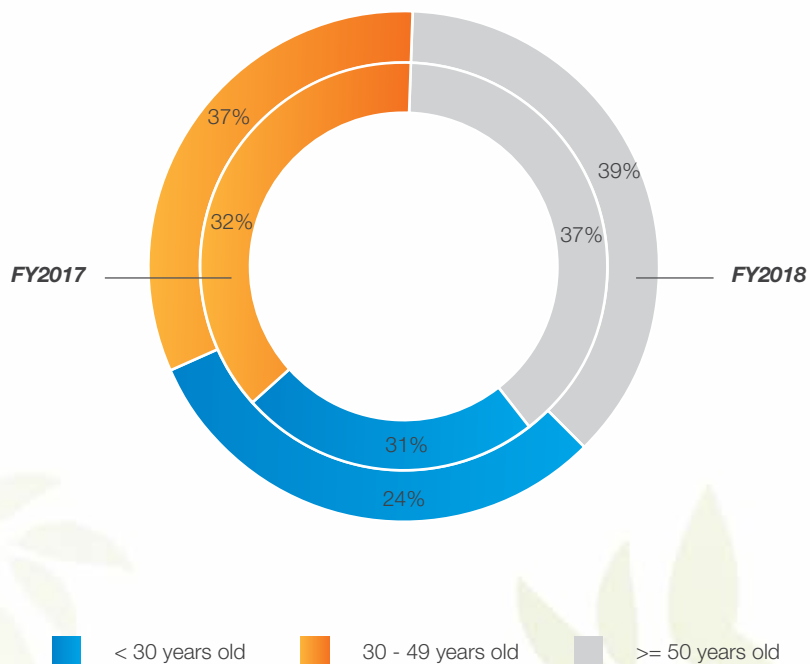
## EMPLOYEES BY GENDER AS AT YEAR END



## EMPLOYEES BY COUNTRY OF BIRTH (FY2018)



## EMPLOYEES BY AGE GROUP AS AT YEAR END



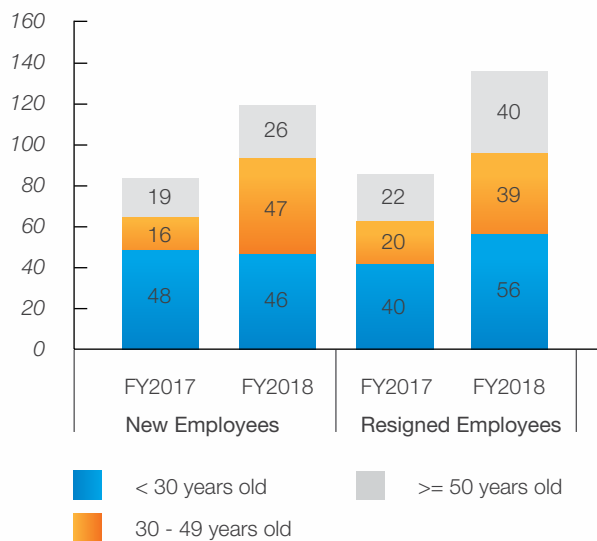
The Group is committed to eliminating discrimination within the organisation. Grievance handling is included as part of the Travelite's Code of Conduct which requires employees' grievances to be settled at the earliest possible stage. Clear procedures are outlined in the handling of grievances. There is no incident of discrimination in the organisation.

## Benefits and Employee Retention

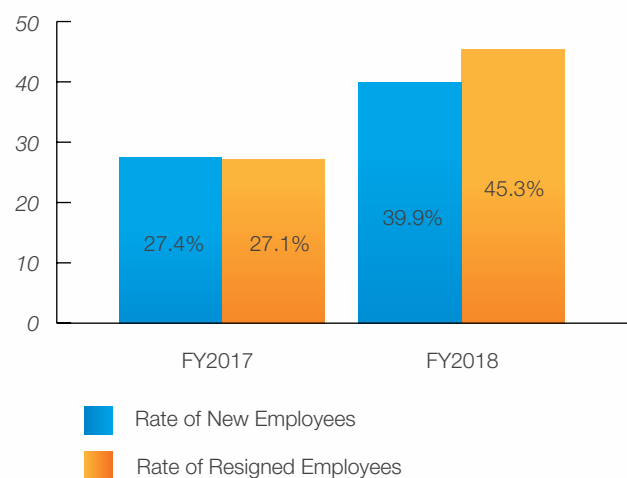
(GRI 401-1, 401-3)

The Group is able to attract new employees from all age groups. While most of the new hires during FY2018 are between 30 and 49 years old, which shows that Travelite is attractive for employees with certain level of experience, a large number of new employees are also under 30 years old whom the Group is willing to dedicate resource to train and groom for the long-term. Although employee turnover rate has increased from FY2017 to FY2018, it is partly compensated by increase in the number of new employees hired. Annual turnover rate in FY2018 exceeds the national average for retail trade industry of 36.0% based on the 2017 Ministry of Manpower statistics as a result of the Group's rightsizing of manpower amidst the current weak retail environment.

### NEW AND RESIGNED EMPLOYEES BY AGE GROUP

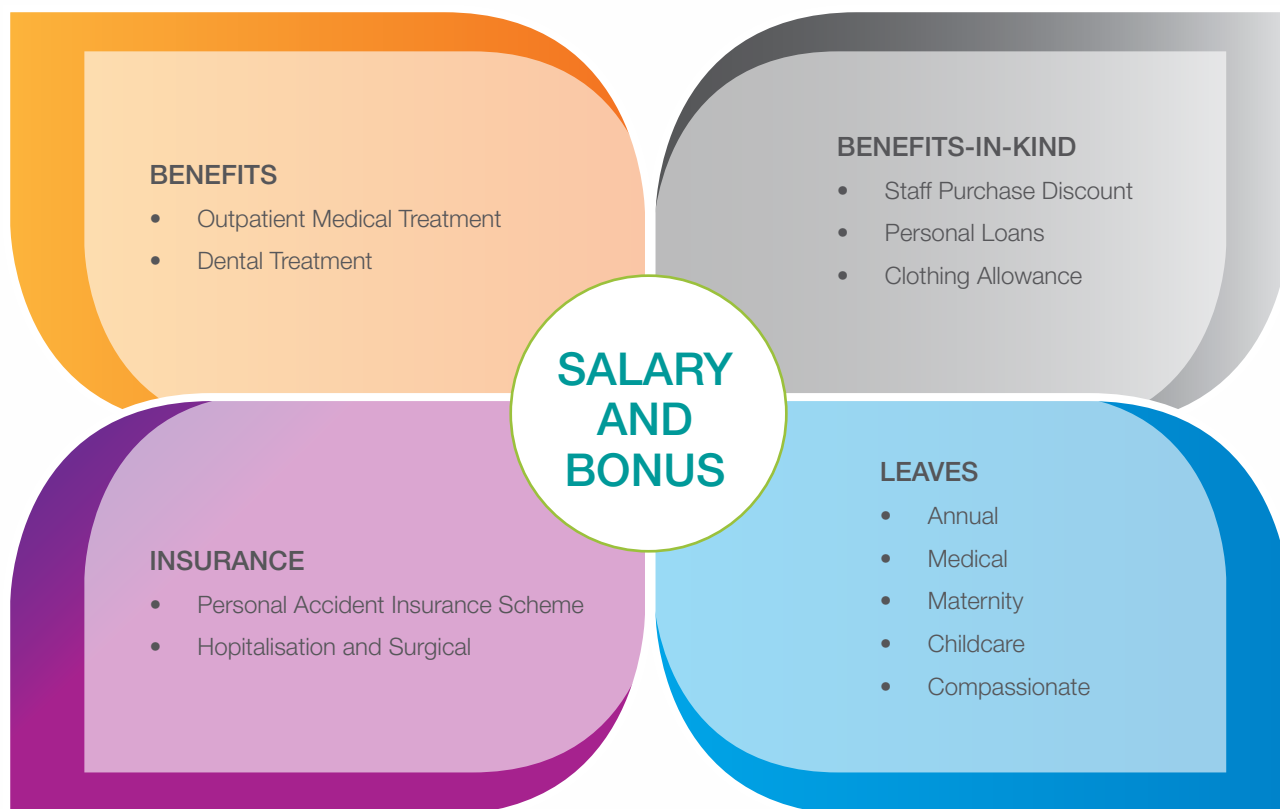


### RATES OF NEW AND RESIGNED EMPLOYEES



We recognise the contributions by our employees and believe that employees' welfare has a direct impact on our business and is of utmost importance to us. On top of fair competitive salary and performance-based bonus, we take care of our employees through comprehensive benefits schemes, including but not limited to insurance coverage, medical and dental benefits and staff personal loan for our full-time employees. We also support the government's pro-family policies and follows MOM regulations with regards to parental and childcare leaves.

# SUSTAINABILITY REPORT



## Trainings and Skills Upgrading

(GRI 404-1, 404-2, 404-3)

As the Group is dedicated to nurturing our employees to grow, 100% of staff received annual performance and career development reviews in FY2018. The performance evaluation system also provides a channel of communication for employees to provide their feedback to the Management. As part of our effort to enhance skills for our employees, appropriate trainings are identified and conducted through various forms of knowledge acquisition such as seminar, conference, workshop and classroom training.

## Injuries and Accidents

(GRI 403-2)

Travelite complies with Workplace Safety and Health (WSH) Act to ensure safety at the workplace and cultivate good safety habits in all employees. Regular maintenance is performed on the Group's facilities to ensure they are safe for use. There was no major workplace injury reported in FY2017 and FY2018.

## Socioeconomic Compliance

(GRI 419-1)

The Group adheres to labour standards and takes a serious view on regulatory compliance. The Group complies with all governmental laws and regulations in the social and economic areas. In FY2018, there were no instances of material non-compliance in social or economic laws and regulations by the Group.

## ENVIRONMENTAL TOPICS

### Energy Consumption and Greenhouse Gas Emissions

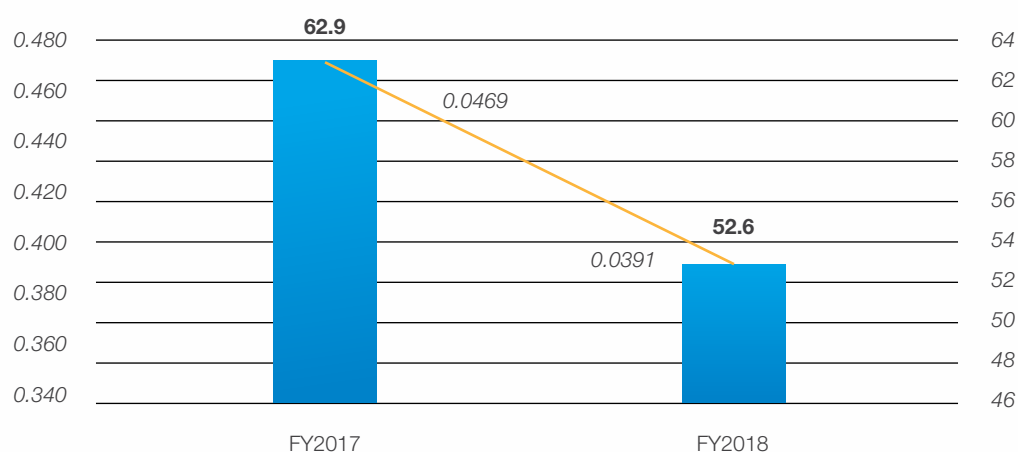
(GRI 302-1, 302-3, 305-1, 305-4)



The Group uses substantial energy in offices and warehouses to support its business activities. The energy is derived from electricity purchased for consumption. Hence, efficient use of electricity is critical to the Group's management of greenhouse gas emissions.



Location	FY2017			FY2018		
	Annual Energy Consumption (kWh)	Actual CO2 Emission (MT)	Area (Sqm)	Annual Energy Consumption (kWh)	Actual CO2 Emission (MT)	Area (Sqm)
9005 Tampines Street 93	141,183	105	3,230	-	-	-
3 Ubi Avenue 3	93,566	70	1,885	-	-	-
205A Kallang Bahru	288,276	215	3,205	37,850	28	3,205
53 Ubi Avenue 3	-	-	-	768,358	572	12,127
<b>TOTAL</b>	<b>523,025</b>	<b>390</b>	<b>8,320</b>	<b>806,208</b>	<b>600</b>	<b>15,332</b>

## AVERAGE ENERGY INTENSITY AND GHG INTENSITY (FY2017 AND FY2018)



	Annual Energy Intensity Ratio (kWh/Sqm)	62.9	52.6
	GHG Emission Intensity Ratio (MT/Sqm)	0.0469	0.0391

Despite an increase in absolute carbon emissions due to a larger area of premises, we reduced our energy and GHG intensity levels in FY2018. In the first quarter of FY2018, our corporate office and all Singapore subsidiaries relocated to 53 Ubi Avenue 3. Due to the streamlined operations following consolidation, significant energy savings were achieved.

# SUSTAINABILITY REPORT

## Energy Consumption Reduction

(GRI 302-4)

Energy consumption reduction initiatives have been adopted by Travelite corporate office and storage areas. Motion sensors are used in washrooms and lift lobbies to save electricity. More energy efficient appliances such as LED lights are used in offices, storages areas and common areas. The culture of energy saving is encouraged among staff by reminding all staff to turn off computers, lighting and air-conditioners before leaving office or meeting rooms.

## Materials and Packaging

(GRI 301-2, 301-3)

To minimise its impact on the environment, the Group has adopted practices to recycle its packing materials and reuse them as much as possible. A minimal number of carton boxes are kept at our points of sale and our staff requests for additional carton boxes only when needed. Suppliers' carton boxes are reused to deliver products to our wholesale customers, specialty stores, departmental stores and shopping mall atriums. Our frontline employees also use the carton boxes to return goods to our warehouse. This process repeats a number of times, depending on the quality of the carton boxes provided by suppliers. The carton boxes are sold to recyclers as scrap materials only when they are significantly damaged or in poor condition.

Collectively for the Group, an estimated 6.3 tonnes of carton boxes were reused each year before they are sold. An estimated 15 tonnes of carton boxes were sold each year.

## Water Consumption

(GRI 303-1)

Location	FY2017 Actual Water Consumption (Cubic Meters)	FY2018 Actual Water Consumption (Cubic Meters)
9005 Tampines Street 93	355	–
3 Ubi Avenue 3	Data not available	–
205A Kallang Bahru	799	61
53 Ubi Avenue 3	–	4,448
<b>TOTAL</b>	<b>1,154</b>	<b>4,509</b>

All water consumed by Travelite is from tap water. Water saving measures are used to increase efficiency and reduce wastage. For examples, water-efficient taps are installed in washrooms, and educational posters are displayed. The increase in water consumption from FY2017 to FY2018 is mainly due to the larger area of the new building as well as usage by our tenants.

## SUPPLIER MANAGEMENT

(GRI 308-1, 308-2, 414-1, 414-2)

Travelite has an internal screening process where all key suppliers are screened for negative environmental and social impacts resulting from their business operations. This includes, amongst others, pollutions (land, air, water, and noise), biodiversity loss, global warming, land degradation, deforestation, incidents of child labour, violation involving rights of indigenous people, breaches of customer privacy and non-compliance with laws and regulations in the social and economic area.

In FY2018, there were no new key suppliers. All key suppliers of Travelite have been screened. Based on the internal screening process, water pollution was noted as the environmental impact resulting from one of its suppliers. Travelite is working with the supplier to improve its selection and review process so that only factories which comply with local laws and regulations will be selected by the supplier for the Group. There was no negative social impact identified in FY2018.

