KLW HOLDINGS LIMITED

ANNUAL REPORT 2019

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

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

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

CORPORATE **PROFILE**

KLW is an investment holding company with two core businesses in :

Door Manufacturing and Distribution	Property Investment and Property Development
	

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

OUR BUSINESSES

Door Manufacturing and Distribution

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

Our door business operates in the following bases:

Malaysia

Manufacturing Operations:

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

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

Singapore

Project Management and Installation:

39 Kaki Bukit Industrial Terrace
Singapore 416119

China

Manufacturing Operations:

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

OUR BUSINESSES

Property Investment and Property Development

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

~Lincoln Square Carlton, Australia

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

This is a property situated in the vicinity of the renowned Melbourne University. Its proximity to Melbourne's CBD area has rendered it suitable for various types of re-development. The Property is freehold and has a built-up area of approximately 3,745 square metres sitting on land area of approximately 906 square metres.

The Group has obtained the planning permit from Melbourne City Council on 30 April 2019 for partial demolition and buildings and works including the construction of a multi storey development for use as dwellings and retail.

~ South Jakarta, Indonesia

Jalan RA. Kartini No. 18, Jakarta, Indonesia

The land is located in a prime district of South Jakarta which is surrounded with well-developed infrastructure and future MRT track and depot. In addition, it is complimented by existing amenities such as shopping mall, international school and affluent neighbourhood. The Group has completed the acquisition of the land with an aggregate area of approximately 7,913 square metres and the focus is to achieve potential upside through development of the land.

KLW GROUP **STRUCTURE**

KLW Holdings Limited
(Singapore)

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

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

A perfect storm seems to be brewing in the world of business today, keeping many companies on their toes and disrupting even the most well-thought-out growth plans.

The escalating trade war between the United States and China, Britain's knotty separation from the European Union, and mounting geopolitical tensions in the Middle East following recent attacks on several oil tankers in the Gulf of Oman are but some of the issues companies worldwide have been forced to deal with.

These events are taking a toll on business and consumer sentiment globally, even threatening to derail economic growth. As a company that exports to markets internationally, KLW Holdings Limited ("**KLW**") has not been spared the fallout.

For the financial year ended 31 March 2019 ("**FY2019**"), our Doors business, which traditionally gets most of its revenue from the United Kingdom, achieved lower sales amid lingering concerns over Britain's impending departure from the European Union. Meanwhile, raw materials we acquire from the United States for use in our China factory became costlier due to the tariffs arising from the trade war.

Against this backdrop, making headway in business has not been easy. Do we sit still and wait for the current uncertainty to lift? Or do we go against the tide and seize every and any opportunity that comes our way, hoping for the best outcome? Is there a middle ground between these two options? How can we best navigate our operating environment?

These are questions we ask ourselves constantly. Unfortunately, there are no straightforward answers as many of the challenges we are faced with are beyond our control.

That said, we prefer to see the glass as half full rather than half empty. Indeed, we believe there is still a lot more we can offer as an established manufacturer of high-quality doors, which we sell all over the world. As an aspiring property developer, we are also actively exploring opportunities to enlarge our real estate portfolio with a view to developing an additional stream of income to help improve our bottom line.

CHAIRMAN'S STATEMENT

Reinforcing our Fundamentals

For these reasons, we spent much effort in FY2019 reinforcing our fundamentals even as we sought to grow both the Doors and Property businesses. Our belief is that as long as our foundation is strong, we can withstand any challenge that comes our way and even emerge from it stronger. Our focus in FY2019 was therefore on building on what we had started a few years ago – streamlining operational efficiencies, making better use of our resources and strengthening our balance sheet. Allow me to elaborate.

As I have mentioned, higher tariffs from the trade war have raised the cost of our US-sourced raw materials, making production at our factory in China's industrial city of Dongguan more expensive. To mitigate some of these cost pressures, we stepped up efforts to finetune work processes and optimise existing resources in China. This has paid off, as can be seen in our lower cost of sales and higher gross profit margins in FY2019.

Notwithstanding higher raw material costs, our Dongguan factory will continue to have a key role in KLW's future. Indeed, many of our customers appreciate the quality of our made-in-China doors. This is a testament to the efforts we put in over the years to ensure that products coming out from our factory floor are in tip-top condition before they are shipped out. Our plant in Dongguan is now also better placed to meet stricter environmental regulations in China.

In Malaysia, we own a 60-year leasehold factory in Johor that was upgraded in 2017 and early 2018 with new machines and equipment. Following the upgrading, the plant is able to do more with less. Just as an example, shipment from the factory in FY2019 was 25% more than in FY2017 – and that was achieved with a smaller workforce. We had an opening ceremony for the upgraded plant in March 2018.

We have also been looking for other markets that we can buy raw materials from in order to reduce over-dependence on the United States. Our raw materials are typically from suppliers certified by the Forest Stewardship Council ("**FSC**"), an international non-profit organisation that promotes responsible management of the world's forests. FSC sets standards on forest products and determines if they are eco-friendly. All exports to home improvement and do-it-yourself chain stores in Europe require FSC certification.

We also made progress in our legal proceedings against Chan Ewe Teik Michael ("**Chan**") and his company Straitsworld Advisory Limited ("**Straitsworld**"). To recap, an amount of S$7 million was paid by KLW to Straitsworld in 2014 as a commitment fee for a term sheet that was entered into without the approval of KLW's then board of directors. After having spent substantial time and resources in recent years on this case, we managed to recover from Chan S$3.82 million so far and, as disclosed on 21 May 2019, expect him to pay the remaining S$4.05 million by the end of 2019.

The monies recovered will further strengthen our balance sheet. This will come in handy as we pursue more business opportunities. As at 31 March 2019, we were in a net cash position with S$16.47 million in cash and cash equivalents and S$4.09 million in borrowings.

Headway in Real Estate

When we first announced our foray into the property market in Indonesia in 2017, we could not wait to hit the ground running as we saw immense potential in being a landlord and developer in Jakarta. But as real estate was, and still is, a new area of focus for us, we also knew we had to be thoroughly prepared for any surprises or hurdles. This meant we could not afford to rush things through.

It has taken us about two years since then to secure land in Jakarta. While this might seem long, it was necessary as there was a lot of administrative work involved in getting the relevant permits and certifications before ownership of the land parcels could finally be transferred to us. As announced

CHAIRMAN'S **STATEMENT**

on 13 May 2019, our 65%-owned joint venture, PT Ambertree Development Jakarta ("**PTADJ**"), has completed the acquisition of the 15 adjacent land parcels, which have a combined area of 7,913 m^2.

We think the entire process was worth the wait – the acquisition was carried out in three tranches – as we managed to cover all our bases and are now proud owners of a slice of prime real estate in South Jakarta.

We are still as expectant today as we were in 2017 as we believe our plans to turn the land into a residential development with retail and commercial spaces will yield handsome rewards in the years ahead. The site is near a station of the Jakarta Mass Rapid Transit, Indonesia's first subway system, which began operation in March 2019.

We will tap the expertise of PT Codefin, a Jakarta-focused property developer which owns the remaining 35% of PTADJ, to realise our goal. PT Codefin develops all categories of real estate, including residential, office, retail and hospitality.