## SGX FIVE PRIMARY COMPONENTS INDEX

S/N	Primary Component	Section Reference
1	Material Topics	<ul style="list-style-type: none"> <li>▪ Economic and Environmental Topics</li> <li>▪ Governance and Statement of the Board</li> <li>▪ Key Stakeholders Engagement</li> <li>▪ Our People</li> <li>▪ Supplier Management</li> </ul>
2	Policies, Practices and Performance	<ul style="list-style-type: none"> <li>▪ Ethics and Integrity</li> <li>▪ Economic and Environmental Topics</li> <li>▪ Our People</li> </ul>
3	Board Statement	Governance and Statement of the Board
4	Targets	Sustainability Targets
5	Framework	About This Report

## GRI STANDARDS CONTENT INDEX AND GRI INDICATORS

GRI Standards	Disclosure Content	Annual/Sustainability Report Section Reference
102-1	Name of the organisation	About this Report
102-2	Activities, brands, products, and services	Corporate Profile, Our Brands
102-3	Location of headquarters	Corporate Information
102-4	Location of operations	Note 1 to The Financial Statements
102-5	Ownership and legal form	Group Structure
102-6	Markets served	Corporate Profile
102-7	Scale of the organisation	Corporate Profile
102-8	Information on employees and other workers	Our People
102-9	Supply chain	Corporate Profile, Our People, Environmental Topics
102-10	Significant changes to the organisation and its supply chain	Chairman's Message
102-11	Precautionary principle or approach	Governance and Statement of the Board Report of Corporate Governance- Risk Management and Internal Controls
102-12	External initiatives	N.A. The Group does not subscribe to any external initiatives
102-13	Membership of associations	N.A.
102-14	Statement from senior decision-maker	Chairman's Message
102-15	Key impacts, risks, and opportunities	Chairman's Message
102-16	Values, principles, standards, and norms of behaviour	Ethics and Integrity
102-17	Mechanisms for advice and concerns about ethics	Ethics and Integrity
102-18	Governance structure	Report of Corporate Governance, Board of Directors
102-40	List of stakeholder groups	Key Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Key Stakeholder Engagement
102-43	Approach to stakeholder engagement	Key Stakeholder Engagement
102-44	Key topics and concerns raised	Key Stakeholder Engagement
102-45	Entities included in the consolidated financial statements	Group Structure
102-46	Defining report content and topic boundaries	Material Topics and Boundaries
102-47	List of material topics	Material Topics and Boundaries
102-48	Restatements of information	N.A. as this is the first report issued

# SUSTAINABILITY REPORT

GRI Standards	Disclosure Content	Annual/Sustainability Report Section Reference
102-49	Changes in reporting	N.A. as this is the first report issued
102-50	Reporting period	About This Report
102-51	Date of most recent report	N.A. as this is the first report issued
102-52	Reporting cycle	About This Report
102-53	Contact point for questions regarding the report	Group Financial Controller
102-54	Claims of reporting in accordance with the GRI Standards	About This Report
102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	About This Report
201-1	Direct economic value generated and distributed	Economic Topics
201-4	Financial assistance received from government	Economic Topics, Note 6 to The Financial Statements
205-1	Operations assessed for risks related to corruption	Ethics and Integrity
205-2	Communication and training about anti-corruption policies and procedures	Ethics and Integrity
205-3	Confirmed incidents of corruption and actions taken	Ethics and Integrity
301-2	Percentage of materials used that recycled input materials	Materials and Packaging
301-3	Reclaimed products and their packaging materials	Materials and Packaging
302-1	Energy consumption within the organisation	Energy Consumption and Greenhouse Gas Emissions
302-3	Energy intensity	Energy Consumption and Greenhouse Gas Emissions
302-4	Reduction of energy consumption	Energy Consumption and Greenhouse Gas Emissions
305-1	Direct greenhouse gas emissions (Scope 1)	Energy Consumption and Greenhouse Gas Emissions
305-4	Greenhouse Gas Emissions Intensity	Energy Consumption and Greenhouse Gas Emissions
308-1	Percentage of new suppliers that were screened using environmental criteria	Supplier Management
308-2	Negative environmental impacts in the supply chain & actions taken	Supplier Management
401-1	New employee hires and employee turnover	Diversity in Our Workforce, Benefits and Employee Retention
401-3	Parental leave	Benefits and Employee Retention
403-2	Injury & incidents	Injuries and Accidents
404-1	Average hours of training per employee	Trainings and Skills Upgrading
404-2	Programs for upgrading skills & transition assistance	Trainings and Skills Upgrading
404-3	Regular performance and career development review	Trainings and Skills Upgrading
405-1	Diversity of governance bodies and employees	Diversity in Our Workforce
406-1	Incidents of discrimination and corrective actions taken	Diversity in Our Workforce
414-1	New suppliers screened using social criteria	Supplier Management
414-2	Negative social impacts in the supply chain & actions taken	Supplier Management
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Protection of Customer Privacy
419-1	Non-compliance with laws and regulations in the social and economic area	Socioeconomic Compliance



Arnold Palmer 



**DANIEL HECHTER**

P A R I S



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<b>106</b>	NOTICE OF ANNUAL GENERAL MEETING PROXY FORM

# REPORT OF CORPORATE GOVERNANCE

The Board of Directors (the “**Board**” or the “**Directors**”) of Travelite Holdings Ltd. (the “**Company**”) is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the “**Group**”) to ensure greater transparency and to protect the interests of the shareholders.

The Company has, since its listing on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 16 May 2007, put in place various policies and practices that will safeguard the interests of shareholders and enhance shareholders’ value as part of its effort to maintain high standards of corporate governance. This section outlines the main corporate governance practices and procedures adopted by the Company with reference made to the Code of Corporate Governance 2012 (the “**Code**”). The Company has complied with the principles and guidelines as set out in the Code where applicable, and appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

## BOARD MATTERS

### The Board’s Conduct of Affairs

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

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group and to protect and enhance long-term shareholders’ value.

Apart from its statutory responsibilities, the Board is responsible for:

- approving the Group’s strategic plans, key operational initiatives, major investments and funding decisions;
- identifying principal risks of the Group’s business and ensuring the implementation of appropriate systems to manage these risks;
- reviewing the financial performance of the Group;
- approving the release of the financial results to the shareholders;
- reviewing management performance;
- identifying key stakeholder groups and recognising that their perceptions affect the Company’s reputation;
- setting the Company’s values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met; and
- considering sustainability issues as part of its strategic formulation.

Every Director, in the course of carrying out his duties, acts in good faith and considers at all times, the interests of the Group.

The Board holds at least two meetings a year at regular intervals, with additional meetings for particular matters convened as and when they are deemed necessary. Telephonic attendance at Board meetings is allowed under the Company’s Constitution. The Board and Board committees may also make decisions by way of circulating resolutions in writing. To assist in the execution of its responsibilities, the Board has established a number of Board committees including an Audit Committee (“**AC**”), a Nominating Committee (“**NC**”) and a Remuneration Committee (“**RC**”). These committees are chaired by independent Directors and operate within clearly defined terms of reference and functional procedures.

# REPORT OF CORPORATE GOVERNANCE

When a new Director is to be appointed, he will receive appropriate orientation to familiarise him with the business and organisation structure of the Group. To get a better understanding of the Group's business, the newly appointed Director will also be given the opportunity to visit the Group's operational facilities and meet with the management of the Group (the "**Management**"). The Directors are provided with updates on changes in the relevant new rules and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. The Directors may also attend appropriate courses, conferences and seminars at the Company's expense. During the financial year ended 31 March 2018 ("**FY2018**"), Mr Yeo Toon Wee was appointed as an executive Director on 5 May 2017.

During FY2018, the number of Board and Board committee meetings held and attended by each member of the Board is as follows:

Names of Directors	Board		AC		NC		RC	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Thang Teck Jong	3	2	–	–	–	–	–	–
Yeo Toon Wee	3	3	2	2	1	1	2	2
Foong Daw Ching	3	3	2	2	1	1	2	2
Tan Chun Chieh	3	3	2	2	1	1	2	2

## Board Composition and Guidance

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

The Board currently comprises four members, two of whom are independent Directors. This composition complies with the Code's guideline that at least half of the Board should be made up of independent Directors since the Chairman is not an independent Director.

### Executive Directors

Mr Thang Teck Jong, Executive Chairman  
Mr Yeo Toon Wee, Executive Director

### Independent Directors

Mr Foong Daw Ching (Lead Independent Director)  
Mr Tan Chun Chieh

The independence of each Director is reviewed annually by the NC. The NC adopts the definition in the Code as to what constitutes an independent director in its review to ensure that there is strong independent element on the Board such that the Board is able to exercise objective judgement on corporate affairs independently and the Board consists of persons who, together, will provide core competencies necessary to meet the Company's objectives. The independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Company. The NC is of the view that Mr Foong Daw Ching and Mr Tan Chun Chieh are independent.



# REPORT OF CORPORATE GOVERNANCE

In view that at least half of the Board is made up of independent Directors, the NC is satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs.

The Code states that the independence of any Director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. The Board is of the view that the independence of the independent Directors must be based on the substance of their professionalism, integrity and objectivity, and not merely based on form such as the number of years which they have served on the Board. Currently, Mr Foong Daw Ching and Mr Tan Chun Chieh have served on the Board for more than nine years from the date of their respective first appointment. The Board conducted rigorous review by examining any conflicts of interest, their review and scrutiny of matters and proposals put before the Board, their exercise of independent judgment, the effectiveness of their oversight roles as a check and balance on the acts of the executive Directors and the Management as well as their roles in enhancing and safeguarding the interest of the Company and that of its shareholders. Upon review, the Board considers Mr Foong Daw Ching and Mr Tan Chun Chieh to remain independent.

The Board, through the NC, has examined its size and is of the view that it is of an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

There is adequate relevant competence on the part of the Directors, who, as a group, carry specialist backgrounds in accounting, finance, business management and strategic planning.

The independent Directors confer with the executive Directors and the Management to develop strategies for the Group, review the performance of the Management, assess remuneration and discuss corporate governance matters.

## Chairman and Chief Executive Officer

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

Mr Thang Teck Jong is the executive Chairman of the Company and is responsible for the formulation of the Group's strategic directions and expansion plans. With the assistance of the Company Secretaries, Mr Thang Teck Jong sets the agenda for Board meetings and ensures that adequate time is available for discussion of all agenda items. He promotes high standards of corporate governance as well as an open environment for debate, and ensures that the independent Directors are able to speak freely and contribute effectively. He also ensures that the Board receives complete, adequate and timely information. In addition, Mr Thang Teck Jong plays a pivotal role in ensuring effective communication with shareholders at general meetings of the Company, and encouraging constructive relations within the Board and between the Board and the Management. The executive Director of the Company, Mr Yeo Toon Wee, bears daily operational responsibility for the Group's business. The division of responsibilities and functions between the executive Chairman and executive Director has been demarcated with the concurrence of the Board.

To promote a high standard of corporate governance, Mr Foong Daw Ching has been appointed as the Lead Independent Director as well as the Chairman of the AC of the Company. In accordance with the Code, Mr Foong Daw Ching is available to shareholders when they have concerns where contact through the normal channels of the executive Chairman, executive Director and/or Group Financial Controller has failed to resolve or for which such contact is inappropriate.

# REPORT OF CORPORATE GOVERNANCE

## Board Membership

**Principle 4:** There should be a formal and transparent process for the appointment and re-appointment of directors to the board.

The NC comprises three Directors, namely Mr Tan Chun Chieh, Mr Foong Daw Ching and Mr Yeo Toon Wee. The Chairman of the NC is Mr Tan Chun Chieh. Mr Tan Chun Chieh and Mr Foong Daw Ching are independent Directors while Mr Yeo Toon Wee is an executive Director. The NC has written terms of reference that describe the responsibilities of its members.

The principal functions of the NC are as follows:

- to re-nominate existing Directors, having regard to their contribution and performance;
- to determine on an annual basis whether a Director is independent; and
- to decide whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when the Director has multiple board representations.

In the event that a vacancy on the Board arises, the NC may identify suitable candidates for appointment as new Directors through the business network of the Board. The NC will generally assess suitable candidates for appointment to the Board based on the requisite qualifications, expertise and experience. If the NC decides that the candidate is suitable, the NC then recommends its choice to the Board. Meetings with such candidates may be arranged to facilitate open discussion.

The Constitution of the Company provides that at least one-third of the Directors shall retire from office by rotation at each annual general meeting (“**AGM**”) of the Company, and all Directors shall retire from office at least once every three years. A retiring Director is eligible for re-election by the shareholders at the AGM. The Constitution of the Company also provides that any new Director appointed by the Board shall hold office only until the next AGM and is eligible for re-election by the shareholders at the AGM.

The NC assesses and recommends to the Board whether retiring Directors are suitable for re-election. The NC, in considering the re-appointment of a Director, evaluates such Director’s contributions in terms of experience, business perspective and attendance at meetings of the Board and/or Board committees, as well as pro-activeness of participation at such meetings. Each member of the NC shall abstain from recommending his own re-election. The NC has recommended the re-election of two retiring Directors, namely Mr Thang Teck Jong and Mr Foong Daw Ching at the forthcoming AGM. The Board has accepted the NC’s recommendation.

The dates of initial appointment and re-election of the Directors are set out below:

Name	Age	Date of Initial Appointment	Date of Last Re-election	Directorships in Other Listed Companies	
				Present	Past (Last three years)
Thang Teck Jong	57	12 August 2005	24 July 2015	Nil	Nil
Yeo Toon Wee	63	5 May 2017	28 July 2017	Nil	Nil
Foong Daw Ching	67	15 February 2007	15 July 2016	- ayondo Ltd. - Starland Holdings Limited - Suntar Eco-city Limited	Nil
Tan Chun Chieh	43	10 November 2008	28 July 2017	Nil	Nil

The Board has set the maximum number of six listed company board representations which any Director may hold at any one time so as to be able to devote sufficient time and attention to the affairs of the Company to adequately discharge his duties as Director of the Company. All Directors have complied with this requirement.

Currently, there is no alternate Director on the Board.

Key information regarding the Directors and information on shareholdings in the Company held by each Director are set out in the “Board of Directors” and “Statement by Directors” sections of this annual report respectively.

# REPORT OF CORPORATE GOVERNANCE

## Board Performance

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

The NC decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which address how the Directors have enhanced long-term shareholders' value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the Board committees, and for assessing the contribution from each individual Director to the effectiveness of the Board. Assessment checklists which include evaluation factors such as Board composition and structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, training and recruitment, compensation, financial reporting and communicating with shareholders, are disseminated to each Director for completion and the assessment results are discussed at the NC meeting. The executive Chairman will, in consultation with the NC, act on the results of the performance evaluations and where appropriate, propose new members be appointed to the Board or seek the resignation of Directors. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

## Access to Information

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

Directors are furnished regularly with information from the Management about the Group as well as the relevant background information relating to the business to be discussed at Board meetings. The Directors are also provided with the contact details of the Management and the Company Secretaries to facilitate separate and independent access.

Either one of the Company Secretaries attends Board and Board committee meetings. Together with the Management, the Company Secretaries are responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), and the provisions in the Listing Manual of the SGX-ST are complied with. The appointment and the removal of the Company Secretaries are subject to the approval of the Board. Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as Director.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

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

The RC comprises three Directors, namely Mr Tan Chun Chieh, Mr Foong Daw Ching and Mr Yeo Toon Wee. The Chairman of the RC is Mr Tan Chun Chieh. Mr Tan Chun Chieh and Mr Foong Daw Ching are independent Directors while Mr Yeo Toon Wee is an executive Director. The RC has written terms of reference that describe the responsibilities of its members.

The RC does not comprise wholly non-executive Directors as recommended by the Code, as the Board is of the view that with the executive Director's understanding of the Group's operations, he is in an appropriate position to advise and recommend to the Board on the remuneration packages for the rest of the executives in the Group. However, independence is not compromised as the majority of the members of the RC are independent.

# REPORT OF CORPORATE GOVERNANCE

The principal functions of the RC are to recommend to the Board a framework of remuneration for the Directors and the key management personnel and to determine specific remuneration packages for each executive Director. The RC should cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind. In addition, the RC administers the Travelite Performance Share Plan (the "**Travelite PSP**"). Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package.

The RC reviews and recommends to the Board a general framework of remuneration for the Board and key management personnel. It assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholders' value. The RC recommends for the Board's endorsement, a framework of compensation that covers all aspects of remuneration including Directors' fees, salaries, bonuses, allowances, options and benefits in kind and specific remuneration packages for each Director and key management personnel.

The RC did not seek any external professional advice on remuneration of the Directors. Where necessary, the RC would seek independent professional advice on remuneration matters at the expense of the Company.

The RC reviews the Company's obligations arising from termination clauses and termination processes in relation to the executive Directors and key management personnel's contracts of service to ensure that such clauses and processes are fair and reasonable.

## Level and Mix of Remuneration

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

The Company has a remuneration policy for its executive Directors and key management personnel which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and a variable bonus, respectively, and take into account the performance of the Group and the performance of the individual executive Director and key management personnel. In structuring the compensation framework, the Company also takes into account its risk policies, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

The Company had entered into separate service agreements with two executive Directors, namely Mr Thang Teck Jong and Mr Yeo Toon Wee. These service agreements are subject to automatic renewal upon expiry on such terms and conditions as the parties may agree, and provide for, inter alia, termination by either party upon giving the requisite notice period.

Mr Thang Teck Jong is entitled to receive an annual performance bonus based on the audited profit before tax of the Group when it achieves S\$2,500,000 for the financial year pursuant to his service agreement. No annual performance bonus has been paid to Mr Thang Teck Jong for FY2018. The service agreement of Mr Thang Teck Jong provides that the Company shall be entitled to recover from him the relevant portion of the bonus and any sum paid under his service agreement in the event that there is a restatement of the financial statements of the Company made to reflect the correction of a misstatement due to error or fraud (not change in accounting principle) during the financial year of the Company, or misconduct of Mr Thang Teck Jong resulting in financial loss to the Company.

The independent Directors are paid fixed Directors' fees, which are determined by the Board, appropriate to the level of their contribution, taking into account factors such as the effort and time spent and the responsibilities of the independent Directors. The Directors' fees are subject to approval by shareholders at each AGM. Except as disclosed, the independent Directors do not receive any other remuneration from the Company.