Over in Melbourne, home to our other real estate project, we have put in all the paperwork required by the Melbourne City Council for the proposed redevelopment of Lincoln Square Carlton, which we acquired in 2015 for A$12.52 million. Lincoln Square Carlton is a five-storey freehold office building with a land area of 906 m^2. In April this year, we were granted a planning permit, which came with certain terms and conditions. We are now carrying out feasibility studies to determine the best commercial option for this property.

Looking Ahead

Designing, manufacturing and selling high-quality doors will remain our bread and butter even as we endeavour to expand our nascent Property business. As I have mentioned, there is still a lot more we can offer as a door specialist, in spite of the current challenging operating environment. I would like to briefly share with you some of our plans for the current financial year ending 31 March 2020 ("**FY2020**").

We will be expanding our product range in FY2020. Specifically, we see demand going up for fire-rated doors. In the United Kingdom, our biggest market by revenue, there has been growing public pressure on the government to ensure that fire-rated doors, among other things, are up to the mark after a massive fire in 2017 at Grenfell Tower claimed more than 70 lives. Hundreds were also left homeless after Grenfell Tower, a 24-storey residential tower block in North Kensington in West London, was razed to the ground.

We will also renew our focus on the United States as an export market. Revenue from the United States has not been significant in recent years, owing to factors including stiff competition. Now, however, we believe we have a chance to crack this market as we have spent time studying it. We have already shortlisted some wholesalers there to work with.

All products earmarked for sale in the United States will be manufactured at our Johor factory to avoid the punitive tariffs from the trade war. With our upgraded plant in Johor, we are now better placed to meet the requirements of potential customers from the United States and even upsell to them various products.

At the same time, we will continue to work closely with existing customers, many of whom have been with us for a long time, to develop new models and explore designs that are more economical but which do not compromise on quality.

Acknowledgements

On behalf of my fellow board directors, I would like to appeal for your continued support as we continue to forge ahead for the rest of FY2020 and beyond. The journey thus far has been bumpy and the broad outlook for the foreseeable future appears uncertain. But I believe that with your support and the effort we have already put in to reinforce our foundation, we will not only overcome the challenges that come our way but also go on to achieve what we have set out for this company. Thank you for your patience and understanding and I look forward to seeing you at the upcoming AGM.

Pengiran Muda Abdul Qawi
Non-Executive Chairman
July 2019

OPERATIONAL AND FINANCIAL **REVIEW**

Gross profit more than doubled to S$5.09 million in FY2019 from S$2.17 million in FY2018 as the decline in cost of sales outpaced the slide in revenue.

Revenue

For the financial year ended 31 March 2019 ("**FY2019**"), revenue slipped 9% to S$30.30 million from S$33.31 million in the previous year ("**FY2018**") as export sales for the Doors business declined across all geographical markets. There were no revenue contributions from the Property business in FY2019 as the Group's current two projects, in Melbourne and Jakarta, have yet to be developed.

Cost of Sales

With the lower revenue, cost of sales decreased 19% to S$25.20 million in FY2019 from S$31.13 million in FY2018. Lower back charges from project installations and a reversal of provision of S$0.40 million for stock obsolescence also contributed to the decline in cost of sales.

Gross Profit

Gross profit more than doubled to S$5.09 million in FY2019 from S$2.17 million in FY2018 as the decline in cost of sales outpaced the slide in revenue. This resulted in a higher gross margin of 17%, compared to 7% in the previous year. Specifically, the margin improvement was due to higher yield in raw materials usage, lower back-charges from project installations, and a reversal of provision for stock obsolescence.

Interest Income

Interest income declined 58% to S$0.18 million from S$0.44 million due to lower fixed deposits in FY2019.

Reversal of Impairment Loss on Other Receivables

The reversal of an impairment loss of other receivables of S$3.75 million was due to the partial recovery of the legal claims initiated by the Company against Chan Ewe Teik Michael.

Expenses

Selling and distribution expenses decreased 25% to S$0.73 million from S$0.97 million due to lower commission payment, travel expenses and an absence of exhibition expenses.

Administrative expenses fell 10% to S$9.28 million from S$10.31 million on lower unrealized foreign-exchange losses, lower legal fees incurred and lower allocation of social security fund contributions in China.

Finance costs declined 63% to S$0.21 million from S$0.57 million due to savings of S$0.33 million in interest payable to Koperasi Permodalan Felda Malaysia Berhad ("**Felda**") following the completion of the Group's acquisition of the remaining 30% share capital of KLW Resources Sdn. Bhd. from Felda in February 2018.

The Group incurred tax expenses of S$0.51 million in FY2019 for tax payable on profits from its subsidiary in Malaysia. It enjoyed a tax credit of S$0.82 million in FY2018 following a reversal of a tax provision.

OPERATIONAL AND FINANCIAL REVIEW

Bottom Line

Notwithstanding the lower revenue, the Group narrowed its losses to S$1.49 million in FY2019 from S$8.02 million in FY2018. The smaller loss was due mainly to the higher gross profit and other income.

Balance Sheet Highlights

Non-Current Assets

Property, plant and equipment decreased 6% to S$17.55 million as at 31 March 2019 from S$18.67 million as at 31 March 2018. This was mainly due to depreciation and the disposal of two units of residential properties in Vietnam.

Current Assets

Prepayments, trade and other receivables rose 21% to S$7.8 million as at 31 March 2019 from S$6.4 million as at 31 March 2018. The increase was mainly due to the reversal of an impairment loss of other receivables from the partial recovery of the legal claims initiated by the Company against Chan Ewe Teik Michael offset against a refund of the prepaid value added tax from the first tranche of land purchase in Indonesia.

Inventories decreased 18% to S$5.39 million as at 31 March 2019 from S$6.59 million as at 31 March 2018 mainly due to better utilisation of raw materials.

Assets held for sale of S$5.82 million as at 31 March 2018 were reclassified to assets of disposal group classified as held for sale of S$6.97 million as at 31 March 2019. This refers to the assets held by Key Bay Furniture Co., Ltd in Vietnam as at 31 March 2019 instead of the net book value of its factory building as at 31 March 2018.

Non-Current Liabilities

Deferred income of S$0.01 million as at 31 March 2019 comprised grants related to fixed assets improvement in the Group's China subsidiary.

Deferred tax increased 52% to S$1.38 million as at 31 March 2019 from S$0.91 million as at 31 March 2018 due to an under-provision in the previous year, followed by a reduction in unabsorbed capital allowances and an increase in temporary difference arising from book value over tax value of Property, plant and equipment.

Current Liabilities

Trade and other payables increased 20% to S$6.41 million as at 31 March 2019 from S$5.34 million as at 31 March 2018 mainly due to deposits received for the proposed disposal of Key Bay Furniture Co., Ltd in Vietnam.

Borrowings decreased 34% to S$0.97 million as at 31 March 2019 from S$1.48 million as at 31 March 2018. This was mainly due to lower import loans outstanding for the Doors business. Liabilities directly associated with the disposal group classified as held-for-sale refer to the liabilities held by Key Bay Furniture Co., Ltd in Vietnam as at 31 March 2019.

Equity

Total equity slipped 2% to S$83.75 million as at 31 March 2019 from S$85.39 million as at 31 March 2018 mainly due to the loss incurred in FY2019.