The Company has adopted the Travelite PSP at an extraordinary general meeting held in February 2009. The Directors, including both executive and non-executive Directors, are not eligible to participate in the Travelite PSP. Please refer to the "Statement by Directors" section of this annual report for more information on the Travelite PSP.

# REPORT OF CORPORATE GOVERNANCE

## Disclosure on Remuneration

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

The breakdown of the total remuneration of the Directors for FY2018 is set out below:

Name	Fee <sup>(1)</sup>	Salary	Bonus	Benefits	Total Remuneration
	%	%	%	%	%
<b>S\$250,000 to S\$500,000</b>					
Thang Teck Jong <sup>(2)</sup>	–	96	–	4	100
<b>S\$0 to S\$250,000</b>					
Yeo Toon Wee	–	88	–	12	100
Foong Daw Ching	100	–	–	–	100
Tan Chun Chieh	100	–	–	–	100
Hoe Kee Kok <sup>(2)</sup>	–	99	–	1	100

### Notes:

- (1) These fees are subject to the approval of the shareholders at the forthcoming AGM.
- (2) Mr Thang Teck Jong and Mr Hoe Kee Kok are brothers. Mr Hoe Kee Kok has ceased to be a Director of the Company on 5 May 2017. The actual remuneration paid to Mr Hoe Kee Kok during the period he served as a Director of the Company in FY2018 was under S\$50,000.

The breakdown of the total remuneration of the top four key management personnel of the Group for FY2018 is set out below:

Name	Salary	Bonus	Benefits	Total Remuneration
	%	%	%	%
<b>S\$0 to S\$250,000</b>				
Chew Chiew Hor	94	6	–	100
Lee Li Erh	100	–	–	100
Toh Kian Hock	94	6	–	100
Yeo Guan Hong	91	5	4	100

Given the general sensitivity and confidentiality of remuneration matters, the Company is not disclosing the remuneration of each Director and key management personnel of the Group. However, the Company adopts the disclosure of remuneration in bands of S\$250,000 which would provide a good overview and is informative of the remuneration of each Director and key management personnel.

There were only four key management personnel in FY2018. The aggregate total remuneration paid to the above key management personnel amounted to S\$578,000 for FY2018.

There are no termination, retirement and post-employment benefits that may be granted to the Directors and key management personnel of the Group.

Ms Kong Ling Ting @ Kang Ling Ting, who is the spouse of Mr Thang Teck Jong and the assistant general manager (human resource and administration) of the Group, drew an annual salary of more than S\$50,000 but below S\$100,000 in FY2018. Mr Ho Hee Tong, who is the brother of Mr Thang Teck Jong and the information technology manager of Demarco Pte Ltd, drew an annual salary of not more than S\$50,000 in FY2018.

# REPORT OF CORPORATE GOVERNANCE

## ACCOUNTABILITY AND AUDIT

### Accountability

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

For the financial performance reporting via the SGXNET announcement to SGX-ST, and the annual report to the shareholders, the Board has a responsibility to present a fair assessment of the Group's financial position, including the prospects of the Group.

The Board ensures that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets.

The Management provides all members of the Board with management accounts of the Group's performance, with explanatory details on its operations on at least a half yearly basis. Board papers are given prior to any Board meeting to facilitate effective discussion and decision-making.

### Risk Management and Internal Controls

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

The Company does not have a risk management committee. However, the Management regularly reviews and improves the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate such risks. The Management reviews significant control policies and procedures and highlights significant matters to the Board and the AC. The Board is responsible for governance of risk management, and determining the Group's levels of risk tolerance and risk policies.

The Board believes in the importance of maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The system of internal controls is supplemented by the review of the Group's internal auditor of the effectiveness of the Group's material internal controls, at least once annually. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. No significant control issues were reported by the internal auditor for FY2018.

The independent auditor, RSM Chio Lim LLP, have during the course of their audit, carried out a review of the effectiveness of key internal controls within the scope as laid out in their audit plan. No material non-compliance and internal control weaknesses were noted during their audit for FY2018.

The Company does not have a chief executive officer and chief financial officer. The Board has, however, received assurance from the executive Chairman and the Group Financial Controller (a) that the financial records have been properly maintained and the financial statements for FY2018 give a true and fair view of the Group's operations and finances; and (b) that the Group has put in place and will continue to maintain a reasonably adequate and effective systems of risk management and internal controls.

Based on the internal controls established and maintained by the Group, work performed by the internal and independent auditors, and reviews performed by the Management, various Board committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems maintained by the Group, addressing the financial, operational, compliance and information technology risks of the Group are adequate and effective as at 31 March 2018. The Board and the AC note that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

# REPORT OF CORPORATE GOVERNANCE

## Audit Committee

**Principle 12:** The board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

The AC, which has written terms of reference clearly setting out its authority and duties, is made up of three Directors, namely Mr Foong Daw Ching, Mr Tan Chun Chieh and Mr Yeo Toon Wee. The Chairman of the AC is Mr Foong Daw Ching. Mr Foong Daw Ching and Mr Tan Chun Chieh are independent Directors while Mr Yeo Toon Wee is an executive Director.

The Board is of the view that the AC, chaired by Mr Foong Daw Ching, has sufficient financial management expertise and experience to discharge the AC's functions. Mr Foong Daw Ching has more than 30 years of audit experience and Mr Yeo Toon Wee has more than 10 years of experience in business and financial management. The Board is confident that the corporate governance of the Company has not been and will not be compromised by the existing composition of the AC and that the independent Directors in the AC will continue to benefit from the experience and expertise of the executive Director in the AC in carrying out their respective duties effectively.

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

The AC schedules a minimum of two meetings in each financial year. The meetings are held, inter alia, for the following purposes:

- reviewing the announcement of the half-year and full-year results and the financial statements of the Group;
- reviewing the audit plans and reports of the independent auditor and considering the effectiveness of the actions taken by the Management on the independent auditor's recommendations;
- appraising and reporting to the Board on the audits undertaken by the independent auditor, the adequacy of disclosure of information, and the appropriateness and quality of the system of internal controls;
- reviewing the assistance and co-operation given by the Management to the independent auditor;
- discussing problems and concerns, if any, arising from the independent audits;
- nominating the independent auditor for re-appointment; and
- reviewing interested person transactions, as defined in the Listing Manual of the SGX-ST.

In addition, the AC is given the task to commission investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation, which has or is likely to have a material impact on the Group's operating results or financial position, and to review the findings thereof. It has full access to, and the co-operation of the Management and full discretion to invite any executive Director or key management personnel to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

The AC meets with the independent auditor and internal auditor, without the presence of the Management, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audits, and the independence, objectivity and observations of the independent auditor and the internal auditor.

The Board has on the recommendation of the AC adopted a whistle-blowing procedure to allow employees to confidentially report possible improprieties which may cause financial or non-financial loss to the Group. No such whistle-blowing letter was received in FY2018.

The fees paid or payable to the auditors of the Group for audit and non-audit services during FY2018 are as follows:

	<b>Audit Services</b>	<b>Non-audit Services</b>
Independent auditor	S\$154,000	S\$41,000
Other auditor	S\$10,000	S\$4,000

# REPORT OF CORPORATE GOVERNANCE

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the independent auditor and the cost effectiveness of the audit. In the AC's opinion, RSM Chio Lim LLP is suitable for re-appointment and it has accordingly recommended to the Board that RSM Chio Lim LLP be nominated for re-appointment as auditor of the Company at the forthcoming AGM.

The Group has complied with Rules 712 and 715 or 716 of the Listing Manual of the SGX-ST in appointing its audit firms.

It is the Company's practice for the independent auditor to present to the AC its audit plan and with updates relating to any changes in accounting standards impacting the financial statements of the Group. During FY2018, the changes in accounting standards did not have any material impact on the Group's financial statements.

The AC also considered the key audit matter ("KAM") reported by the independent auditor. The KAM relates to the recoverability of trade receivables. The AC reviewed the Management's ongoing assessment of the adequacy of the allowance by analysing trade receivables, historical bad debts and customer concentrations, and reviewing the financial conditions of the customers for creditworthiness. The AC and the independent auditor discussed the KAM, the latter's basis for considering it as a KAM and audit approach to the trade receivables account balance. The AC concurs with the basis and conclusion stated in the independent auditor's report with respect to the KAM.

## Internal Audit

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

The AC, in consultation with the Management, approves the hiring, removal, evaluation and compensation of the internal auditor. The Group outsourced its internal audit function to an external professional firm, Sam & Co.. The internal auditor reports directly to the AC and administratively to the executive Directors, and has unrestricted access to the documents, records, properties and personnel of the Group. The objective of the internal audit function is to assess the adequacy and effectiveness of the Group's system of internal controls and compliance with the Group's policies and procedures.

During FY2018, Sam & Co. reviewed key internal controls in selected areas as detailed in the internal audit plan submitted to and approved by the AC at the beginning of the financial year. Findings and internal auditor's recommendations on areas of improvement were reported to the AC and for the Management's implementation. No significant control issues were reported by the internal auditor for FY2018.

The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

The AC reviewed the adequacy of the internal audit function annually and is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Group to perform its duties effectively.

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### Shareholder Rights

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

The Group's corporate governance practices promote fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, the Group ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.



# REPORT OF CORPORATE GOVERNANCE

All shareholders are entitled to attend the general meetings of the Company and are afforded the opportunity to participate effectively at such meetings. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducted poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, were clearly explained by the scrutineers at such general meetings.

The Constitution of the Company allows a shareholder to appoint not more than two proxies to attend and vote in the shareholder's place at the general meetings. In line with the amendments to the Companies Act effective 1 January 2016, corporate shareholders of the Company who provide nominee or custodial services are entitled to appoint more than two proxies to attend and vote on their behalf at the general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

## Communication with Shareholders

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

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations of the Company pursuant to the Listing Manual of the SGX-ST and the Companies Act, it is the Board's policy to ensure that all shareholders are informed on a timely basis of every significant development that has an impact on the Group through SGXNET and the Company's website.

The Company does not practise selective disclosure. Results and annual reports are announced or issued within the mandatory period.

The Company conducts its investor relations on the following principles:

- (a) Information deemed to be price-sensitive is disseminated without delay via announcements on SGXNET;
- (b) Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions; and
- (c) Operate an open policy with regard to investors' enquiries.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirement, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. No dividend was paid or proposed for FY2018 as the Board feels it is prudent to retain cash resources to meet its loan repayment commitments as well as for potential suitable investment and acquisition opportunities that may require significant capital outlay.

## Conduct of Shareholder Meetings

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

All shareholders will receive the Company's annual report and notice of AGM or general meetings. Shareholders will be given the opportunity and time to voice their views and ask Directors or the Management questions regarding the Company at the forthcoming AGM or any general meetings. Resolutions of general meetings are on each substantially separate issue.

The Chairman of the Board and of each Board committee is required to be present to address questions at the AGM or, if necessary, any general meetings. The independent auditor will also be present at such meeting to assist the Directors to address shareholders' queries, if necessary. All minutes of AGM or general meetings that include substantial and relevant comments or queries from the shareholders and responses from the Board and the Management will be made available to shareholders upon their request.

# REPORT OF CORPORATE GOVERNANCE

The Constitution of the Company allows any member of the Company, if he or she is unable to attend any general meetings, to appoint not more than two proxies to attend and vote on his or her behalf at the meetings through proxy forms sent in advance. In line with the amendments to the Companies Act effective 1 January 2016, corporate shareholders of the Company who provide nominee or custodial services are entitled to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders. As the authentication of shareholders' identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means.

The Board adheres to the requirements of the Listing Manual of the SGX-ST where all resolutions are to be voted by poll for general meetings held on or after 1 August 2015 and the Company will announce the detailed results, showing the number of votes cast for and against each resolution and the respective percentages, to the shareholders and the public. Due to cost consideration, the Company does not employ electronic poll voting.

## **Dealing in Securities**

The Company has adopted policies in line with the requirements of the Listing Manual of the SGX-ST on dealings in the Company's securities.

The Company and its officers are prohibited from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing one month before the date of the announcement of the full-year or half-year results and ending on the date of the announcement of the relevant results.

In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

## **Interested Person Transactions**

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction.

All interested person transactions will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its non-controlling shareholders.

The Company did not enter into interested person transactions which are required for disclosure pursuant to Rule 1207(17) of the Listing Manual of the SGX-ST during FY2018.

## **Material Contracts and Loans**

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that except as disclosed in the Statement by Directors and audited financial statements of the Group for FY2018, there were no material contracts and loans of the Company and its subsidiaries involving the interests of the executive Directors or any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

# STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 March 2018.

## 1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

## 2. Directors

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

Thang Teck Jong  
 Yeo Toon Wee (Appointed on 5 May 2017)  
 Foong Daw Ching  
 Tan Chun Chieh

## 3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year were not interested in shares or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 ("the Act") except as follows:

Name of directors and companies in which interest are held	Direct interest		Deemed interest	
	At beginning of the reporting year or date of appointment if later	At end of the reporting year	At beginning of the reporting year or date of appointment if later	At end of the reporting year
<b>Travelite Holdings Ltd.</b>	<b>Number of shares of no par value</b>			
Thang Teck Jong	17,360,385	17,360,385	9,563,400	9,653,400
Yeo Toon Wee	27,600	27,600	–	–
Tan Chun Chieh	150,000	150,000	480,000	480,000

By virtue of section 7 of the Act, Mr Thang Teck Jong is deemed to have an interest in the company and all the related corporates of the company.

The directors' interests as at 21 April 2018 were the same as those at the end of the reporting year.

# STATEMENT BY DIRECTORS

## 4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

## 5. Travelite performance share plan

The Travelite Performance Share Plan ("Travelite PSP") was approved and adopted by the shareholders at an extraordinary general meeting of the company held on 16 February 2009 and shall continue to be in operation at the discretion of the Remuneration Committee, subject to a maximum duration of 10 years commencing from its adoption by shareholders and may continue beyond the stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Under the rules of the Travelite PSP, all confirmed full-time employees, who are not less than 21 years and have contributed to the success and development of the group shall be eligible to participate in the Travelite PSP at the absolute discretion of the Remuneration Committee. The directors of the company and employees who are controlling shareholders of the company or their associates are not eligible to participate in the Travelite PSP.

The Travelite PSP is administered by the Remuneration Committee of the company, comprising Independent Directors and an Executive Director. The members of the Remuneration Committee at the date of this report are:

Tan Chun Chieh (Chairman)  
Foong Daw Ching  
Yeo Toon Wee

There were no employees of the group who received 5% or more of the total number of shares or awards available under the Travelite PSP since the commencement of the Travelite PSP.

Employees are not required to pay for the grant of any awards to them under the Travelite PSP. No shares were granted under the Travelite PSP during the reporting year and 450,000 shares were granted under the Travelite PSP since the commencement of the Travelite PSP.

## 6. Options

During the reporting year, no option to take up unissued shares of the company or any subsidiary in the group was granted.

During the reporting year, there were no shares of the company or any subsidiary in the group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares of the company or any subsidiary in the group under option.

# STATEMENT BY DIRECTORS

## 7. Report of audit committee

The members of the Audit Committee at the date of this report are as follows:

Foong Daw Ching	(Chairman of Audit Committee and Lead Independent Director)
Tan Chun Chieh	(Independent Director)
Yeo Toon Wee	(Executive Director)

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditors their audit plan;
- Reviewed with the independent external auditors their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by the management to them;
- Reviewed with the internal auditors the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditors;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditors, RSM Chio Lim LLP, be nominated for re-appointment as independent auditors at the next annual general meeting of the company.

## 8. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

## 9. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 March 2018.

# STATEMENT BY DIRECTORS

## 10. Subsequent developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 28 May 2018, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the directors

Thang Teck Jong  
Director

Yeo Toon Wee  
Director

21 June 2018

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRAVELITE HOLDINGS LTD.

## Report on the audit of the financial statements

### Opinion

We have audited the accompanying financial statements of Travelite Holdings Ltd, (the “company”) and its subsidiaries (the “group”), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and 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 Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting 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 company 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 judgment, were of most significance in our audit of the financial statements of the current reporting 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 those matters.

### Recoverability of trade receivables

Please refer to Note 2A “Financial assets” and Note 2C “Recoverability of trade receivables” for relevant accounting policy and management’s judgments used in impairment of trade receivables, respectively, as well as Note 35D on ageing analysis of trade receivables and the annual report on the section on the audit committee’s view and responses to the reported key audit matter.

The group had trade receivables amounting to approximately \$12.2 million (see Note 20) which accounted for approximately 22% of the group’s total assets as at 31 March 2018. The allowance for impairment of trade receivables is estimated by management through the application of judgment and use of subjective assumptions. The estimate of impairment loss is based on the historical trend of these receivables, which includes analysis of the age of these receivables, credit worthiness of the profile of the customers, collaterals provided by the customer and future collectability.

We have reviewed management’s assessment on the recoverability of the trade receivables and critically assessed the estimates, and payment history of the customers, especially for those material unimpaired trade receivables as at 31 March 2018. We have also reviewed management’s process over the recoverability of outstanding trade receivables, including collaterals provided by the customer and the payments made by the customers subsequent to the reporting year end.