Cash Flow Review

Net cash generated from operating activities in FY2019 was S$0.30 million. In contrast, the Group used net cash of S$32.23 million for operations in FY2018. Net cash generated from FY2019 was mainly due to changes in working capital for inventories, receivables and payables.

Net cash generated from investing activities for FY2019 amounted to S$1.33 million, compared to S$31.85 million for FY2018. Net cash generated from FY2019 was mainly from the deposit received for the disposal of a group held for sale and from the recovery of certain commitment fees from Chan Ewe Teik Michael.

Net cash of S$0.78 million was used in financing activities for FY2019, compared to S$11.77 million for FY2018. The net cash used in FY2019 was mainly for the net payment of import loans for the Doors business.

As a result of the above, the Group's net cash and cash equivalents amounted to S$16.47 million as at 31 March 2019, slightly more than the S$15.47 million as at 31 March 2018.

BOARD OF DIRECTORS

Pengiran Muda Abdul Qawi
Non-Executive Chairman

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

Wong Gloria
Executive Director

Ms Gloria Wong was appointed as an Executive Director of the Company on 1 August 2016 and was re-elected on 27 July 2018. She also serves as an Executive Director of Prosperity International Holdings (H.K.) Limited. Ms Wong is currently responsible with the Group's Property Business, strategy and business development. She is also assisting in the implementation of decisions and policies approved by the Board. Ms Wong graduated from Queen Mary College, University of London with a Bachelor's degree in Economics and Finance and from King's College London with a Master's degree in International Management.

Lam Chi Yun, Terence
Executive Director

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

Lam Kwan, Linda
Executive Director

Ms Lam was appointed as an Executive Director of the Company on 1 August 2016 and was re-elected on 28 July 2017. She is currently a Director of various companies from Hong Kong, Macau, The Mainland China and Canada, including Great Harvest (Holdings) Ltd. and Union Apex Mega Shipping Limited. Ms Lam is currently involved in the strategic planning for the Company. She brings more than 22 years of experience in the field of finance, administrative management and business operations to her publicly listed companies. She is the Chief Executive Officer of Great Harvest Maeta Group Holdings Ltd. and the Director of Adex Mining Inc. With an extensive experience in the field of steel and marine transportation industries, she is currently the Director of Hong Kong Energy and Minerals United Associations International Limited and Hong Kong Shipowners Associations. Besides her business management, she is also the Vice Chairman of Pok Oi Hospital, where she commits substantial time and effort to help the community and the people in need. Ms Lam graduated with a Bachelor's Degree in English for Finance from Dongbei University of Finance and Economics.

BOARD OF DIRECTORS

Mark Leong Kei Wei
Independent Director

Mr Leong was appointed as an Independent Director on 19 September 2017 as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and was re-elected on 27 July 2018. He presently serves as an Independent Director and Audit Committee Chairman of two SGX listed companies (including KLW Holdings Limited). He is currently the Chief Operating Officer of a SGX listed drilling equipment and engineering solutions provider for the oil & gas industry. Prior to this, in 2012, he was the Vice President (Finance and Investment) of a family office, where he managed investments and identified investment opportunities and exit strategies. In 2010, Mr Leong held the dual role of Chief Development Officer and Deputy CEO of an ASX listed group. Between 2002 and 2009, he undertook CFO roles in two SGX listed companies and prior to that, he was an auditor with a Big Four firm. Mr Leong is a fellow of the Association of Chartered Certified Accountants (ACCA), a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA) and a Member of the Singapore Institute of Directors (SID).

Chan Ka Kin Kevin
Independent Director

Mr Chan was appointed as an Independent Director on 7 September 2016 and was re-elected on 28 July 2017. He is currently the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He is currently the Chairman and Executive Director of KOS International Holdings Limited and brings more than 10 years of experience in the area of corporate recruitment and executive searches industry in Hong Kong and China.

Lim Han Siang Peter
Independent Director

Mr Lim was appointed as an Independent director on 7 September 2016 and was re-elected on 27 July 2018. He is currently the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Mr Lim is currently the Chairman of Asia Capital Pioneers Group and hold directorship, managerial and/or advisory roles in MoovPay Group, Society Pass Incorporated and ICTX Pte Ltd. Prior to that, he has worked in Standard Chartered Bank (Hong Kong) Limited as a Managing Director, as well as in ExxonMobil, HSBC and United Overseas Bank. In total, he brings to the Company more than 27 years of experience in the corporate world and banking especially in the area of business development and capital raising in Asia. Mr Lim holds a Bachelor degree (Dean's List) in Business Administration from the National University of Singapore.

KEY MANAGEMENT

Huang Dong Sheng
Chief Operating Officer

Mr Huang was appointed as Chief Operating Officer on 1 September 2018. He is responsible for the management and operation of the Door Business. He has approximately 29 years of experience in the wood industry. Prior to joining the Group, he was a Director of Steed Oriental (Holdings) Company Limited which is listed on the Hong Kong Stock Exchange. Mr Huang completed Business Course I of the Department of Management in Tokyo School of Business.

Albert Tan Sai Beng
Chief Marketing Officer

Mr Albert Tan was re-designated from Chief Operating Officer to Chief Marketing Officer on 1 September 2018. He is now in charge of the marketing and business development for the Group's Door Business. He has more than 21 years' of experience in various industries such as fashion and furniture retailing, building material supplies, interior renovation and construction, real estate development, property turnkey management and the hospitality industry. Mr Tan graduated from University of Brunei Darussalam in 1997 majoring in Business Management and Marketing.

Koh Poh Yeok
Group Financial Controller

Ms Koh was appointed as Group Financial Controller on 1 September 2018. She is responsible for the Group's accounting, finance, compliance, internal control and other regulatory requirements. She has more than 20 years of working experience in corporate accounting and finance management. Prior to joining the Group, she was the Group Financial Controller with a leading frozen foods manufacturer in Singapore and Chief Financial Officer of a public listed company. Ms Koh graduated from the National University of Singapore with a Bachelor of Accountancy Degree and a Master of Business Administration Degree from University of Leicester, United Kingdom.

Ananthan Muniandy
General Manager for Door Business – Malaysia

Mr Ananthan joined the Group's Door Business in Malaysia in 2005. He has worked in various departments and held various appointments such as Quality Manager, Production Manager and Factory Manager and was promoted to General Manager in 2017. He is in charge of the overall management responsibilities for the Malaysia operations. He has more than 20 years of experience in door production in Malaysia. Mr Ananthan graduated with a Diploma in Computer Science from Informatics College.

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

Mr Gordon Yip joined the Group's Door Business in China in 2016 as an Assistant General Manager. He is in charge of the overall management responsibilities for the China operations. Mr Yip has more than 20 years of factory management experience in the Dongguan region of China. Mr Yip graduated with a Diploma of Hospitality Management from TAFE Ryde NSW, Australia.

FINANCIAL **CONTENTS**

REPORT ON **CORPORATE GOVERNANCE**

KLW Holdings Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") has adopted substantially the practices based on the Code of Corporate Governance 2012 (the "**Code**") issued by the Monetary Authority of Singapore on 2 May 2012, which forms part of the continuing obligations of the Listing Manual Section B: Catalist Rules ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") with a view to maximise long-term shareholders' value and protect the interests of the shareholders. This Report describes the Company's corporate governance practices and structures that were in place during the financial year from 1 April 2018 to 31 March 2019 ("**FY2019**") with specific references to principles of the Code. The Company has complied, in all material aspects, with the principles and guidelines of the Code. Where there are deviations from the recommendations of the Code, the Company has provided the reasons and explanations in relation to the Company's practices where appropriate.

The Monetary Authority of Singapore issued a revised Code of Corporate Governance 2018 (the "**Revised Code**") and the accompanying practice guidance. The Revised Code supersedes and replaces the Code and will apply to annual reports covering financial year commencing on or after 1 January 2019. Accordingly, the Company will set out the corporate practices in place to comply with the Revised Code, where appropriate, in the next annual report.

THE BOARD'S CONDUCT OF AFFAIRS

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

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

The principal role of the Board is to:

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

<u>Board approval</u>

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

REPORT ON **CORPORATE GOVERNANCE**

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

- all capital expenditure, acquisitions, investments and divestments exceeding S$500,000, subject to the requirements of the Catalist Rules and the SGX-ST;
- funding decisions relating to operational matters;
- annual plans, budgets, policies, strategies and financial objectives;
- monitoring the performance of management and remuneration of the Executive Directors, Chief Operating Officer, Chief Marketing Officer and key management executives;
- recommending dividends and other returns to shareholders, if appropriate;
- overseeing the framework and processes for evaluating the adequacy of the Group's internal control system (including financial, operational, compliance and information technology risks);
- the Group's quarterly, half-year and full-year financial results announcements; and
- the annual report and accounts for each financial year.

Board and Board Committee meetings

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

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

The following table discloses the number of meetings held for Board and Board committees and the attendance of all Directors in FY2019:

Board members	**Board**		**Audit Committee**		**Remuneration Committee**		**Nominating Committee**	
	Held	Attendance	Held	Attendance	Held	Attendance	Held	Attendance
Pengiran Muda Abdul Qawi	4	2	NA	NA	NA	NA	NA	NA
Wong Gloria	4	4	NA	NA	NA	NA	NA	NA
Lam Chi Yun Terence	4	4	NA	NA	NA	NA	NA	NA
Lam Kwan Linda	4	1	NA	NA	NA	NA	NA	NA
Lim Han Siang Peter	4	4	4	4	1	1	1	1
Chan Ka Kin Kevin	4	2	4	2	1	1	1	1
Mark Leong Kei Wei	4	4	4	4	1	1	1	1

Note:

(1) NA: Not applicable

Delegation by the Board

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

REPORT ON **CORPORATE GOVERNANCE**

These committees established by the Board are:

- Audit Committee (the "**AC**");
- Nominating Committee (the "**NC**"); and
- Remuneration Committee (the "**RC**").

Board Orientation and Training

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

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

All Directors who have no prior experience as directors of a listed company will undergo the necessary training and briefing on the roles and responsibilities of directors of a listed company, in particular, under Rule 406(3)(a) of the Catalist Rules, where the Company appoints a director with no prior experience as a director of a Singapore-listed company, the new appointee would be required to undergo training in the roles and responsibilities of a director of a listed issued as prescribed by the SGX-ST.

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

The Company will identify relevant updates, briefing and training programs for the Directors to attend. The Company shall be responsible for funding the training of the Directors.

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[1]. No individual or small group of individuals should be allowed to dominate the Board's decision making.***

As at the date of this Report, the Board comprises three (3) Executive Directors and four (4) Non-Executive Directors, of whom three (3) are Independent Directors. The current number of Independent Non-Executive Directors of the Company has fulfilled the prevailing Code's requirements during FY2019 that at least one-third of the Board members should comprise independent directors and that no individual or small group of individuals should dominate the Board's decision-making process. The Board is mindful of the requirement

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

for independent directors to make up at least half of the board (Guideline 2.2 of the Code) and the Board is of the view that although the independent directors do not currently make up at least half of the Board but this current situation does not compromise the independence element and the Board is collectively able to exercise objective judgement in relation to the affairs of the Company. The Company is constantly considering its Board composition so as to comply with Guideline 2.2 of the Code.

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

		Board Committee Membership		
Name of Director	**Designation**	**AC**	**NC**	**RC**
Pengiran Muda Abdul Qawi	Non-executive Chairman	–	–	–
Lim Han Siang Peter	Non-executive & Independent Director	Member	Chairman	Member
Mark Leong Kei Wei	Non-executive & Independent Director	Chairman	Member	Member
Chan Ka Kin Kevin	Non-executive & Independent Director	Member	Member	Chairman
Wong Gloria	Executive Director	–	–	–
Lam Chi Yun Terence	Executive Director	–	–	–
Lam Kwan Linda	Executive Director	–	–	–

Currently, the Company does not have any alternate Director on the Board.

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

Each year, the Board reviews its size and composition, taking into account, amongst others, the scope and nature of the Group's business and operations, and the benefits of all aspects of diversity (such as gender, age, educational background and professional experience) in order to provide the Board access to an appropriate range and balance of skills, experience and backgrounds. The NC is of the view that the current Board composition is adequate and provides a diversity of skills, experience and knowledge to the Company. The Directors hold core competencies such as business development, finance, manufacturing and strategic planning experience and such wealth of experience has enhanced the overall quality of the Board. The key information on the Directors is set out in the sections entitiled "Board of Directors", "Directors' Statement" and "Report on Corporate Governance" of the Annual Report 2019.

<u>Board Independence</u>

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

Based on the confirmation of independence submitted by each of the Independent Directors, the NC is of the view that each Independent Director is independent in accordance with Rule 406(3) of the Catalist Rules as the Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past three (3) financial years; or (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the RC.

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

As at the date of this report, there are no Independent Directors who have served on the Board for a period of more than nine (9) years since the date of his first appointment during FY2019.

REPORT ON **CORPORATE GOVERNANCE**

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

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

The Independent Directors also do not receive any remuneration, significant payments or material services payments from the Company and its subsidiaries apart from Directors' fees which are subject to shareholders' approval at an annual general meeting ("**AGM**"). In addition, none of the Independent Directors or his immediate family members are or were 10% shareholders[1] of the Company as defined in the Code.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

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

Pengiran Muda Abdul Qawi is the Non-Executive Chairman of the Board. Currently, there is no Chief Executive Officer of the Company. The Executive Directors of the Company are responsible for managing the Company's business. Further information on the Chairman and Executive Directors can be found in the sections entitiled "Board of Directors", "Directors' Statement" and "Report on Corporate Governance" of the Annual Report 2019. The roles of the Chairman and the Executive Directors are distinct and separate, with a clear division of responsibilities among them to ensure an appropriate balance of power and independent decision making. The Chairman and the Executive Directors are not related to each other.

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

REPORT ON **CORPORATE GOVERNANCE**

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

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 the following members:

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

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

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

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

REPORT ON **CORPORATE GOVERNANCE**

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

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

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

Based on Rule 720(4) of the Catalist Rules, a listed issuer must have all directors submit themselves for re-nomination and re-appointment at least once every three (3) years. Pursuant to the Constitution, one-third of the Directors, including the Managing Director, retire from office at each AGM. The Directors submit themselves for re-election at regular intervals of three (3) years.