We have also assessed the adequacy of the disclosures made in the financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRAVELITE HOLDINGS LTD.

## **Other information**

Management is responsible for the other information. The other information comprises the information included in the statement by directors and 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.

## **Responsibilities of management and directors for the financial statements**

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

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with SSAs, we exercise professional judgment 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.



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRAVELITE HOLDINGS LTD.

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

## **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tay Hui Jun, Sabrina.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

21 June 2018  
Partner-in-charge of audit: effective from year ended 31 March 2017

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2018

	Notes	Group	
		2018 \$'000	2017 \$'000
<b>Revenue</b>	5	<b>40,262</b>	43,802
Cost of sales		<b>(22,914)</b>	(24,773)
<b>Gross profit</b>		<b>17,348</b>	19,029
Interest income		<b>225</b>	94
Other gains	6	<b>752</b>	773
Marketing and distribution costs		<b>(11,084)</b>	(12,314)
Administrative expenses		<b>(7,651)</b>	(6,747)
Finance costs	7	<b>(565)</b>	(168)
Other losses	6	<b>(318)</b>	(741)
Share of loss from equity-accounted joint venture		<b>(23)</b>	(20)
<b>Loss before tax from continuing operations</b>		<b>(1,316)</b>	(94)
Income tax income/(expense)	9	<b>88</b>	(104)
<b>Loss from continuing operations, net of tax</b>		<b>(1,228)</b>	(198)
Profit from discontinued operations, net of tax	10	<b>-</b>	609
<b>(Loss)/Profit net of tax</b>		<b>(1,228)</b>	411
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations, net of tax	24A	<b>(442)</b>	306
Other comprehensive (loss)/income for the year, net of tax		<b>(442)</b>	306
<b>Total comprehensive (loss)/income</b>		<b>(1,670)</b>	717
(Loss)/Profit attributable to owners of the parent, net of tax			
- from continuing operations		<b>(966)</b>	(185)
- from discontinued operations		<b>-</b>	609
		<b>(966)</b>	424
Loss attributable to non-controlling interests, net of tax			
- from continuing operations		<b>(262)</b>	(13)
<b>(Loss)/Profit net of tax</b>		<b>(1,228)</b>	411
Total comprehensive (loss)/income attributable to owners of the parent			
		<b>(1,408)</b>	730
Total comprehensive loss attributable to non-controlling interests			
		<b>(262)</b>	(13)
Total comprehensive (loss)/income			
		<b>(1,670)</b>	717
<b>(Loss)/Earnings per share</b>			
(Loss)/Earnings per share currency unit			
Basic and fully diluted – continuing operations	11	<b>(1.53)</b>	(0.29)
Basic and fully diluted – discontinued operations	11	<b>-</b>	0.97

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2018

Notes	Group		Company		
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	21,999	23,800	20,393	20,075
Investment property	13	2,062	–	–	–
Intangible assets	14	277	312	–	–
Investment in subsidiaries	15	–	–	12,734	12,734
Investment in associates	16	105	–	–	–
Investment in joint venture	17	–	23	–	–
Deferred tax assets	9	1	4	–	–
Other receivables	20	278	335	–	–
<b>Total non-current assets</b>		<b>24,722</b>	<b>24,474</b>	<b>33,127</b>	<b>32,809</b>
<b>Current assets</b>					
Assets held for sale under FRS 105	18	–	2,146	–	–
Inventories	19	11,726	11,124	–	–
Trade and other receivables	20	13,710	16,452	2,207	2,583
Other assets	21	423	814	18	43
Cash and cash equivalents	22	6,279	6,029	1,836	1,494
<b>Total current assets</b>		<b>32,138</b>	<b>36,565</b>	<b>4,061</b>	<b>4,120</b>
<b>Total assets</b>		<b>56,860</b>	<b>61,039</b>	<b>37,188</b>	<b>36,929</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	23	21,831	21,831	21,831	21,831
Treasury shares	23	(2)	(2)	(2)	(2)
Retained earnings/(accumulated losses)		2,298	3,264	(5,016)	(5,335)
Other reserves	24	321	763	(82)	(82)
<b>Equity, attributable to owners of the parent, total</b>		<b>24,448</b>	<b>25,856</b>	<b>16,731</b>	<b>16,412</b>
Non-controlling interests		3,509	3,771	–	–
<b>Total equity</b>		<b>27,957</b>	<b>29,627</b>	<b>16,731</b>	<b>16,412</b>
<b>Non-current liabilities</b>					
Provisions	25	180	139	–	–
Deferred tax liabilities	9	150	123	36	–
Finance leases	26	58	136	–	–
Other financial liabilities	27	11,170	10,837	11,170	10,837
<b>Total non-current liabilities</b>		<b>11,558</b>	<b>11,235</b>	<b>11,206</b>	<b>10,837</b>
<b>Current liabilities</b>					
Income tax payable		114	330	–	–
Trade and other payables	28	4,863	5,593	1,085	987
Finance leases	26	90	158	–	32
Other financial liabilities	27	12,278	14,096	8,166	8,661
<b>Total current liabilities</b>		<b>17,345</b>	<b>20,177</b>	<b>9,251</b>	<b>9,680</b>
<b>Total liabilities</b>		<b>28,903</b>	<b>31,412</b>	<b>20,457</b>	<b>20,517</b>
<b>Total equity and liabilities</b>		<b>56,860</b>	<b>61,039</b>	<b>37,188</b>	<b>36,929</b>

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

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2018

	Total equity \$'000	Attributable to parent sub-total \$'000	Share capital \$'000	Retained earnings \$'000	Treasury shares \$'000	Other reserves \$'000	Non- controlling interests \$'000
<u>Group</u>							
<b>Current year:</b>							
Opening balance at 1 April 2017	29,627	25,856	21,831	3,264	(2)	763	3,771
<b>Movement in equity:</b>							
Total comprehensive loss for the year	(1,670)	(1,408)	–	(966)	–	(442)	(262)
<b>Closing balance at 31 March 2018</b>	<b>27,957</b>	<b>24,448</b>	<b>21,831</b>	<b>2,298</b>	<b>(2)</b>	<b>321</b>	<b>3,509</b>
<b>Previous year:</b>							
Opening balance at 1 April 2016	28,910	25,126	21,831	2,840	(2)	457	3,784
<b>Movement in equity:</b>							
Total comprehensive income/(loss) for the year	717	730	–	424	–	306	(13)
<b>Closing balance at 31 March 2017</b>	<b>29,627</b>	<b>25,856</b>	<b>21,831</b>	<b>3,264</b>	<b>(2)</b>	<b>763</b>	<b>3,771</b>

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

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2018

	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Other reserve \$'000	Accumulated losses \$'000
<u>Company</u>					
<b>Current year:</b>					
Opening balance at 1 April 2017	16,412	21,831	(2)	(82)	(5,335)
<b>Movement in equity:</b>					
Total comprehensive income for the year	319	–	–	–	319
<b>Closing balance at 31 March 2018</b>	<b>16,731</b>	<b>21,831</b>	<b>(2)</b>	<b>(82)</b>	<b>(5,016)</b>
<b>Previous year:</b>					
Opening balance at 1 April 2016	16,271	21,831	(2)	(82)	(5,476)
<b>Movement in equity:</b>					
Total comprehensive income for the year	141	–	–	–	141
<b>Closing balance at 31 March 2017</b>	<b>16,412</b>	<b>21,831</b>	<b>(2)</b>	<b>(82)</b>	<b>(5,335)</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2018

	Group	
	2018 \$'000	2017 \$'000
<b><u>Cash flows from operating activities</u></b>		
Loss before tax	(1,316)	(94)
Adjustments for:		
Interest income	(225)	(94)
Interest expense	565	168
Share of the loss of equity-accounted joint venture	23	20
Depreciation of property, plant and equipment	1,326	853
Depreciation of investment property	165	–
Amortisation of other intangible assets	35	34
Plant and equipment written off	22	4
Impairment of plant and equipment	36	–
Gain on disposal of plant and equipment	(6)	(7)
Gain on disposal of subsidiary	(398)	–
Provisions	75	24
Cash flows from discontinued operating activities	–	868
Operating cash flows before changes in working capital	302	1,776
Inventories	(1,513)	85
Trade and other receivables	2,571	(2,549)
Other assets	377	(270)
Trade and other payables	517	(2,122)
Provisions	(26)	(47)
Net cash flows from/(used in) operations before tax	2,228	(3,127)
Income taxes paid	(105)	(208)
Net cash flows from/(used in) operating activities	2,123	(3,335)
<b><u>Cash flows from investing activities</u></b>		
Disposal of plant and equipment	88	46
Purchase of plant and equipment (Notes 12 and 22B)	(1,900)	(21,131)
Capital expenditure on investment property (Note 13)	(28)	–
Disposal of subsidiary (net of cash disposed of) (Note 29)	(30)	–
Acquisition of an associate	(105)	–
Disposal of assets held for sale	2,146	–
Cash restricted in use	–	969
Interest received	225	94
Net cash flows from/(used in) investing activities	396	(20,022)
<b><u>Cash flows from financing activities</u></b>		
Finance lease repayment	(146)	(173)
Proceeds from new bank borrowings	1,000	19,579
Decrease in other financial liabilities	(2,673)	(219)
Interest paid	(565)	(168)
Net cash flows(used in)/from financing activities	(2,384)	19,019
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>135</b>	<b>(4,338)</b>
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	6,003	10,331
Net effect of exchange rate changes on cash and cash equivalents	(73)	10
<b>Cash and cash equivalents, consolidated statement of cash flows, ending balance (Note 22A)</b>	<b>6,065</b>	<b>6,003</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to as “parent”) and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statements of directors.

The principal activities of the company are those of an investment holding company and the provision of management services. It is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The principal activities of the subsidiaries are described in Note 15 to the financial statements.

The registered office is 53 Ubi Avenue 3 Travelite Building, Singapore 408863. The company is situated in Singapore.

### Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore (“FRSs”) and the related Interpretations to FRS (“INT FRS”) as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

### Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgments in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgments, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

### Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group’s ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group’s and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted for as available-for-sale financial assets in accordance with FRS 39.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 1. General (cont'd)

### Basis of presentation (cont'd)

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

The equity accounting method is used for associates and joint venture company in the group financial statements.

## 2. Significant accounting policies and other explanatory information

### 2A. Significant accounting policies

#### Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest is recognised using the effective interest method. Royalty revenue is accrued in accordance with the terms of the relevant agreement unless, having regard to the substance of the agreement, it is more appropriate to recognise revenue based on some other systematic and rational basis.

#### Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by setting up the grant as deferred income.

#### Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

#### Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At the end of each reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

#### Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

#### Income tax

The income taxes are accounted for using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associate except where the company is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

#### Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold property	-	Over the terms of lease at 2.5%
Plant, equipment and leasehold improvements	-	20% to 33%

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

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

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 25 on non-current provisions.

#### Investment property

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes only, the fair values are measured periodically on a systematic basis at least once yearly by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The annual rate of depreciation is over the terms of lease at 2.6%.

#### Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Leases (cont'd)

Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

- Licensed brands – Over the remaining terms of licenses that are from 1 to 10 years
- Trademarks – Over the remaining useful lives of 14 years

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

#### Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

#### Associate

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## **2. Significant accounting policies and other explanatory information (cont'd)**

### **2A. Significant accounting policies (cont'd)**

#### **Associate (cont'd)**

In the equity accounted financial statements (economic interest financial statements), the accounting for investments in an associate is on the equity method. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with FRS 103 Business Combinations. However the entire carrying amount of the investment is tested under FRS 36 for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in FRS 39 indicates that the investment may be impaired. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with FRS 39 from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

#### **Joint arrangements – joint venture**

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint venture, the parties with joint control have rights to the net assets of the arrangement. The reporting interests in joint ventures are recognised using the equity method in accordance with FRS 28 Investments in Associates and Joint Ventures (as described above for associates).

#### **Inventories**

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

#### Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill (and also an intangible asset with an indefinite useful life or an intangible asset not yet available for use) are tested for impairment, at least annually. Goodwill impairment is not reversed in any circumstances.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Goodwill (cont'd)

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

#### Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.
4. Available-for-sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2A. Significant accounting policies (cont'd)

#### Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the consolidated statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

#### Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

#### Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value.

The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## **2. Significant accounting policies and other explanatory information (cont'd)**

### **2A. Significant accounting policies (cont'd)**

#### **Fair value measurement (cont'd)**

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

### **2B. Other explanatory information**

#### **Segment reporting**

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

#### **Assets classified as held for sale**

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by FRS 105 in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

In addition, the results of discontinued operations are presented separately in profit or loss. A discontinued operation is a component of the business that represents a separate major line of business or geographical area of operations that has been sold, or classified as held for sale or has been abandoned. They are shown separately in profit or loss and comparative figures are restated to reclassify them from continuing to discontinued operations.



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 2. Significant accounting policies and other explanatory information (cont'd)

### 2B. Other explanatory information (cont'd)

#### Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

#### Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

### 2C. Critical judgments, assumptions and estimation uncertainties

The critical judgments made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

#### Recoverability of trade receivables:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the note on trade and other receivables.

#### Net realisable value of inventories:

A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgment and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the note on inventories.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## **2. Significant accounting policies and other explanatory information (cont'd)**

### **2C. Critical judgments, assumptions and estimation uncertainties (cont'd)**

Useful lives of plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) at the end of the reporting year affected by the assumption is disclosed in \$2,732,000 and \$1,128,000 for the group and company respectively.

Measurement of impairment of subsidiaries:

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgment. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset affected. The carrying amount of the specific asset (or class of assets) at the end of the reporting year affected by the assumption is nil.

## **3. Related party relationships and transactions**

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Thang Teck Jong.

### **3A. Related party transactions:**

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and financial guarantees if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

### 3. Related party relationships and transactions (cont'd)

#### 3A. Related party transactions (cont'd):

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Other related parties	
	2018	2017
	\$'000	\$'000
<u>Group</u>		
Administrative income <sup>(a)</sup>	(66)	(38)
Service income <sup>(a)</sup>	(8)	–
Service income <sup>(b)</sup>	(7)	–
Service income <sup>(c)</sup>	(20)	–
Rental income <sup>(c)</sup>	–	(6)
Rental expense <sup>(d)</sup>	–	376
Royalty expense <sup>(e)</sup>	158	136
Rental subsidy received <sup>(e)</sup>	(15)	–

(a) The related party, Jong Fresh Supplies Pte Ltd, and the company have a common shareholder who has significant influence.

(b) The related party, Mengkim Holdings Pte Ltd, and the company have a common controlling party.

(c) The related party, Global Oceanlink Pte Ltd, and the company have a common shareholder who has significant influence.

(d) The related party is the ex-parent company of a subsidiary acquired in 2016.

(e) The related party, Crocodile International Pte Ltd, is controlled by a director of a subsidiary who has significant influence.

#### 3B. Key management compensation:

	Group	
	2018	2017
	\$'000	\$'000
Salaries and other short-term employee benefits	1,124	1,282

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2018	2017
	\$'000	\$'000
Remuneration of directors of the company	455	493
Fees to directors of the company	65	65

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management persons are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 3. Related party relationships and transactions (cont'd)

### 3C. Other receivables from and other payables to related parties:

The trade transactions and trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	<b>Related parties</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Group</u>		
<u>Other receivables/(other payables):</u>		
Balance at beginning of the year	327	435
Amounts paid out and settlement of liabilities on behalf of another party	271	36
Amounts paid in and settlement of liabilities on behalf of the company	(243)	(156)
Allowance for impairment	(37)	–
Foreign exchange adjustments	(20)	12
Balance at end of the year	<b>298</b>	<b>327</b>
Presented as:		
Other receivables (Note 20)	364	371
Other payables (Note 28)	(66)	(44)
Net total	<b>298</b>	<b>327</b>
	<b>Subsidiaries</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Company</u>		
<u>Other receivables/(other payables):</u>		
Balance at beginning of the year	(60)	128
Amounts paid out and settlement of liabilities on behalf of another party	2,004	675
Amounts paid in and settlement of liabilities on behalf of the company	(1,215)	(1,046)
Dividend income	1,000	–
Foreign exchange adjustments	60	(320)
(Allowance for)/Reversal of impairment	(685)	503
Written off	(239)	–
Balance at end of the year	<b>865</b>	<b>(60)</b>
Presented as:		
Other receivables (Note 20)	865	–
Other payables (Note 28)	–	(60)
Net total	<b>865</b>	<b>(60)</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 4. Financial information by operating segments

### 4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

The group deals in luggage bags, travelling accessories, travel bags, small leather goods, garments and related products, handbags and related products, fashion apparels and related products, knitwears, wallets and all types of leather goods. For management purposes, the group's operating businesses are organised by distribution channels. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information. They are managed separately because each business requires different strategies.

- (a) Departmental stores – This segment includes major departmental store operators in Singapore and Malaysia;
- (b) Specialty stores – This segment includes shops operated by the group and sells mainly the group's merchandise;
- (c) Third party retailers – This segment includes independent retailers;
- (d) Wholesale distribution – This segment mainly refers to the group's export markets; and
- (e) Gift and corporate sales – This segment includes customers who are mainly credit card companies which purchase for their gift redemption/reward programmes purposes, and corporate customers purchasing for corporate promotional activities.

Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets consist principally of trade receivables, inventories and plant and equipment that are directly attributable to a segment.

Unallocated items comprise cash and cash equivalents, certain other receivables, certain property, plant and equipment, certain inventories, intangible assets, deferred tax assets, other assets, provision, other financial liabilities, trade and other payables, income tax payable, finance leases, deferred tax liabilities, certain interest income, finance costs, certain marketing and distribution costs, certain administrative expenses, certain other gains and other losses, share of loss from equity-accounted associates and joint venture and income tax expense.

The discontinued operations relate to the disposal of business of distribution, wholesale and retail of luggage and travel accessories bearing the Delsey brand in Singapore and Malaysia (see Note 10).

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 4. Financial information by operating segments (cont'd)

### 4B. Profit or loss from continuing operations and reconciliations

<b>Continuing Operations</b>	<b>Departmental stores</b>	<b>Specialty stores</b>	<b>Third party retailers</b>	<b>Wholesale distribution</b>	<b>Gifts &amp; corporate sales</b>	<b>Group total</b>
<b>2018</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue	<u>24,157</u>	<u>6,316</u>	<u>2,556</u>	<u>6,593</u>	<u>640</u>	<u>40,262</u>
Operating profit/(loss)	<u>2,107</u>	<u>(881)</u>	<u>260</u>	<u>(27)</u>	<u>88</u>	<u>1,547</u>
Interest income						91
Other gains						702
Other losses						(241)
Finance costs						(565)
Share of loss from equity-accounted joint venture						(23)
Unallocated operating expenses						(2,827)
Income tax income						88
Loss from continuing operations, net of tax						<u>(1,228)</u>
Profit from discontinued operations, net of tax						-
Loss net of tax						<u>(1,228)</u>

<b>Continuing Operations</b>	<b>Departmental stores</b>	<b>Specialty stores</b>	<b>Third party retailers</b>	<b>Wholesale distribution</b>	<b>Gifts &amp; corporate sales</b>	<b>Group total</b>
<b>2017</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue	<u>25,704</u>	<u>4,792</u>	<u>3,186</u>	<u>9,768</u>	<u>352</u>	<u>43,802</u>
Operating profit/(loss)	<u>1,272</u>	<u>(1,000)</u>	<u>325</u>	<u>728</u>	<u>108</u>	<u>1,433</u>
Interest income						94
Other gains						773
Other losses						(603)
Finance costs						(168)
Share of loss from equity-accounted joint venture						(20)
Unallocated operating expenses						(1,603)
Income tax expense						(104)
Loss from continuing operations, net of tax						<u>(198)</u>
Profit from discontinued operations, net of tax						609
Profit net of tax						<u>411</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 4. Financial information by operating segments (cont'd)

### 4C. Assets and reconciliations

	Departmental stores \$'000	Specialty stores \$'000	Third party retailers \$'000	Wholesale distribution \$'000	Gifts & corporate sales \$'000	Unallocated \$'000	Group total \$'000
<b>2018</b>							
Total assets for reportable segments	6,465	1,590	1,512	8,195	336	–	18,098
<u>Unallocated assets:</u>							
Property, plant and equipment	–	–	–	–	–	21,577	21,577
Inventories	–	–	–	–	–	6,910	6,910
Cash and cash equivalents	–	–	–	–	–	6,279	6,279
Other unallocated assets	–	–	–	–	–	3,996	3,996
<b>Total group assets</b>	<b>6,465</b>	<b>1,590</b>	<b>1,512</b>	<b>8,195</b>	<b>336</b>	<b>38,762</b>	<b>56,860</b>
<b>2017</b>							
Total assets for reportable segments	6,582	1,433	673	10,227	155	–	19,070
<u>Unallocated assets:</u>							
Property, plant and equipment	–	–	–	–	–	23,070	23,070
Inventories	–	–	–	–	–	6,826	6,826
Cash and cash equivalents	–	–	–	–	–	6,029	6,029
Other unallocated assets	–	–	–	–	–	6,044	6,044
<b>Total group assets</b>	<b>6,582</b>	<b>1,433</b>	<b>673</b>	<b>10,227</b>	<b>155</b>	<b>41,969</b>	<b>61,039</b>

### 4D. Liabilities and reconciliations

	2018 \$'000	2017 \$'000
<u>Unallocated liabilities:</u>		
Trade and other payables	4,863	5,593
Other financial liabilities	23,596	25,227
Other liabilities	444	592
<b>Total group liabilities</b>	<b>28,903</b>	<b>31,412</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 4. Financial information by operating segments (cont'd)

### 4E. Other material items and reconciliations

	Departmental stores \$'000	Specialty stores \$'000	Third party retailers \$'000	Unallocated \$'000	Group total \$'000
<b>2018</b>					
Capital expenditure	<b>64</b>	<b>341</b>	<b>16</b>	<b>1,507</b>	<b>1,928</b>
Significant non-cash items:					
Depreciation of property, plant and equipment and investment property	<b>92</b>	<b>248</b>	<b>9</b>	<b>1,142</b>	<b>1,491</b>
Impairment of plant and equipment	<b>26</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>36</b>
Amortisation of other intangible assets	<b>-</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>35</b>
<b>2017</b>					
Capital expenditure	330	337	-	20,671	21,338
Significant non-cash items:					
Depreciation of property, plant and equipment	131	122	-	600	853
Amortisation of other intangible assets	-	-	-	34	34

### 4F. Geographical information

	Revenue		Non-current assets	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Singapore	<b>32,753</b>	32,548	<b>24,334</b>	24,045
Malaysia	<b>3,303</b>	3,358	<b>4</b>	67
Indonesia	<b>3,513</b>	6,660	<b>-</b>	-
Others	<b>693</b>	1,236	<b>105</b>	23
	<b>40,262</b>	43,802	<b>24,443</b>	24,135

Revenues are attributed to countries on the basis of customer's location, irrespective of the origin of the goods and services. The non-current assets, excluding deferred tax assets, and any financial instruments, are analysed by the geographical area in which the assets are located.

### 4G. Information about major customers

	Group	
	2018 \$'000	2017 \$'000
Top 1 customer in departmental stores (2017: wholesale distribution) segment	<b>6,133</b>	5,771
Top 2 customers in departmental stores (2017: departmental stores) segment	<b>10,067</b>	11,537



# NOTES TO THE FINANCIAL STATEMENTS

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## 5. Revenue

	Group	
	2018 \$'000	2017 \$'000
Sale of goods	39,520	42,999
Royalty income	742	803
	<b>40,262</b>	<b>43,802</b>

## 6. Other gains and (other losses)

	Group	
	2018 \$'000	2017 \$'000
Reversal of/(Allowance for) impairment on trade receivables	47	(138)
Amortisation of other intangible assets	(35)	(34)
Foreign exchange adjustment losses	(34)	(535)
Gain on disposal of plant and equipment	6	7
Government grants received	300	394
Allowance for impairment on other receivables	(37)	-
Impairment loss on plant and equipment	(36)	-
Inventories written back (written off)	1	(30)
Gain on disposal of subsidiary (Note 29)	398	-
Plant and equipment written off	(22)	(4)
(Allowance for)/Reversal of impairment on inventories	(154)	372
Net	<b>434</b>	<b>32</b>
Presented in profit or loss as:		
Other gains	752	773
Other losses	(318)	(741)
Net	<b>434</b>	<b>32</b>

## 7. Finance costs

	Group	
	2018 \$'000	2017 \$'000
Interest expense	565	168

# NOTES TO THE FINANCIAL STATEMENTS

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## 8. Employee benefits expense

	Group	
	2018 \$'000	2017 \$'000
Employee benefits expense <sup>(a)</sup>	9,947	10,327
Contributions to defined contribution plans	1,694	1,763
Other benefits	334	455
Total employee benefits expense	<b>11,975</b>	<b>12,545</b>

<sup>(a)</sup> Net of government grants income totalling \$300,000 (2017: \$394,000).

The employee benefits expense is included in:

	Marketing and distribution costs \$'000	Administrative expenses \$'000	Other gains \$'000	Total \$'000
2018	<b>7,957</b>	<b>4,318</b>	<b>(300)</b>	<b>11,975</b>
2017	8,515	4,424	(394)	12,545

## 9. Income tax

### 9A. Components of tax expense/(income) recognised in profit or loss include:

	Group	
	2018 \$'000	2017 \$'000
<u>Current tax (income)/expense:</u>		
Current tax expense	93	144
Over adjustments to current tax in respect of prior periods	(211)	(36)
Sub-total	(118)	108
<u>Deferred tax expense/(income):</u>		
Deferred tax expense/(income)	30	(4)
Total income tax (income)/expense	<b>(88)</b>	<b>104</b>
Tax charge on discontinued operations:		
Current	-	29

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 9. Income tax (cont'd)

### 9A. Components of tax expense/(income) recognised in profit or loss include (cont'd):

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2017: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2018	2017
	\$'000	\$'000
Loss before tax	(1,316)	(94)
Add: Share of loss from equity-accounted joint venture	23	20
	<b>(1,293)</b>	<b>(74)</b>
Income tax income at the above rate	(220)	(13)
Expenses not deductible for tax purposes	32	141
Stepped income exemption	–	(50)
Effect of different tax rates in different countries	(98)	35
Over adjustments to tax in respect of prior periods	(211)	(36)
Utilisation of deferred tax assets not recognised	(189)	(24)
Unrecognised deferred tax assets	524	–
Withholding tax paid, net of double tax relief	92	71
Other minor items less than 3% each	(18)	(20)
Total income tax (income)/expense	<b>(88)</b>	<b>104</b>

There are no income tax consequences of dividends to owners of the company.

### 9B. Deferred tax expense/(income) recognised in profit or loss includes:

	Group	
	2018	2017
	\$'000	\$'000
Excess of net book value of property, plant and equipment over tax value	32	13
Other intangible assets and fair value adjustment to depreciable properties arising from acquisition of subsidiaries	(10)	(9)
Excess of tax value of property, plant and equipment over net book value	(17)	6
Unabsorbed capital allowances	360	(49)
Tax loss carryforwards	(145)	57
Provisions	(1)	2
Deferred tax assets not recognised	(189)	(24)
Total deferred income tax expense/(income) recognised in profit or loss	<b>30</b>	<b>(4)</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 9. Income tax (cont'd)

### 9C. Deferred tax balance in the statement of financial position:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Deferred tax (liabilities)/assets recognised in profit or loss:</u>				
Excess of net book value of property, plant and equipment over tax value	(73)	(41)	(42)	(21)
Other intangible assets and fair value adjustment to depreciable properties arising from acquisition of subsidiaries	(93)	(103)	-	-
Excess of tax value of property, plant and equipment over net book value	63	46	-	-
Unabsorbed capital allowances	18	378	-	71
Tax loss carryforwards	310	1,531	-	-
Provisions	189	188	6	2
Deferred tax assets not recognised	(563)	(2,118)	-	(52)
Total	<b>(149)</b>	<b>(119)</b>	<b>(36)</b>	<b>-</b>
<u>Presented in the statement of financial position as:</u>				
Deferred tax liabilities	(150)	(123)	(36)	-
Deferred tax assets	1	4	-	-
Net position	<b>(149)</b>	<b>(119)</b>	<b>(36)</b>	<b>-</b>

It is impracticable to estimate the amount expected to be settled or used within one year. Temporary differences arising in connection with interests in subsidiaries and joint venture are insignificant.

The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

## 10. Profit from discontinued operations, net of tax

2018:

The transaction below was completed on 28 June 2017. See Notes 16(b) and 18.

2017:

On 13 February 2017, Demarco Pte Ltd ("Demarco"), a wholly owned subsidiary of the company, entered into a joint venture and shareholders' agreement ("JVSHA") with outside parties. Pursuant to the JVSHA, Demarco shall subscribe for 35% equity interest in Delsey Singapore Pte Ltd ("DSG"). In addition, Demarco shall transfer to DSG its business of distribution, wholesale and retail of luggage and travel accessories bearing the Delsey brand in Singapore and Malaysia in accordance with the distributorship agreement dated 14 May 2014 ("Demarco Delsey Distributorship"). In consideration of the premature termination of the Demarco Delsey Distributorship, Demarco shall be granted 35% equity interest in DSG for a nominal value of \$350. The group is in the process of finalising the details of the deal. As at the date of the financial statement, the deal has not been completed. Upon completion of the deal, the group will need to fair value the 35% equity interest and record the investment in joint venture and recognise the profit accordingly. With effect from 1 January 2017, Demarco is deemed to conduct the abovementioned business for and on behalf of DSG. The mentioned business is included in assets and disposal groups held for sales as required by FRS 105 at the end of the reporting year.

# NOTES TO THE FINANCIAL STATEMENTS

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## 10. Profit from discontinued operations, net of tax (cont'd)

2017 (cont'd):

The results for the reporting year from the discontinued operation and the results for the previous reporting year and for the period from the beginning of the reporting year to 31 December 2016, which have been included in the consolidated financial statements, were as follows:

	<b>Group Period ended 31.12.2016 \$'000</b>
Revenue	5,057
Cost of sales	(3,329)
Gross profit	1,728
Expenses	(1,090)
Profit before tax	638
Income tax expense	(29)
Profit on discontinued operations	<u>609</u>

The cash flows of the discontinued operations for the previous year and for the period from the beginning of the reporting year to 31 December 2016, which have been included in the consolidated financial statements, were as follows:

	<b>Group Period ended 31.12.2016 \$'000</b>
Operating cash flows	868
Investing cash flows	–
Financing cash flows	–
Total cash flows	<u>868</u>

## 11. (Loss)/earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted (loss)/earnings per share of no par value:

	<b>Group</b>	
	<b>2018 \$'000</b>	<b>2017 \$'000</b>
A. Numerators: loss attributable to equity:		
Continuing operations: attributable to equity holders	(966)	(185)
Discontinued operations: profit for the year	–	609
B. Total basic and diluted (loss)/earnings	<u>(966)</u>	<u>424</u>
C. Denominators: weighted average number of equity shares:		
Basic and diluted	<u>63,098</u>	<u>63,098</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 11. (Loss)/earnings per share (cont'd)

The weighted average number of equity shares refers to shares in circulation during the reporting period. It is after the neutralization of the treasury shares.

See Note 10 on discontinued operations of the group.

There is no dilution of earnings per share as there are presently no dilutive shares outstanding as at the end of the reporting year. The denominators used are the same as those detailed above for both basic and diluted earnings per share.

## 12. Property, plant and equipment

Group	Leasehold properties \$'000	Plant, equipment and leasehold improvements \$'000	Total \$'000
<u>Cost:</u>			
At 1 April 2016	5,413	5,907	11,320
Additions	19,863	1,475	21,338
Disposals/write off	–	(1,545)	(1,545)
Transfer to assets held for sale (Note 18)	–	(100)	(100)
Foreign exchange adjustments	–	(39)	(39)
At 31 March 2017	25,276	5,698	30,974
Additions	–	1,900	1,900
Disposals/write off	–	(800)	(800)
Transfer to investment property (Note 13)	(5,412)	(1,013)	(6,425)
Disposal of a subsidiary	–	(330)	(330)
Foreign exchange adjustments	–	12	12
At 31 March 2018	19,864	5,467	25,331
<u>Accumulated depreciation and impairment:</u>			
At 1 April 2016	3,088	4,810	7,898
Depreciation for the year:			
- continuing operations	248	605	853
- discontinued operations	–	15	15
Disposals/write off	–	(1,502)	(1,502)
Transfer to assets held for sale (Note 18)	–	(57)	(57)
Foreign exchange adjustments	–	(33)	(33)
At 31 March 2017	3,336	3,838	7,174
Depreciation for the year:			
- continuing operations	503	823	1,326
Impairment for the year	–	36	36
Disposals/write off	–	(696)	(696)
Transfer to investment property (Note 13)	(3,242)	(984)	(4,226)
Disposal of a subsidiary	–	(290)	(290)
Foreign exchange adjustments	–	8	8
At 31 March 2018	597	2,735	3,332
<u>Carrying value:</u>			
At 1 April 2016	2,325	1,097	3,422
At 31 March 2017	21,940	1,860	23,800
At 31 March 2018	19,267	2,732	21,999

# NOTES TO THE FINANCIAL STATEMENTS

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## 12. Property, plant and equipment (cont'd)

Allocation of the depreciation expense and impairment loss from continuing operations:

	Group	
	2018 \$'000	2017 \$'000
Marketing and distribution costs	283	250
Administrative expenses	1,043	603
Other losses	36	–
Total	<u>1,362</u>	<u>853</u>

During the reporting year, plant and equipment amounting to \$36,000 (2017: nil) from loss-making outlets were impaired.