The year of initial appointment and last re-election of each Director are set out below(1):-

Director	Date of Initial Appointment	Date of re-election
Pengiran Muda Abdul Qawi	30 September 2014	28 July 2017
Ms Wong Gloria	1 August 2016	27 July 2018
Mr Lam Chi Yun Terence	1 August 2016	28 July 2017
Ms Lam Kwan Linda	1 August 2016	28 July 2017
Mr Mark Leong Kei Wei	19 September 2017	27 July 2018
Mr Lim Han Siang Peter	7 September 2016	27 July 2018
Mr Chan Ka Kin Kevin	7 September 2016	28 July 2017

Note:

(1) Other information on the directors, such as academic and professional qualifications, shareholding in the company and its related corporations, board committees served on (as a member or chairman), directorships or chairmanships both present and those held over the preceding three (3) years in other listed companies, and other principal commitments can be found in the sections entitled "Board of Directors", "Directors' Statement" and "Report on Corporate Governance" of the Annual Report 2019.

After assessing the contribution and performance of the retiring Director, the NC has recommended the re-election of Ms Lam Kwan Linda, Mr Chan Ka Kin Kevin and Pengiran Muda Abdul Qawi, who will be retiring by rotation at the forthcoming AGM under regulation 109 of the Constitution. Subject to being re-elected at the forthcoming AGM, Ms Lam Kwan Linda will remain as Executive Director, Mr. Chan Ka Kin Kevin will remain as Non-executive & Independent Director, Chairman of RC and member of NC and AC, and Pengiran Muda Abdul Qawi will remain as Non-executive Chairman.

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to each Director being proposed for re-election, namely Ms Lam Kwan Linda, Mr Chan Ka Kin Kevin and Pengiran Muda Abdul Qawi, as set out in the Appendix 7F of the Catalist Rules is set out in the section entitled "Additional Information on Directors Seeking Re-election" of the Annual Report 2019.

Directors' Commitments

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

REPORT ON CORPORATE GOVERNANCE

Name of Director	Present Directorships or Chairmanships in Other Listed Companies	Past Directorships or Chairmanships in Other Listed Companies in the Preceding Three (3) Years
Pengiran Muda Abdul Qawi	Nil	Nil
Mr Mark Leong Kei Wei	MDR Limited	Advance SCT Ltd
Ms Wong Gloria	Prosperity International Holdings (H.K.) Ltd	Nil
Mr Lam Chi Yun Terence	Nil	Nil
Ms Lam Kwan Linda	Great Harvest Maeta Group Holdings Ltd Adex Mining Inc.	Nil
Mr Lim Han Siang Peter	Nil	Nil
Mr Chan Ka Kin Kevin	KOS International Holdings Limited	Nil

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

BOARD PERFORMANCE

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

The NC has established an annual review process to assess the performance and effectiveness of the Board as a whole. Each year, all Directors will complete a confidential Board assessment questionnaire to provide their views on the overall effectiveness of the Board, taking into account a set of performance criteria which includes, without limitation, the Board composition and size, the Board processes and standards of conduct and communication with shareholders of the Company. The completed assessment forms are collated and the consolidated responses are presented during the NC meeting for discussion, determining areas for improvement and enhancement of Board effectiveness. Based on the assessment forms received, the Board has met its performance objectives for FY2019. The NC's evaluation of the Board's performance was discussed and considered by the Board and recommendations to strengthen the effectiveness of the Board and the committees were accepted by the Board.

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

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

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

REPORT ON CORPORATE GOVERNANCE

ACCESS TO INFORMATION

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

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

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

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

The Company Secretary or his representative(s) attends all Board and Board Committee meetings. He prepares the agenda and also writes up the minutes of the Board and Board Committee meetings. Together with the Management of the Company, the Company Secretary is responsible for ensuring that appropriate board procedures are followed and that the requirements of the Companies Act and the Catalist Rules are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flow within the Board and its Board Committees and between Management and non-executive directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. All Directors have separate and independent access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is subject to the approval of the Board.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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.***

REPORT ON **CORPORATE GOVERNANCE**

Disclosure of Remuneration

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

Remuneration Committee

The RC comprises the following members:

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

The RC shall:-

- determine and agree with the Board as to the framework or broad policy for the remuneration of the Board members and to determine specific remuneration packages for the Executive Directors and the key management executives;
- in determining such policy, take into account all factors which it deems necessary. The objective of such policy shall be to ensure that the Group provides the appropriate incentives to encourage enhanced performance and that each of the Board and the key management executives are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group;
- determine performance targets for any performance-related remuneration schemes operated by the Group, taking into account remuneration and employment conditions within the industry and in comparable companies;
- within the terms of the agreed policy, determine the individual remuneration package of each Executive Director including, where appropriate, allowances, bonuses, benefits in kind, incentive payments and share options;
- review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of services, to ensure that such contracts of services contain fair and reasonable termination clauses which are not overly generous;
- determine the policy for and scope of service agreements for the Executive Directors including compensation commitments, fixing the appointment period for the Executive Directors and providing for consequences in the event of early termination; and
- determine whether the Directors and key management executives should be eligible for benefits under the long-term incentive schemes.

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

The Board considers that the members of the RC, who each have years of experience in senior management positions and/or on the boards of various listed companies, collectively have strong management experience and expertise on remuneration issues. If necessary, the RC members may seek expert advice inside and/or outside the Company on the remuneration of the Executive Directors and the key management executives. During FY2019, the RC did not engage any remuneration consultant.

REPORT ON CORPORATE GOVERNANCE

Procedures for Setting Remuneration

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

Remuneration Policies

The Company's policy is to set a level of remuneration that is appropriate to attract, retain and motivate employees. As part of the RC's review, the RC ensures that the Directors and key management personnel are not excessively remunerated as compared to industry benchmarks and other comparable companies. In discharging its functions, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice will be borne by the Company.

Directors' and Key Management Executives' Remuneration

Non-executive and Independent Directors are paid yearly Directors' fees based broadly on the recommended guidelines from the Singapore Institute of Directors and taking into account the factors such as effort and time spent and the increasingly onerous responsibilities of the Directors. These fees are subject to shareholders' approval at the AGM. Other than the Directors' fees, the Independent Directors do not receive any other remuneration from the Company and do not have any service agreements with the Company. The RC also ensures that the Non-executive and Independent Directors should not be over-compensated to the extent that their independence may be compromised.

The current Executive Directors were paid based on their individual service agreements with the Company which are subject to review by the RC. The RC is of the opinion that there are no excessive or onerous removal clauses in these service agreements. Under the terms of their service agreements, the remuneration for the Executive Directors comprise a basic salary component and a variable component, namely the annual bonus. In addition, pursuant to the terms of their service agreements, the Executive Directors' appointment may be terminated at any time by the Company giving him six (6) months' notice to that effect or six (6) months' salary in lieu of such notice.

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

No Director is involved in deciding his or her own remuneration package.