Company	Leasehold property \$'000	Plant, equipment and leasehold improvements \$'000	Total \$'000
<u>Cost:</u>			
At 1 April 2016	–	254	254
Additions	19,863	187	20,050
At 31 March 2017	19,863	441	20,304
Additions	–	1,051	1,051
Disposals/write off	–	(11)	(11)
At 31 March 2018	<u>19,863</u>	<u>1,481</u>	<u>21,344</u>
<u>Accumulated depreciation:</u>			
At 1 April 2016	–	88	88
Depreciation for the year included under administrative expenses in profit or loss	95	46	141
At 31 March 2017	95	134	229
Depreciation for the year included under administrative expenses in profit or loss	503	225	728
Disposals/write off	–	(6)	(6)
At 31 March 2018	<u>598</u>	<u>353</u>	<u>951</u>
<u>Carrying value:</u>			
At 1 April 2016	–	166	166
At 31 March 2017	<u>19,768</u>	<u>307</u>	<u>20,075</u>
At 31 March 2018	<u>19,265</u>	<u>1,128</u>	<u>20,393</u>

Certain items are under finance lease agreements (Note 26). The leasehold property is mortgaged or pledged as security for the bank facilities (see Note 27).

# NOTES TO THE FINANCIAL STATEMENTS

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## 13. Investment property

	Group	
	2018 \$'000	2017 \$'000
<u>Cost:</u>		
At beginning of the year	–	–
Transfer from property, plant and equipment (Note 12)	6,425	–
Additions	28	–
At end of the year	<u>6,453</u>	<u>–</u>
<u>Accumulated depreciation:</u>		
At beginning of the year	–	–
Transfer from property, plant and equipment (Note 12)	4,226	–
Depreciation for the year included under administrative expenses in profit or loss	165	–
At end of the year	<u>4,391</u>	<u>–</u>
<u>Carrying value:</u>		
At beginning of the year	–	–
At end of the year	<u>2,062</u>	<u>–</u>
Fair value for disclosure purposes only:		
Fair value at end of the year	<u>5,700</u>	<u>–</u>
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Rental and service income from investment property	99	–
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period	<u>(56)</u>	<u>–</u>

Investment property comprises a leasehold property that was previously used by the group as its office and warehouse. This property is located at 205A Kallang Bahru Singapore 339342.

During the year, the group relocated its office to a new leasehold property located at 53 Ubi Avenue 3, Singapore 408863. The leasehold property at Kallang Bahru is currently held for rental and capital appreciation purposes. Following the change in use, the group has reclassified it to investment property.

The investment property is leased out under operating leases. The operating lease income commitments have not been disclosed in the financial statement as the amounts are immaterial. The management has not entered into contractual obligation for the maintenance or enhancement of the investment property.

The fair value of the leasehold property was measured in March 2018 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on a valuation made by Edmund Tie & Company, a firm of independent professional valuers on a systematic basis at least once yearly. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

The leasehold property is mortgaged or pledged as security for the bank facilities (see Note 27).



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 13. Investment property (cont'd)

For fair value measurements categorised within the fair value hierarchy below, a description of the valuation technique and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	Leasehold property at 205A Kallang Bahru Singapore 339342
Fair value and fair value hierarchy – Level:	\$5,700,000. Level 3
Valuation technique for recurring fair value measurements:	Direct comparison method.
Date of valuation:	31 March 2018
Significant observable inputs and range:	\$197 per square foot
Sensitivity on management's estimates – 10% variation from estimate:	Impact – lower by \$570,000; higher by \$570,000.

## 14. Intangible assets

Group	Licensed brands \$'000	Trademarks \$'000	Total \$'000
<u>Cost:</u>			
At 1 April 2016, 31 March 2017 and 31 March 2018	864	652	1,516
<u>Accumulated amortisation:</u>			
At 1 April 2016	518	652	1,170
Amortisation for the year	34	–	34
At 31 March 2017	552	652	1,204
Amortisation for the year	35	–	35
At 31 March 2018	587	652	1,239
<u>Net book value:</u>			
At 1 April 2016	346	–	346
At 31 March 2017	312	–	312
At 31 March 2018	277	–	277

The amortisation expense is charged to profit or loss under other losses.

Trademarks include the Brentwood trademark which was acquired by a subsidiary, YG Marketing Pte. Ltd. in 2002 and a registered trademark, U.R.S & Inc. owned by another subsidiary, SYI Co (Pte) Ltd. The Brentwood trademark is used on menswear and apparel manufactured and sold by YG Marketing Pte. Ltd.. The U.R.S & Inc. trademark is applied to women's handbags and footwear in a number of countries. The trademarks have been fully amortised in prior years.

# NOTES TO THE FINANCIAL STATEMENTS

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## 15. Investments in subsidiaries

	Company	
	2018 \$'000	2017 \$'000
Movements during the year:		
Balance at beginning of the year and end of the year	<b>12,734</b>	12,734
Net book value of subsidiaries	<b>21,666</b>	20,745
Total cost comprising:		
Unquoted equity shares at beginning of the year	<b>19,540</b>	19,540
Disposal	<b>(3,325)</b>	–
Allowance for impairment	<b>(3,481)</b>	(6,806)
Balance at end of the year	<b>12,734</b>	12,734
Movements in above allowance:		
Balance at beginning of the year	<b>6,806</b>	6,806
Used	<b>(3,325)</b>	–
Balance at end of year	<b>3,481</b>	6,806

The subsidiaries held by the company and the group are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditors	Cost in books of group		Effective percentage of equity held by group	
	2018 \$'000	2017 \$'000	2018 %	2017 %
	Demarco Pte Ltd <sup>(a)</sup> Singapore Importers, exporters, manufacturers and wholesalers of luggage bags and travelling accessories	<b>2,880</b>	2,880	<b>100</b>
YG Marketing Pte. Ltd. <sup>(a)</sup> Singapore Trading in garments and other related products	<b>13,004</b>	13,004	<b>87.3</b>	87.3
JIT Distribution Pte Ltd <sup>(a)</sup> Singapore Provision of logistic services	<b>–<sup>(d)</sup></b>	<b>–<sup>(d)</sup></b>	<b>100</b>	100
Yangtzekiang Industries Sdn. Bhd. <sup>(c)</sup> Malaysia Trading in garments, wholesale and retailing of fashion apparels and related products	<b>–</b>	3,325	<b>–</b>	100
SYI Co (Pte) Ltd <sup>(a)</sup> Singapore Franchisor and master licensor	<b>331</b>	331	<b>100</b>	100
Fashion Way Sdn. Bhd. <sup>(b)</sup> Malaysia Sale and distribution of footwear, knitwear, wallets and all types of leather goods	<b>–<sup>(d)</sup></b>	<b>–<sup>(d)</sup></b>	<b>100</b>	100
YGM Marketing Sdn. Bhd. <sup>(b) (e)</sup> Malaysia Dormant	<b>2,087</b>	2,087	<b>100</b>	100

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 15. Investments in subsidiaries (cont'd)

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditors

Cost in books of group		Effective percentage of equity held by group	
2018	2017	2018	2017
\$'000	\$'000	%	%

Held by YG Marketing Pte. Ltd.

Singapore Crocodile (1968) Pte Ltd<sup>(a)</sup>

Singapore

Wholesale and retailing of ready-made apparel

<b>2,808</b>	2,808	<b>52.4</b>	52.4
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(a) Audited by RSM Chio Lim LLP.

(b) Management accounts were used for purpose of consolidation as the subsidiaries are not considered material.

(c) The subsidiary was deconsolidated with effect from 31 October 2017. See Note 29.

(d) Cost of investment less than \$1,000. The subsidiaries are not significant.

(e) The subsidiary was formerly held by Yangtzekiang Industries Sdn. Bhd..

As required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited, the audit committee and the board of directors of the company have satisfied themselves that the appointment of different auditors for its overseas subsidiaries would not compromise the standard and the effectiveness of the audit of the group.

There are subsidiaries that have non-controlling interests that are considered material to the reporting entity and additional disclosures on them (amounts before inter-company eliminations) are presented below:

	Group	
	2018	2017
	\$'000	\$'000
Name of the subsidiary: YG Marketing Pte. Ltd.		
Total (loss)/profit allocated to non-controlling interests of the subsidiary during the reporting year	<b>(103)</b>	6
Accumulated non-controlling interests of the subsidiary at the end of the reporting year	<b>1,207</b>	1,310

The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the group and amounts before inter-company eliminations) is as follows:

	2018	2017
	\$'000	\$'000
Current assets	<b>11,414</b>	11,204
Non-current assets	<b>5,360</b>	5,385
Current liabilities	<b>(4,467)</b>	(3,455)
Non-current liabilities	<b>(66)</b>	(95)
Revenues	<b>19,896</b>	20,660
(Loss)/Profit for the reporting year	<b>(797)</b>	54
Total comprehensive (loss)/income	<b>(797)</b>	54
Operating cash flows, decrease	<b>(83)</b>	(450)
Net cash flows, increase/(decrease)	<b>366</b>	(1,028)

# NOTES TO THE FINANCIAL STATEMENTS

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## 15. Investments in subsidiaries (cont'd)

	2018 \$'000	2017 \$'000
Name of the subsidiary: Singapore Crocodile (1968) Pte Ltd		
Total loss allocated to non-controlling interests of the subsidiary during the reporting year	(159)	(19)
Accumulated non-controlling interests of the subsidiary at the end of the reporting year	<b>2,302</b>	2,461

The summarised financial information of the subsidiary (not adjusted for the percentage ownership held by the group and amounts before inter-company eliminations) is as follows:

	2018 \$'000	2017 \$'000
Current assets	5,389	5,494
Non-current assets	538	341
Current liabilities	(1,183)	(790)
Non-current liabilities	(140)	(136)
Revenues	7,837	8,741
(Loss)/Profit for the reporting year	(304)	1
Total comprehensive (loss)/income	(304)	1
Operating cash flows, decrease	(251)	(1,222)
Net cash flows, decrease	<b>(674)</b>	(1,324)

## 16. Investment in associates

	Group	
	2018 \$'000	2017 \$'000
Movements in carrying value:		
Balance at beginning of the year	-	-
Additions	105	-
Balance at end of the year	<b>105</b>	-
Carrying value comprising:		
Unquoted equity shares at cost	164	59
Share of post-acquisition loss	(59)	(59)
	<b>105</b>	-

The listing of and information on the associates is given below:

Name of associates, country of incorporation, place of operations, principal activity and independent auditors	Percentage of equity held by group	
	2018 %	2017 %
Beijing U-Sibei Trading Co., Ltd <sup>(a)</sup> People's Republic of China Dormant	45	45

# NOTES TO THE FINANCIAL STATEMENTS

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## 16. Investment in associates (cont'd)

Name of associates, country of incorporation, place of operations, principal activity and independent auditors	Percentage of equity held by group	
	2018	2017
	%	%
Delsey Singapore Pte. Ltd. <sup>(b) (e)</sup> Singapore Distribution, wholesale and retail of Delsey luggage and travel accessories CA Trust PAC	<b>35</b>	–
Delsey Luggage Malaysia Sdn. Bhd. <sup>(c) (f)</sup> Malaysia Distribution, wholesale and retail of Delsey luggage and travel accessories	<b>35</b>	–
BYN International Co., Ltd <sup>(d) (g)</sup> Thailand Merchandising development, manufacture and sale of men's apparel	<b>20</b>	–

- (a) No management accounts were available as an application has been filed with the Chinese authorities to de-register the associate since May 2011. As at 31 March 2018, the management is still working with the joint venture partner to complete the deregistration. Management is of the view that there are no further expenses arising from the deregistration.
- (b) On 28 June 2017, the group acquired 35% of the share capital of Delsey Singapore Pte. Ltd. for \$350. Management has determined the fair value of the 35% equity interest as at the date of acquisition to be immaterial and therefore, no purchase price allocation exercise is performed.
- (c) The associate was acquired by Delsey Singapore Pte. Ltd. on 28 August 2017 for RM100.
- (d) On 4 August 2017, the group together with other companies in apparel industry, incorporated BYN International Co., Ltd. The group's contribution to set up the investment was \$105,000 and resulted in the group obtaining 20% equity stake in BYN International Co., Ltd.
- (e) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.
- (f) Held by Delsey Singapore Pte. Ltd.
- (g) Not equity-accounted as the entity is not material.

Share of losses of associates exceeding the amount of the investment are not recognised as losses in the consolidated profit or loss. The reporting entity's share of losses of such associates not recognised was \$118,305. The reporting entity has not incurred legal or constructive obligations on behalf of these associates.

There are associates that are considered not material to the reporting entity. The summarised financial information of all the non-material associates and the aggregate amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associates are as follows. These are adjusted to reflect adjustments made by the reporting entity when using the equity method.

	Group	
	2018	2017
	\$'000	\$'000
<u>Aggregate for all non-material associates:</u>		
Loss from continuing operations	<b>(308)</b>	–
Other comprehensive income	<b>3</b>	–
Total comprehensive loss	<b>(305)</b>	–
Net liabilities of the associates	<b>(48)</b>	–

There are no significant restrictions on the ability of the major associates to transfer funds to the reporting entity in the form of cash dividends.

# NOTES TO THE FINANCIAL STATEMENTS

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## 17. Investment in joint venture

	Group	
	2018 \$'000	2017 \$'000
<u>Carrying value:</u>		
Unquoted equity shares at cost	13	13
Share of post-acquisition (loss)/profit	(13)	10
	<u>–</u>	<u>23</u>
Share of net book value of joint venture	<u>–</u>	<u>23</u>
Analysis of above amount denominated in non-functional currency:		
United States dollars	<u>–</u>	<u>23</u>

The information on the joint venture is given below:

### Name of joint venture, country of incorporation, place of operations and principal activity

	Percentage of equity held by group	
	2018 %	2017 %
Global Brands Studio Co., Ltd. <sup>(a)</sup>		
Kingdom of Cambodia		
Trading in luggage, travel bags and accessories, apparels and other related products	<u>50</u>	<u>50</u>

(a) Not audited as relieved from the requirement to prepare and lodge an audited financial report with the local authorities.

The joint venture is considered not material to the reporting entity. The summarised financial information of the joint venture, not adjusted for the percentage ownership held by the group, is as follows:

	Group	
	2018 \$'000	2017 \$'000
Loss	(118)	(40)
Other comprehensive loss	–	–
Total comprehensive loss	(118)	(40)
Net (liabilities)/assets of the joint venture	<u>(71)</u>	<u>46</u>

There are no significant restrictions on the ability of the joint venture to transfer funds to the reporting entity in the form of cash dividends.

## 18. Assets held for sale under FRS 105

2017:

On 13 February 2017, the business disclosed in Note 10 is presented as held for sale following the decision of management on 13 February 2017 to transfer the business to DSG.

# NOTES TO THE FINANCIAL STATEMENTS

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## 18. Assets held for sale under FRS 105 (cont'd)

The following table summarises the account balances of the discontinued operation as at 31 March 2017. The transaction was completed on 28 June 2017.

	<b>Group 2017 \$'000</b>
Plant and equipment	43
Deposits	103
Inventories	2,000
Balance at end of the year	<u>2,146</u>

## 19. Inventories

	<b>Group</b>	
	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Finished goods and goods for resale	<u>11,726</u>	<u>11,124</u>
Inventories are stated after allowance. Movements in allowance:		
Balance at beginning of the year	1,024	1,418
Charged/(Reversed) to profit or loss included in other losses (other gains)	154	(372)
Disposal of a subsidiary	(144)	–
Foreign exchange adjustments	11	(22)
Balance at end of the year	<u>1,045</u>	<u>1,024</u>
The amount of inventories included in cost of sales	<b>21,483</b>	23,340
Inventories (written back)/written off	<u>(1)</u>	<u>30</u>

Certain inventories were purchased under trust receipts (Note 27).

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. Trade and other receivables

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Trade receivables:</u>				
Outside parties	<b>12,578</b>	14,241	<b>16</b>	1,345
Less allowance for impairment – outside parties	<b>(440)</b>	(491)	–	–
Related party (Note 3)	<b>107</b>	259	–	–
Subsidiaries (Note 3)	–	–	<b>1,009</b>	601
Less allowance for impairment - subsidiaries	–	–	<b>(34)</b>	(191)
Net trade receivables, sub-total	<b>12,245</b>	14,009	<b>991</b>	1,755
<u>Other receivables:</u>				
Subsidiaries (Note 3)	–	–	<b>1,735</b>	3,339
Less allowance for impairment – subsidiaries	–	–	<b>(870)</b>	(3,339)
Related parties (Note 3)	<b>401</b>	371	–	–
Less allowance for impairment – related parties	<b>(37)</b>	–	–	–
Deposits to secure services	<b>780</b>	1,387	<b>337</b>	811
Staff advances	<b>4</b>	21	–	–
Income tax refundable	<b>7</b>	–	–	–
Other receivables	<b>598</b>	1,009	<b>14</b>	17
Less allowance for impairment – outside parties	<b>(10)</b>	(10)	–	–
Net other receivables, sub-total	<b>1,743</b>	2,778	<b>1,216</b>	828
Total trade and other receivables	<b>13,988</b>	16,787	<b>2,207</b>	2,583
Disclosed as:				
Trade and other receivables, current	<b>13,710</b>	16,452	<b>2,207</b>	2,583
Other receivables, non-current	<b>278</b>	335	–	–
	<b>13,988</b>	16,787	<b>2,207</b>	2,583
Movements in above allowances:				
Balance at beginning of the year	<b>501</b>	633	<b>3,530</b>	3,994
(Reversal of charge)/Charge for trade and other receivables to profit or loss included in (other gains)/other losses	<b>(10)</b>	138	<b>705</b>	(464)
Used	–	(268)	<b>(3,331)</b>	–
Disposal of a subsidiary	<b>(4)</b>	–	–	–
Foreign exchange adjustments	–	(2)	–	–
Balance at end of the year	<b>487</b>	501	<b>904</b>	3,530

At the end of the reporting year, the group holds collateral of 3 units of warehouse cum-office properties located in Indonesia with a total fair value of \$1,578,000 (2017: \$1,620,000) against trade receivables arising from export sales amounting to \$6,487,000 (2017: \$7,386,000).



# NOTES TO THE FINANCIAL STATEMENTS

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## 21. Other assets

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Prepayments	<u>423</u>	<u>814</u>	<u>18</u>	<u>43</u>

## 22. Cash and cash equivalents

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Not restricted in use	<u>6,279</u>	<u>6,029</u>	<u>1,836</u>	<u>1,494</u>
Interest earning balances	<u>1,425</u>	<u>2,448</u>	<u>1,139</u>	<u>1,276</u>

The rate of interest for the cash on interest earning balances ranged from 0.1% – 3.75% (2017: 0.7% – 5.00%) per annum.

### 22A. Cash and cash equivalents in the consolidated statement of cash flows:

	Group	
	2018 \$'000	2017 \$'000
As shown above	<u>6,279</u>	<u>6,029</u>
Bank overdrafts (Note 27)	<u>(214)</u>	<u>(26)</u>
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	<u>6,065</u>	<u>6,003</u>

### 22B. Non-cash transactions:

There were acquisitions of plant and equipment with a total cost of nil (2017: \$207,000) acquired by means of finance leases.

### 22C. Reconciliation of liabilities arising from financing activities:

	2017 \$'000	Cash flows \$'000	Non-cash changes \$'000	2018 \$'000
Long-term borrowings	10,973	810	(555) <sup>(a)</sup>	<b>11,228</b>
Short-term borrowings	14,228	(3,194)	1,120 <sup>(b)</sup>	<b>12,154</b>
Total liabilities from financing activities	<u>25,201</u>	<u>(2,384)</u>	<u>565</u>	<b>23,382</b>

(a) Mainly due to reclassification of borrowings from non-current to current.

(b) Due to the reason stated in (a) above and interest expenses of bank borrowings amounting to \$565,000.

# NOTES TO THE FINANCIAL STATEMENTS

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## 23. Share capital

	Number of shares issued '000	Share capital \$'000
<u>Group and Company</u>		
Balance at 1 April 2016, 31 March 2017 and 31 March 2018	63,106	21,831

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income.

	Number of treasury shares		Cost	
	2018 '000	2017 '000	2018 \$'000	2017 \$'000
Number at beginning of the year and end of the year	<u>8</u>	<u>8</u>	<u>2</u>	<u>2</u>

In order to maintain its listing on the Singapore Stock Exchange, the company has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will automatically continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

### Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

	<u>2018 \$'000</u>	<u>2017 \$'000</u>
Net debt:		
All current and non-current borrowings including finance leases	<b>(23,596)</b>	(25,227)
Less cash and cash equivalents	<b>6,279</b>	6,029
Net debt	<u><b>(17,317)</b></u>	<u>(19,198)</u>
Net capital:		
Equity	<u><b>27,957</b></u>	<u>29,627</u>
	<u>%</u>	<u>%</u>
Debt-to-adjusted capital ratio	<u><b>61.9</b></u>	<u>64.8</u>

There are significant borrowings but these are secured by specific assets. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk from borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

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## 24. Other reserves

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Foreign currency translation reserve (Note 24A)	155	597	-	-
Gain on acquisition/disposal of non-controlling interests (Note 24B)	248	248	-	-
Loss on reissuance of treasury shares (Note 24C)	(82)	(82)	(82)	(82)
	<b>321</b>	<b>763</b>	<b>(82)</b>	<b>(82)</b>

### 24A. Foreign currency transaction reserve:

	Group	
	2018 \$'000	2017 \$'000
At beginning of the year	597	291
Exchange difference on translating foreign currencies	(266)	306
Foreign currency translation reserve reclassified to profit or loss included in other gains (Note 29)	(176)	-
At end of the year	<b>155</b>	<b>597</b>

The currency translation reserve accumulates all foreign exchange differences and is not available for cash dividends until realised.

### 24B. Gain on acquisition/disposal of non-controlling interests:

	Group	
	2018 \$'000	2017 \$'000
At beginning of the year and end of the year	<b>248</b>	<b>248</b>

The gain arose from: (a) the deemed disposal of a subsidiary, the difference between (i) the adjusted carrying amount of non-controlling interests to reflect the change in their relative interest in the subsidiary; and (ii) the fair value of the consideration received from the disposal, of \$77,000; and (b) the acquisition of additional 10% equity interest in a subsidiary without change in control, the excess of share of net identifiable assets over purchase consideration, of \$171,000.

### 24C. Loss on reissuance of treasury shares:

	Group and Company	
	2018 \$'000	2017 \$'000
At beginning of the year and end of the year	<b>(82)</b>	<b>(82)</b>

In 2016, the company reissued 1,833,000 treasury shares pursuant to the acquisition of a subsidiary at an average fair value of \$0.20 per share. The excess of the weighted average cost of \$0.245 per share over the average fair value of \$0.20 per share was recognised in this reserve.

# NOTES TO THE FINANCIAL STATEMENTS

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## 25. Provisions

	Group	
	2018 \$'000	2017 \$'000
Provision for dismantling and removing the item and restoring the site relating to plant and equipment	<b>180</b>	139
Movements in above provision:		
Balance at beginning of the year	<b>139</b>	162
Additions	<b>75</b>	24
Disposal of a subsidiary (Note 29)	<b>(8)</b>	–
Used	<b>(26)</b>	(47)
Balance at end of the year	<b>180</b>	139

The provision is based on the present value of costs to be incurred to remove leasehold improvements from leased properties. The estimate is based on quotations from external contractors. The unexpired terms range from 1 to 3 years.

## 26. Finance leases

Group	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>2018</u>			
Minimum lease payments payable:			
Due within 1 year	<b>96</b>	<b>(6)</b>	<b>90</b>
Due within 2 to 5 years	<b>60</b>	<b>(2)</b>	<b>58</b>
Total	<b>156</b>	<b>(8)</b>	<b>148</b>
Net book value of plant and equipment under finance leases			<b>261</b>
<u>2017</u>			
Minimum lease payments payable:			
Due within 1 year	170	(12)	158
Due within 2 to 5 years	144	(8)	136
Total	314	(20)	294
Net book value of plant and equipment under finance leases			476

# NOTES TO THE FINANCIAL STATEMENTS

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## 26. Finance leases (cont'd)

Company	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>2018</u>			
Minimum lease payments payable:			
Due within 1 year	-	-	-
Due within 2 to 5 years	-	-	-
Total	-	-	-
Net book value of plant and equipment under finance leases			-
<u>2017</u>			
Minimum lease payments payable:			
Due within 1 year	33	(1)	32
Due within 2 to 5 years	-	-	-
Total	33	(1)	32
Net book value of plant and equipment under finance leases			120

These are leases for certain of its plant and equipment under finance leases. The average lease terms range is 3 years (2017: 2 to 5 years). The effective borrowing rates range from 3.4% to 6.8% (2017: 3.4% to 6.8%) per year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

The fixed interest rate approximates the market interest rate. The carrying amount of the lease liabilities is not significantly different from the fair value (Level 2).

## 27. Other financial liabilities

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Non-current:</u>				
<u>Financial instruments with floating interest rate:</u>				
Bank loans (secured) (Note 27A)	11,170	10,837	11,170	10,837
Non-current, total	11,170	10,837	11,170	10,837
<u>Current:</u>				
<u>Financial instruments with floating interest rate:</u>				
Bank loans (secured) (Note 27A)	8,166	8,661	8,166	8,661
Bank overdrafts (Note 27B)	214	26	-	-
Bills payable to banks (Note 27C)	3,898	5,409	-	-
Current, total	12,278	14,096	8,166	8,661
Total	23,448	24,933	19,336	19,498
The non-current portion is repayable as follows:				
Due within 2 to 5 years	2,731	2,395	2,731	2,395
After 5 years	8,439	8,442	8,439	8,442
Total non-current portion	11,170	10,837	11,170	10,837

# NOTES TO THE FINANCIAL STATEMENTS

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## 27. Other financial liabilities (cont'd)

The range of floating interest rates paid was as follows:

	Group	
	2018 %	2017 %
Bank loans (secured)	<b>1.68 – 2.48</b>	1.68 – 3.00
Bank overdrafts	<b>5.00 – 6.25</b>	6.25
Bills payable to banks	<b>2.61 – 3.45</b>	2.26 – 3.23

### 27A. Bank loans

The bank loans of the company are secured by first legal mortgages on leasehold properties of the company and a subsidiary, assignment of rental proceeds from the aforementioned leasehold properties and corporate guarantees from certain subsidiaries in favour of the lender. The bank agreement also provides for the need to comply with certain financial covenants by the company.

The fair value (Level 2) of the bank loans is a reasonable approximation of carrying amount as they are floating rate debt instruments that are re-set regularly at one, three or six month intervals.

### 27B. Bank overdrafts

The overdraft facilities are covered by corporate guarantees from the company.

### 27C. Bills payable to banks

The bills payable (including trust receipts) of the subsidiaries are covered by corporate guarantees from the company as well as negative pledge on the assets of a subsidiary.

## 28. Trade and other payables

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	<b>4,797</b>	5,549	<b>1,085</b>	927
<u>Other payables:</u>				
Subsidiary (Note 3)	-	-	-	60
Related parties (Note 3)	<b>66</b>	44	-	-
Other payables, sub-total	<b>66</b>	44	-	60
Total trade and other payables	<b>4,863</b>	5,593	<b>1,085</b>	987

## 29. Disposal of a subsidiary

During the reporting year, the group disposed of its entire shareholding interests in a wholly-owned subsidiary, YangtzeKiang Industries Sdn. Bhd. to an outside party for RM50,000 (approximately \$17,000), with effect from 31 October 2017.

# NOTES TO THE FINANCIAL STATEMENTS

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## 29. Disposal of a subsidiary (cont'd)

The results for the reporting year from the disposal of the subsidiary and the results for the previous reporting year and for the period from the beginning of the reporting year to 31 October 2017, which have been included in the consolidated financial statements, were as follows:

	Group	
	Period ended 31.10.2017	Year ended 31.3.2017
	\$'000	\$'000
Revenue	955	1,344
Expenses	(1,384)	(2,025)
Loss before tax	(429)	(681)
Income tax expense	–	–
Loss after tax before gain on disposal	(429)	(681)

The following table is a summary of the carrying amounts of the assets and liabilities of the subsidiary:

	Group	
	At 31.10.2017	At 31.3.2017
	\$'000	\$'000
Plant and equipment	40	65
Inventories	911	740
Trade and other receivables	215	162
Other assets	14	25
Cash and cash equivalents	47	108
Trade and other payables	(1,424)	(3,928)
Finance leases	–	(3)
Provisions	(8)	(5)
Net liabilities disposed of	(205)	(2,836)
Foreign exchange translation reserve reclassified to profit or loss (Note 24A)	(176)	
Gain on disposal of subsidiary	398	
Cash consideration	17	
Less: cash and cash equivalents disposed of	(47)	
Net cash outflow on disposal	(30)	

## 30. Banking facilities

	Group	
	2018	2017
	\$'000	\$'000
Undrawn borrowing facilities	12,137	11,637

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

# NOTES TO THE FINANCIAL STATEMENTS

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## 31. Contingent liabilities

The company has issued corporate guarantees to banks in respect of banking facilities extended to certain subsidiaries amounting to \$13,728,000 (2017: \$14,032,000).

## 32. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2018 \$'000	2017 \$'000
Commitment to purchase plant and equipment	135	848
Commitment to purchase shares in Delsey Singapore Pte Ltd	–	– (a)
Commitment to purchase shares in BYN International Co., Ltd	<b>131</b>	–

(a) See Note 10.

## 33. Operating lease payment commitments – as lessee

At the end of the reporting year, the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Not later than 1 year	1,780	1,707	395	360
Later than 1 year and not later than 5 years	2,943	2,352	1,760	1,651
Later than 5 years	<b>44,576</b>	45,040	<b>44,576</b>	45,040

	Group	
	2018 \$'000	2017 \$'000
Rental expense for the year	<b>1,802</b>	2,014

Operating lease payments are for rentals payable for certain of its office, warehouses, stores, retail outlets and office equipment. The lease from The Housing & Development Board is for approximately 39.5 years whereas the other leases are for two to three years. Certain rentals are subject to an escalation clause but the amount of the rent increase is not to exceed certain percentage.



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 34. Operating lease income commitments – as lessor

At the end of the reporting year, the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Not later than 1 year	556	543	1,526	543
Later than 1 year and not later than 5 years	474	177	1,443	177
			Group	
			2018 \$'000	2017 \$'000
Rental income for the year			592	136

Operating lease income commitments are for certain office and warehouse premises. The lease rental income terms are negotiated for an average terms of two to three years. Rentals are not subject to any escalation clause.

The operating lease income commitments for investment property are not included above. The lease is on a month-to-month basis.

## 35. Financial instruments: information on financial risks

### 35A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Financial assets:</u>				
Cash and cash equivalents	6,279	6,029	1,836	1,494
Loans and receivables	13,981	16,787	2,207	2,583
At end of the year	20,260	22,816	4,043	4,077
<u>Financial liabilities:</u>				
Borrowings measured at amortised cost	23,448	24,933	19,336	19,498
Finance leases measured at amortised cost	148	294	–	32
Trade and other payables measured at amortised cost	4,863	5,593	1,085	987
At end of the year	28,459	30,820	20,421	20,517

Further quantitative disclosures are included throughout these financial statements. There are no significant fair value measurements recognised in the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

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## **35. Financial instruments: information on financial risks (cont'd)**

### **35B. Financial risk management**

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following good market practices.

There have been no changes to the exposures to risk, the objectives, policies and processes for managing the risk and the methods used to measure the risk.

### **35C. Fair values of financial instruments**

The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

### **35D. Credit risk on financial assets**

Financial assets that are potentially subjected to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial institutions is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

Note 22 discloses the maturity of the cash and cash equivalents balances.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 7 to 30 days (2017: 7 to 30 days) except for an overseas distributor to whom extended credit terms are granted. But some customers take a longer period to settle the amounts. The group does not generally grant credit for retail customers as goods are usually settled in cash, Network For Electronic Transfers (NETS) and credit card payments. NETS and credit card payments take approximately a few days to settle.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 35. Financial instruments: information on financial risks (cont'd)

### 35D. Credit risk on financial assets (cont'd)

- (a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group	
	2018	2017
	\$'000	\$'000
Trade receivables:		
Less than 60 days	2,216	2,759
61 - 90 days	903	1,073
91 - 120 days	1,181	688
Over 120 days	6,251	6,236
Total	<u>10,551</u>	<u>10,756</u>

- (b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group	
	2018	2017
	\$'000	\$'000
Trade receivables:		
Over 120 days	440	491
Total	<u>440</u>	<u>491</u>

The allowance on trade receivables is based on individual accounts totalling \$440,000 (2017: \$491,000) that are determined to be impaired at the end of reporting year. These are unsecured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivable customers at the end of reporting year:

	Group	
	2018	2017
	\$'000	\$'000
Top 1 customer	<u>6,487</u>	<u>7,386</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 35. Financial instruments: information on financial risks (cont'd)

### 35E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year \$'000	2 - 5 years \$'000	Total \$'000
<u>2018:</u>			
<u>Non-derivative financial liabilities:</u>			
Gross borrowings commitments	12,811	13,765	26,576
Trade and other payables	4,863	–	4,863
At end of the year	<b>17,674</b>	<b>13,765</b>	<b>31,439</b>
<u>2017:</u>			
<u>Non-derivative financial liabilities:</u>			
Gross borrowings commitments	14,453	13,693	28,146
Trade and other payables	5,593	–	5,593
At end of the year	<b>20,046</b>	<b>13,693</b>	<b>33,739</b>
Company	Less than 1 year \$'000	2 - 5 years \$'000	Total \$'000
<u>2018:</u>			
<u>Non-derivative financial liabilities:</u>			
Gross borrowings commitments	8,607	13,707	22,314
Trade and other payables	1,085	–	1,085
Financial guarantee contracts	13,728	–	13,728
At end of the year	<b>23,420</b>	<b>13,707</b>	<b>37,127</b>
<u>2017:</u>			
<u>Non-derivative financial liabilities:</u>			
Gross borrowings commitments	8,882	13,548	22,430
Trade and other payables	987	–	987
Financial guarantee contracts	14,032	–	14,032
At end of the year	<b>23,901</b>	<b>13,548</b>	<b>37,449</b>

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 35. Financial instruments: information on financial risks (cont'd)

### 35E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Financial guarantee contracts – For financial guarantee contracts the maximum earliest period in which the guarantee could be called is used. At the end of the reporting year, no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities:

Company	Less than 1 year \$'000	2 - 5 years \$'000	Total \$'000
<u>2018</u>			
Financial guarantee contracts – in favour of subsidiaries	13,728	–	13,728
Total	<u>13,728</u>	<u>–</u>	<u>13,728</u>
<u>2017</u>			
Financial guarantee contracts – in favour of subsidiaries	14,032	–	14,032
Total	<u>14,032</u>	<u>–</u>	<u>14,032</u>

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 120 (2017: 30 to 120 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

### 35F. Interest rate risk

The interest rate risk exposure is from changes in fixed rate and floating interest rates. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Financial assets:</u>				
Floating rate	1,425	2,448	1,139	1,276
Total at end of the year	<u>1,425</u>	<u>2,448</u>	<u>1,139</u>	<u>1,276</u>
<u>Financial liabilities:</u>				
Fixed rate	148	294	–	32
Floating rate	23,448	24,933	19,336	19,498
Total at end of the year	<u>23,596</u>	<u>25,227</u>	<u>19,336</u>	<u>19,530</u>

The interest rates are disclosed in the respective notes.