REPORT ON CORPORATE GOVERNANCE

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

Remuneration disclosure for FY2019

Remuneration of Directors for FY2019

The breakdown (in dollars terms) of the remuneration of the Directors for FY2019 is set out below:

Name of Directors	Fixed Salary (S$)	Allowance (S$)	Commission / Incentives (S$)	Bonus (S$)	Directors' fee (S$)	Total (S$)
Pengiran Muda Abdul Qawi	–	–	–	–	75,000	75,000
Wong Gloria	219,586	–	–	27,150	–	246,736
Lam Chi Yun Terence	219,586	–	–	27,150	–	246,736
Lam Kwan Linda	219,586	–	–	27,150	–	246,736
Lim Han Siang Peter	–	–	–	–	44,000	44,000
Chan Ka Kin Kevin	–	–	–	–	44,000	44,000
Mark Leong Kei Wei	–	–	–	–	48,000	48,000

Remuneration of Key Management Executives who are not Directors or CEO for FY2019

The breakdown (in percentage terms) of the remuneration of the key management executive of the Group (who are not Directors or CEO) for FY2019 is set out below:

Remuneration band and name of key management executives	Fixed Salary (%)	Allowance (%)	Commission / Incentives (%)	Bonus (%)	Benefit in kind(%)	Total (%)
S$250,000 and up to S$500,000						
Albert Tan Sai Beng (4)	97	–	–	3	–	100
Below S$250,000						
Huang Dong Sheng (1)	93	–	–	7	–	100
Koh Poh Yeok (2)	94			6		100
Wong Tat Yang (3)	100	–	–	–	–	100
Lee Wan Cha, Adeline (5)	99	1	–	–	–	100
Ananthan Muniandy	75	8	–	17	–	100
Yip Man Chung, Gordon	81	5	–	14	–	100
Peh Eng Thong, Eric (6)	81	16	–	3	–	100

Notes:

(1) Mr Huang Dong Sheng was appointed Chief Operating Officer-Door Division on 1 September 2018.

(2) Ms Koh Poh Yeok was appointed as Group Financial Controller on 1 September 2018.

(3) Mr Wong Tat Yang resigned as Group Financial Controller on 31 August 2018.

(4) Mr Albert Tan Sai Beng was re-designated from Chief Operating Officer to Chief Marketing Officer on 1 September 2018.

(5) Ms Lee Wan Cha, Adeline resigned as Heads of Sales and Marketing for Door Division on 16 October 2018.

(6) Mr Peh Eng Thong, Eric resigned as Assistant General Manager for Door Business-Singapore on 27 May 2019.

REPORT ON CORPORATE GOVERNANCE

Given the highly competitive conditions of the business environment and the sensitive nature of the subject, the Company believes that the disclosure of the total remuneration of each of the key management executive of the Group (who are not Directors or CEO) for FY2019 as recommended by the Code may not be in the best interests of the Group. Nevertheless, the Company has sought to provide the remuneration of these key management executives of the Group (who are not Directors or CEO) in bands of S$250,000 and also a breakdown in percentage terms.

In aggregate, the total remuneration paid to the above-mentioned key management executives of the Group (who are not Directors or CEO) was S$1,035,070 in FY2019.

Remuneration of employees who are immediate family members of a Director

There were no employees who are immediate family members of the Directors whose salary exceeds S$50,000 in the Group's employment in FY2019.

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

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

ACCOUNTABILITY

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

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

In line with the requirements under the Catalist Rules and with reference to Guideline 11.3 of the Code, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements.

For FY2019, the Executive Directors and the Group Financial Controller have provided assurance to the Board (i) that the financial records have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances and (ii) regarding the effectiveness of the Group's risk management and internal control systems.

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

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

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

REPORT ON **CORPORATE GOVERNANCE**

RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT

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

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

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

The Board did not establish a separate Board risk committee as the Board is currently assisted by the AC, the Management and the internal and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies. The AC and the Board review the Group's risk management and internal controls system (addressing financial, operational, compliance and information technology risks) and risk management system, at least annually.

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

The financial risks management objectives and policies of the Group are set out in Note 33 of the Financial Statements.

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

<u>Internal Audit</u>

The Board has engaged BDO LLP as the internal auditor ("**IA**") to carry out the Company's internal audit function for FY2019. The IA reports directly to the AC Chairman and administratively to the Group Financial Controller, and the IA has full access to the Group's documents, records, properties and personnel, including access to the AC. The work undertaken by the IA, is carried out in accordance to the standards set by internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The AC approves the hiring, removal, evaluation and compensation of the IA. The AC reviews annually the adequacy and effectiveness of the internal audit function. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit.

The AC is satisfied that the IA is adequately qualified (given, *inter alia*, its adherence to standards set by internationally recognised professional bodies) and adequately resourced, and has the appropriate standing in the Company to discharge its duties effectively.

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

REPORT ON **CORPORATE GOVERNANCE**

The current Board has received assurance from the Executive Directors and the Group Financial Controller during the relevant period that the financial records of the Group for the financial year ended 31 March 2019 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. In relation to the effectiveness of the Company's risk management and internal control systems, the Board has received assurance from the Executive Directors and the Group Financial Controller that the Group's risk management and internal controls system (addressing financial, operational, compliance and information technology risks) and risk management system are adequate and effective for the period commencing from 1 April 2018 to 31 March 2019.

Based on the internal controls (addressing financial, operational, compliance and information technology risks) established and maintained by the Group, work performed by the internal and external auditors, information provided to the AC and the Board and reviews performed by the Management, the AC and the Board at least annually, the Board with the concurrence of the AC is of the opinion that the Group's internal controls (addressing financial, operations, compliance and information technology risks) and risk management system were adequate and effective as at 31 March 2019.

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

AUDIT COMMITTEE

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

The AC comprises the following members:

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

The AC comprises all Non-Executive and Independent Directors. The members of the AC, collectively, have the relevant expertise or experience in financial management to discharge the AC's responsibilities. Mr Mark Leong Kei Wei, the Chairman of the AC, has relevant accounting and financial management expertise and experience, having used to be an auditor with a Big Four firm and he is also a fellow of the Association of Chartered Certified Accountants (ACCA) and a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA). The other members of the AC are experienced in business and capital raising.

The AC's primary function is to provide assistance to the Board in fulfilling its responsibility relating to corporate accounting and auditing, reporting practices of the Company, the quality and integrity of the financial reports of the Company, and the Company's system of internal controls regarding finance, accounting, legal compliance and ethics established by the Management and the Board. The AC met four (4) times during FY2019.

The AC's key terms of reference are:

- to review with the internal and external auditors, their audit plans;
- to review with the internal and external auditors, their evaluation of the Group's system of internal controls;
- to review with the internal and external auditors, their audit reports;
- to review the independence and objectivity of the external auditor on an annual basis;

REPORT ON CORPORATE GOVERNANCE

- to review the effectiveness and adequacy of the internal audit function, which is outsourced to a professional services firm;
- to review with the internal auditors the findings of their review report, internal control process and procedures and make recommendations on the internal control process and procedures to be adopted by the Group;
- to review, either internally or with the assistance of any third parties, and report to the Board at least annually, the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance, risk management policies and information technology controls;
- to review the co-operation / assistance given by the Group's key management executives to the internal and external auditors;
- to review the scope and results of the internal audit procedures;
- to review the balance sheet and statement of comprehensive income of the Company and the consolidated balance sheet and statement of comprehensive income and to submit them to the Board;
- review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditors and internal auditors, and approving the remuneration and terms of engagement of the external and internal auditors; and
- to generally undertake such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

The AC also has full access to both the internal and external auditors and has reviewed the Group's system of internal controls including operational policies established by the Management, and has been given reasonable resources to enable it to discharge its functions.

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

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

The AC meets with the external and internal auditors, without the presence of Management, at least once a year to discuss the reasonableness of the financial reporting process, the weaknesses in internal controls raised during the course of statutory audit, and the significant comments and recommendations by the auditors. The AC has met with the external and internal auditors without the presence of the Management for FY2019.

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

<u>External Auditors</u>

The AC reviews the independence and objectivity of the external auditor on an annual basis. During the financial year under review, the AC has reviewed the independence of Baker Tilly TFW LLP as well as the fees paid to them. There was no non-audit related work carried out by the external auditor in the current financial year, and accordingly, no non-audit fees were paid to Baker Tilly TFW LLP. According to Rule 1204(6)

REPORT ON **CORPORATE GOVERNANCE**

(a) of the Catalist Rules, the audit fee to be paid to the external auditor for the year under review is reflected in Note 8 of the Financial Statements. Having considered the non-audit fee rendered to the Group during FY2019 (which is nil), the AC is satisfied with the independence and objectivity of Baker Tilly TFW LLP and has recommended to the Board the nomination of Baker Tilly TFW LLP for re-appointment as auditors of the Company at the forthcoming AGM.

No former partner or director of the Company's auditing firm has acted as a member of the Company's AC.

The Group has appointed the same auditing firm and its associates to audit all its entities for FY2019.

The Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of the auditors. Baker Tilly TFW LLP is registered with the Accounting and Corporate Regulatory Authority of Singapore.

Whistle-Blowing Policy

Please refer to the section entitled "Whistle-Blowing Policy" of this Report on Corporate Governance for more information on the Company's whistle-blowing policy. No whistle-blowing reports were received in FY2019.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

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

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

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

Shareholders are also informed of the rules and voting procedures governing general meeting during the meeting.

COMMUNICATION WITH SHAREHOLDERS

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

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

REPORT ON CORPORATE GOVERNANCE

The AGM provides a principal forum for dialogue and interaction with shareholders. At these meetings, shareholders are given the opportunity to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. The Company could also gather views and inputs and address the concerns of shareholders at the general meetings. The Company also maintains an updated corporate website to keep shareholders abreast of the Company's developments and to serve as a platform to gather shareholders' feedback. The Company may conduct media interviews or briefings sessions to engage shareholders when opportunities present themselves.

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

Please refer to the section entitled "Dividend Policy" of this Report on Corporate Governance below.

CONDUCT OF SHAREHOLDER MEETINGS

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

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

To facilitate voting by shareholders, the Constitution allows shareholders to vote by proxy. The Company's Constitution has not been amended to provide for *abstentia* voting methods such as via mail, electronic mail or facsimile. Voting in *absentia* may only be possible following careful study to ensure that integrity of the information and authentication of the identity of the shareholders is not compromised. Proxy forms can be sent to the Company by mail. Each issue or matter requiring shareholders' approval is tabled in the form of separate and distinct resolutions at general meetings. All directors, including the Chairman of the Board and the respective Chairman of the AC, NC and RC, had attended the meetings for FY2019 to address any queries raised by shareholders and had called upon its professional service providers where it deemed appropriate. The Company's external auditors were also present to address questions raised by shareholders at the general meetings. All minutes of general meetings and a summary of the questions and answers raised at general meetings are available to shareholders upon their request.

Resolutions are passed at the general meetings by way of poll. Results of the meeting showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET within the same day of the meeting.

DIVIDEND POLICY

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

REPORT ON CORPORATE GOVERNANCE

DEALINGS IN THE COMPANY'S SECURITIES

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

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

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

INTERESTED PERSON TRANSACTIONS ("IPTs")

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

There have been no IPTs equal to or exceeding S$100,000 in value for the financial year ended 31 March 2019 and the Group does not have a shareholders' mandate for IPTs.

MATERIAL CONTRACTS

No material contracts have been entered into by the Group involving the interests of the Chairman, Executive Directors, other Directors or controlling shareholders either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

WHISTLE-BLOWING POLICY

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

CATALIST SPONSOR

Pursuant to Rule 1204(21) of the Catalist Rules, the Company wishes to disclose that there were no non-sponsor fees paid to its sponsor, R & T Corporate Services Pte. Ltd., for FY2019.

The amount of fees paid to Rajah & Tann Singapore LLP, an affiliate of the Sponsor, for work done in FY2019 was S$33,278.

TREASURY SHARES

There are no treasury shares held by the Company at the end of the financial year from 1 April 2018 to 31 March 2019.

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of KLW Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2019.

Opinion of the directors

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 41 to 126, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards (International); and

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

Directors

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

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

Arrangement to enable directors to acquire benefits

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

Directors' interests in shares and debentures

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

	Shareholdings registered in the name of the director		**Shareholdings in which a director is deemed to have an interest**	
Name of director	**At 1.4.2018**	**At 31.3.2019**	**At 1.4.2018**	**At 31.3.2019**
The Company				
Ordinary shares				
Pengiran Muda Abdul Qawi	–	–	500,000,000	500,000,000

The director's interest in the ordinary shares of the Company as at 21 April 2019 were the same as those as at 31 March 2019.

DIRECTORS' **STATEMENT**

Options to subscribe for ordinary shares

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

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

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit committee ("AC")

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

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

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

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

The AC's functions include:

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

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

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

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

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

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

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

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

DIRECTORS' STATEMENT

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

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

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

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

Independent auditor

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

On behalf of the directors

Wong Gloria Director	Lam Chi Yun Director

4 July 2019

INDEPENDENT **AUDITOR'S REPORT**

To the members of KLW Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of KLW Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 41 to 126, which comprise the balance sheets of the Group and of the Company as at 31 March 2019 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Lower of cost and net realisable value of development properties
(Refer to Notes 2(f), 4 and 17 to the financial statements)

As at 31 March 2019, the Group's two development properties amounted to $41,180,679, representing 43% of Group's total assets, are measured at cost. Based on independent valuation specialists' reports, the fair values less expected costs to sell estimated by management of both properties exceeded their respective carrying values as at balance sheet date. The valuation process of the development properties is a key audit matter because it involves significant judgements in estimating the key inputs to be applied in the valuation.

INDEPENDENT AUDITOR'S REPORT

To the members of KLW Holdings Limited

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

Key Audit Matters (cont'd)

Our procedures to address the key audit matter

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

- considered the competence, qualifications and objectivity of the professional valuers engaged by management;
- obtained an understanding of the valuation methodologies and key assumptions used;
- assessed the appropriateness of the inputs in the valuation such as the underlying comparable transactions, where applicable to derive the comparable sales price and replacement cost; and
- verified to the title deeds of the development properties (property held for redevelopment and land held for development).

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

Emphasis of Matters

We draw your attention to Note 36 to the financial statements which describes the uncertainty in relation to ongoing legal claims and counterclaims. In respect of the counterclaims filed against the Company, the directors of the Company, based on legal advice obtained, are of the view that, there are no liabilities required to be recognised in the accompanying financial statements for the financial year ended 31 March 2019.