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 35. Financial instruments: information on financial risks (cont'd)

### 35F. Interest rate risk (cont'd)

Sensitivity analysis:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Financial assets:</u>				
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would change pre-tax loss for the year by	14	24	11	13
<u>Financial liabilities:</u>				
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would change pre-tax loss for the year by	<b>236</b>	252	<b>193</b>	195

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

### 35G. Foreign currency risk

Analysis of amounts denominated in non-functional currencies:

Group	US Dollar \$'000	Hong Kong Dollar \$'000	Ringgit Malaysia \$'000	China Renminbi \$'000	Total \$'000
<u>2018:</u>					
<u>Financial assets:</u>					
Cash and bank balances	1,179	1	57	28	1,265
Loans and receivables	1,138	–	14	1	1,153
Total financial assets	<b>2,317</b>	<b>1</b>	<b>71</b>	<b>29</b>	<b>2,418</b>
<u>Financial liabilities:</u>					
Trade and other payables	(201)	(41)	(61)	(242)	(545)
Total financial liabilities	<b>(201)</b>	<b>(41)</b>	<b>(61)</b>	<b>(242)</b>	<b>(545)</b>
Net financial assets/(liabilities) at end of the year	<b>2,116</b>	<b>(40)</b>	<b>10</b>	<b>(213)</b>	<b>1,873</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 35. Financial instruments: information on financial risks (cont'd)

### 35G. Foreign currency risk (cont'd)

Group	US Dollar \$'000	Hong Kong Dollar \$'000	Ringgit Malaysia \$'000	China Renminbi \$'000	Total \$'000
<u>2017:</u>					
<u>Financial assets:</u>					
Cash and bank balances	1,246	2	377	–	1,625
Loans and receivables	1,090	–	–	–	1,090
Total financial assets	<u>2,336</u>	<u>2</u>	<u>377</u>	<u>–</u>	<u>2,715</u>
<u>Financial liabilities:</u>					
Trade and other payables	(148)	(54)	(8)	(119)	(329)
Total financial liabilities	<u>(148)</u>	<u>(54)</u>	<u>(8)</u>	<u>(119)</u>	<u>(329)</u>
Net financial assets/(liabilities) at end of the year	<u>2,188</u>	<u>(52)</u>	<u>369</u>	<u>(119)</u>	<u>2,386</u>

Company	US Dollar \$'000	Ringgit Malaysia \$'000	Total \$'000
<u>2018:</u>			
<u>Financial assets:</u>			
Cash and bank balances	991	53	1,044
Loans and receivables	–	14	14
Total financial assets	<u>991</u>	<u>67</u>	<u>1,058</u>
<u>2017:</u>			
<u>Financial assets:</u>			
Cash and bank balances	1,036	258	1,294
Loans and receivables	17	17	34
Total financial assets	<u>1,053</u>	<u>275</u>	<u>1,328</u>

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis – A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the following currencies with all other variables held constant would have (an adverse)/a favourable effect on loss before tax of:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
United States Dollars	(212)	(219)	(99)	(105)
Hong Kong Dollars	4	5	–	–
Ringgit Malaysia	(1)	(37)	(7)	(27)
China Renminbi	<u>21</u>	<u>12</u>	<u>–</u>	<u>–</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 35. Financial instruments: information on financial risks (cont'd)

### 35G. Foreign currency risk (cont'd)

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure. The analysis above has been carried out on the basis that there are no hedged transactions.

## 36. Items in profit or loss

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges:

	Group	
	2018 \$'000	2017 \$'000
Fees on audit services to independent auditors:		
- Company's independent auditor	154	151
- Other independent auditor	10	10
Total	<b>164</b>	<b>161</b>
Other fees to independent auditors:		
- Company's independent auditor	41	-
- Other independent auditor	4	4
Total	<b>45</b>	<b>4</b>

## 37. Changes and adoption of financial reporting standards

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 7	Amendments to FRS 7: Disclosure Initiative
FRS 12	Amendments to FRS 12: Recognition of Deferred Tax Assets For Unrealised Losses
FRS 112	Amendments to FRS 112: Disclosure of Interests in Other Entities



# NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2018

## 38. New or amended standards in issue but not yet effective

For the future reporting years new or revised Singapore Financial Reporting Standards (International) and the related Interpretations to SFRS(I)s ("SFRS(I) INT") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)	1 January 2018
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers	1 January 2018
SFRS(I) 16	Leases and Leases - Illustrative Examples & Amendments to Guidance on Other Standards	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019

The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year except as disclosed below:-

SFRS(I) 16 Leases effective for annual periods beginning on or after 1 January 2019 replaces FRS 17 and the related interpretations. Almost all leases will be brought onto lessees' statements of financial position under a single model (except leases of less than 12 months and leases of low value assets). Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained.

Based on a preliminary assessment, the standard will affect primarily the accounting for the group's operating leases. The group's operating leases (Note 33) are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under SFRS(I) 16, the group will need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability, and depreciation on the right-of-use asset will be recognised in profit or loss. The group's assets and liabilities will increase, and the timing of expenses recognition will also be impacted as a result.

As discussed in Note 33, the group's future minimum lease payments under non-cancellable operating leases for its offices, warehouse, stores, retail outlets and office equipment amounted to approximately \$49,299,000 as at 31 March 2018. The leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once SFRS(I) 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition relief is available to the group.

## 39. Comparative figures

Certain comparative figures have been reclassified to conform to current year's presentation. These are not significant.

# STATISTICS OF SHAREHOLDINGS

AS AT 22 JUNE 2018

## SHARE CAPITAL

Issued and fully paid capital	– S\$23,399,825.76	Class of shares	– Ordinary shares
Total number of shares in issue	– 63,106,209 (including treasury shares and subsidiary holdings)	Voting rights	– 1 vote per share
Number of treasury shares	– 7,800	Number of subsidiary holdings held	– Nil
% of the aggregate number of treasury shares and subsidiary holdings held against the total number of issued shares in issue (excluding treasury shares and subsidiary holdings) - 0.01%			

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 52.24% of the issued ordinary shares of the Company were held in the hands of the public as at 22 June 2018 and therefore Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

## DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	2	0.39	91	0.00
100 – 1,000	344	66.80	205,519	0.32
1,001 – 10,000	101	19.61	333,200	0.53
10,001 – 1,000,000	54	10.48	8,206,692	13.01
1,000,001 and above	14	2.72	54,352,907	86.14
<b>TOTAL</b>	<b>515</b>	<b>100.00</b>	<b>63,098,409</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

S/N	Name of Shareholders	Shares Held	%
1	THANG TECK JONG	17,360,385	27.51
2	PHILLIP SECURITIES PTE LTD	12,815,620	20.31
3	CITIBANK NOMINEES SINGAPORE PTE LTD	3,600,600	5.71
4	YANGTZEKIANG GARMENT LIMITED	2,543,982	4.03
5	NEO GIM KIONG	2,431,200	3.85
6	TAN HIAN TSIN	2,343,000	3.71
7	CHAN WING TO	2,149,818	3.41
8	MAYBANK KIM ENG SECURITIES PTE LTD	1,935,000	3.07
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,815,000	2.88
10	HO HEE TONG	1,705,800	2.70
11	RONALD MENON A/L R.K.MENON	1,594,600	2.53
12	KONG LING TING @ KANG LING TING	1,485,000	2.35
13	HOE KEE KOK	1,411,902	2.24
14	NG THIAM CHIN (HUANG TIANJIN)	1,161,000	1.84
15	TAN AH KOW @ TAN AH LECK	900,600	1.43
16	RAFFLES NOMINEES (PTE) LTD	600,600	0.95
17	TAY CHOON LOKE	600,000	0.95
18	LEO YUI MEOW	570,000	0.90
19	LIM ANDY	529,200	0.84
20	DBS NOMINEES PTE LTD	505,200	0.80
	<b>TOTAL</b>	<b>58,058,507</b>	<b>92.01</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 22 JUNE 2018

## SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Thang Teck Jong <sup>(1)</sup>	17,360,385	27.51	9,653,400	15.30
Kong Ling Ting @ Kang Ling Ting <sup>(2)</sup>	1,485,000	2.35	1,800,000	2.85

### Notes:

- (1) Thang Teck Jong is deemed to be interested in 8,168,400 shares registered in the name of nominee accounts, namely Phillip Securities Pte Ltd, Citibank Nominees Singapore Pte Ltd, Maybank Kim Eng Securities Pte Ltd and United Overseas Bank Nominees (Private) Limited (jointly held by him and his spouse, Kong Ling Ting @ Kang Ling Ting). He is also deemed to be interested in 1,485,000 shares held by his spouse, Kong Ling Ting @ Kang Ling Ting.
- (2) Kong Ling Ting @ Kang Ling Ting is deemed to be interested in 1,800,000 shares registered in the name of a nominee account, United Overseas Bank Nominees (Private) Limited (jointly held by her and her spouse, Thang Teck Jong).

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“**AGM**”) of TRAVELITE HOLDINGS LTD. (the “**Company**”) will be held at 53 Ubi Avenue 3, Travelite Building, Singapore 408863 on Friday, 27 July 2018 at 10.00 a.m., for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Statement by Directors and Audited Financial Statements for the financial year ended 31 March 2018 together with the Independent Auditor’s Report thereon. **(Resolution 1)**
2. To approve the payment of Directors’ fees of S\$65,000 for the financial year ended 31 March 2018 (2017: \$65,000). **(Resolution 2)**
3. To re-elect Mr Thang Teck Jong, a Director retiring pursuant to Regulation 107 of the Company’s Constitution. (see explanatory note 1) **(Resolution 3)**
4. To re-elect Mr Foong Daw Ching, a Director retiring pursuant to Regulation 107 of the Company’s Constitution. (see explanatory note 2) **(Resolution 4)**
5. To re-appoint RSM Chio Lim LLP as 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 resolutions (with or without amendments) as Ordinary Resolutions:

6. That pursuant to Section 161 of the Companies Act, Chapter 50 (“**Companies Act**”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Directors be authorised and empowered to: **(Resolution 6)**
  - (a) (i) allot and issue shares in the share capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may at 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 Instruments made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to existing members of the Company does not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

# NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
- (a) new Shares arising from the conversion or exercise of convertible securities;
  - (b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or 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;
- (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), the Companies Act and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

*(see explanatory note 3)*

7. That:

**(Resolution 7)**

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the Directors be authorised to exercise all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) market purchases (each a “**Market Purchase**”) on the 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 as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,
- and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the “**Share Buy Back Mandate**”);
- (b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;
- (c) unless varied or revoked by the Company at general meeting, the authority conferred on the Directors pursuant to the Share Buy Back 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 earliest of:
- (i) the date on which the next AGM of the Company is held or is required by law to be held;

# NOTICE OF ANNUAL GENERAL MEETING

- (ii) the date on which the share buy back is carried out to the full extent mandated; or
- (iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;

(d) for purposes of this Resolution:

“Prescribed Limit” means 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding treasury shares and subsidiary holdings);

“Relevant Period” means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase: 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, before the day on which the Market Purchase was made or, as the case may be, the day of making of the offer for an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period;

“day of making of the offer” means the day on which the Company makes an offer for the purchase or acquisition of Shares from members of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“market day” means a day on which the SGX-ST is open for trading in securities, and

- (e) any of the Directors be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution.

*(see explanatory note 4)*

8. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Wee Woon Hong  
Lee Li Erh  
Company Secretaries

12 July 2018  
Singapore

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

1. Mr Thang Teck Jong will, upon re-election as a Director, remain as the Executive Chairman of the Board of Directors of the Company.
2. Mr Foong Daw Ching will, upon re-election as a Director, remain as the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee of the Company. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
3. Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company at a general meeting, whichever is earliest, 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), of which up to 20% may be issued other than on a pro rata basis to existing members of the Company.
4. Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors, from the date of the AGM until the date the next AGM is to be held or is required by law to be held, whichever is the earlier, to make purchases (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 Shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate are set out in greater detail in the Addendum accompanying this notice.

## Notes:

- (i) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in the instrument of proxy.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than one proxy, the number of Shares in relation to which each proxy has been appointed shall be specified in the instrument of proxy.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act.

- (ii) A proxy needs not be a member of the Company.
- (iii) The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 53 Ubi Avenue 3, Travelite Building, Singapore 408863 not less than 48 hours before the time appointed for holding the AGM.
- (iv) The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
- (v) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.

## Personal Data Privacy:

“**Personal data**” in this notice of AGM has the same meaning as “personal data” in the Personal Data Protection Act 2012, which includes the member's name and its proxy's and/or representative's name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. The member's personal data and its proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

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# TRAVELITE HOLDINGS LTD.

(Company Registration Number 200511089K)  
(Incorporated in the Republic of Singapore)

## ANNUAL GENERAL MEETING PROXY FORM

### IMPORTANT

- Investors who hold shares under the Central Provident Fund Investment Scheme ("**CPF Investors**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and vote at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, such CPF and SRS Investors shall be precluded from attending the AGM.
- This instrument of proxy is not valid for use by the CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We\*, \_\_\_\_\_ (Name) (NRIC/Passport/Registration Number) \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member/members\* of TRAVELITE HOLDINGS LTD. (the "**Company**") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholding	
		Number of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholding	
		Number of Shares	%
Address			

or failing him, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our\* proxy/proxies\* to attend and vote for me/us\* on my/our\* behalf at the AGM of the Company to be held at 53 Ubi Avenue 3, Travelite Building, Singapore 408863 on Friday, 27 July 2018 at 10.00 a.m. and at any adjournment thereof.

I/We\* direct my/our\* proxy/proxies\* to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies\* will vote or abstain from voting at his/their\* discretion, as he/they\* will on any other matter arising at the AGM and at any adjournment thereof.

NO.	RESOLUTIONS	FOR**	AGAINST**
	<b>ORDINARY BUSINESS</b>		
1.	To receive and adopt the Statement by Directors and Audited Financial Statements for the financial year ended 31 March 2018 together with the Independent Auditor's Report thereon		
2.	To approve the payment of Directors' fees of S\$65,000 for the financial year ended 31 March 2018		
3.	To re-elect Mr Thang Teck Jong as a Director of the Company		
4.	To re-elect Mr Foong Daw Ching as a Director of the Company		
5.	To re-appoint RSM Chio Lim LLP as auditor of the Company and to authorise the Directors to fix its remuneration		
	<b>SPECIAL BUSINESS</b>		
6.	To authorise the Directors to allot and issue new shares and convertible securities		
7.	To approve the renewal of Share Buy Bank Mandate		

\* Delete accordingly

\*\* If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [v] within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please insert the relevant number of shares in the boxes provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

Total number of Shares in	Number of Shares
(a) Depository Register	
(b) Register of Members	

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

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



**Notes:**

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he 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 the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in this instrument of proxy. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.  
  
(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in this instrument of proxy.

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

3. A proxy needs not be a member of the Company.
4. This instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 53 Ubi Avenue 3, Travelite Building, Singapore 408863 not less than 48 hours before the time appointed for holding the AGM. The appointment of a proxy or proxies shall not preclude a member from attending and voting in person at the AGM. If a member attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.
5. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
6. Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notorially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
7. A corporation which is a member may authorise by a 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.
8. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting this instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 12 July 2018.



**pierre cardin**

**DELSEY**  
PARIS



**TRAVELITE HOLDINGS LTD**  
COMPANY REGISTRATION NO.: 200511089K

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