We further draw your attention to Note 37 to the financial statements which discloses the ongoing investigation by the Commercial Affairs Department of Singapore Police Force. The directors of the Company are of the view that the investigation should not have material financial impact on the accompanying financial statements for the financial year ended 31 March 2019.

Our opinion is not modified in respect of these matters.

INDEPENDENT AUDITOR'S REPORT

To the members of KLW Holdings Limited

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2019, 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 SFRS(I), 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.

INDEPENDENT **AUDITOR'S REPORT**

To the members of KLW Holdings Limited

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

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

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

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

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

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

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

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

- 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.

INDEPENDENT AUDITOR'S REPORT

To the members of KLW Holdings Limited

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

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

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 Ng Hock Lee.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

4 July 2019

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the financial year ended 31 March 2019

	Note	Group 2019 $	Group 2018 $
Revenue	5	**30,294,949**	33,307,648
Cost of sales		**(25,203,619)**	(31,134,967)
Gross profit		**5,091,330**	2,172,681
Interest income		**184,946**	437,426
Other income	6	**230,344**	406,405
Reversal of impairment loss on other receivable	18	**3,750,000**	–
Selling and distribution expenses		**(731,329)**	(973,635)
Administrative expenses		**(9,284,483)**	(10,307,748)
Finance costs	7	**(213,877)**	(573,290)
Loss before tax	8	**(973,069)**	(8,838,161)
Tax (expense)/credit	10	**(513,021)**	820,106
Loss for the financial year		**(1,486,090)**	(8,018,055)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(159,394)**	(3,084,754)
Other comprehensive loss for the year, net of tax		**(159,394)**	(3,084,754)
Total comprehensive loss for the financial year		**(1,645,484)**	(11,102,809)
Loss attributable to:			
Equity holders of the Company		**(1,378,724)**	(7,972,255)
Non-controlling interest		**(107,366)**	(45,800)
		(1,486,090)	(8,018,055)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(1,509,300)**	(10,376,957)
Non-controlling interest	13	**(136,184)**	(725,852)
		(1,645,484)	(11,102,809)
Loss per share *(cents per share)*	11		
Basic		**(0.026)**	(0.148)
Diluted		**(0.026)**	(0.148)

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

BALANCE **SHEETS**

At 31 March 2019

	Note	Group 31.3.2019 $	Group 31.3.2018 $	Group 1.4.2017 $	Company 31.3.2019 $	Company 31.3.2018 $	Company 1.4.2017 $
Non-current assets							
Property, plant and equipment	12	**17,545,331**	18,665,636	21,168,860	**2,414,544**	2,520,136	2,564,787
Subsidiaries	13	–	–	–	**54,919,215**	53,508,672	28,819,818
Available-for-sale financial assets	14	–	461	461	–	–	–
Financial assets at fair value through profit or loss	15	**392**	–	–	–	–	–
Contract assets	16	**51,694**	120,526	427,870	–	–	–
Total non-current assets		**17,597,417**	18,786,623	21,597,191	**57,333,759**	56,028,808	31,384,605
Current assets							
Development properties	17	**41,180,679**	41,774,130	14,208,432	–	–	–
Prepayments, trade and other receivables	18	**7,757,109**	6,391,020	13,669,218	**21,860,503**	20,904,995	29,833,762
Contract assets	16	**1,046,595**	1,560,670	2,382,674	–	–	–
Inventories	19	**5,388,127**	6,591,440	7,155,290	–	–	–
Cash and cash equivalents	20	**15,795,045**	15,471,010	28,079,850	**3,806,755**	7,512,263	17,525,308
		71,167,555	71,788,270	65,495,464	**25,667,258**	28,417,258	47,359,070
Property held-for-sale	21	–	5,815,120	36,594,000	–	–	–
Disposal group assets classified as held-for-sale	22	**6,965,474**	–	–	–	–	–
Total current assets		**78,133,029**	77,603,390	102,089,464	**25,667,258**	28,417,258	47,359,070
Total assets		**95,730,446**	96,390,013	123,686,655	**83,001,017**	84,446,066	78,743,675
Non-current liabilities							
Borrowings	23	**3,118,305**	3,221,076	3,327,230	–	–	–
Deferred income		**14,445**	–	–	–	–	–
Deferred tax liabilities	24	**1,377,471**	909,093	4,002,860	–	–	–
Total non-current liabilities		**4,510,221**	4,130,169	7,330,090	–	–	–
Current liabilities							
Trade and other payables	25	**6,413,432**	5,336,629	5,623,628	**11,948,227**	12,627,094	480,095
Shares with preference rights	26	**–**	–	4,740,000	–	–	4,740,000
Borrowings	23	**974,237**	1,484,056	15,961,846	–	–	–
Income tax payable		–	46,260	700,092	–	–	–
		7,387,669	6,866,945	27,025,566	**11,948,227**	12,627,094	5,220,095
Liabilities directly associated with disposal group classified as held-for-sale	22	**85,141**	–	–	**–**	–	–
Total current liabilities		**7,472,810**	6,866,945	27,025,566	**11,948,227**	12,627,094	5,220,095
Total liabilities		**11,983,031**	10,997,114	34,355,656	**11,948,227**	12,627,094	5,220,095
Net assets		**83,747,415**	85,392,899	89,330,999	**71,052,790**	71,818,972	73,523,580
Equity							
Share capital	27	**103,170,633**	103,170,633	103,170,633	**103,170,633**	103,170,633	103,170,633
Revaluation and other reserves	28	**(4,863,656)**	(4,742,334)	949,120	–	–	3,286,752
Reserve of disposal group classified as held-for-sale	28	**(9,254)**	–	–	–	–	–
Accumulated losses		**(24,230,218)**	(22,851,494)	(14,788,754)	**(32,117,843)**	(31,351,661)	(32,933,805)
Equity holders of the Group and Company		**74,067,505**	75,576,805	89,330,999	**71,052,790**	71,818,972	73,523,580
Non-controlling interest	13	**9,679,910**	9,816,094	–	–	–	–
Total equity		**83,747,415**	85,392,899	89,330,999	**71,052,790**	71,818,972	73,523,580

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 March 2019

	Attributable to equity holders of the Company								
	Share capital $	Asset revaluation reserve $	Foreign currency translation reserve $	Reserve of disposal group classified as held-for-sale $	Warrant reserve $	Accumulated losses $	Subtotal $	Non-controlling interest $	Total equity $
Group									
Balance at 1 April 2018	103,170,633	4,766,269	(4,742,334)	–	–	(26,824,603)	76,369,965	9,816,094	86,186,059
Impact on adoption of SFRS(I) 1	–	(4,766,269)	–	–	–	3,973,109	(793,160)	–	(793,160)
Balance at 1 April 2018 as restated	103,170,633	–	(4,742,334)	–	–	(22,851,494)	75,576,805	9,816,094	85,392,899
Loss for the period	–	–	–	–	–	(1,378,724)	(1,378,724)	(107,366)	(1,486,090)
Other comprehensive loss for the year, net of tax	–	–	(130,576)	–	–	–	(130,576)	(28,818)	(159,394)
Total comprehensive loss for the year	–	–	(130,576)	–	–	(1,378,724)	(1,509,300)	(136,184)	(1,645,484)
Reserve attributable to disposal group classified as held for sale	–	–	9,254	(9,254)	–	–	–	–	–
At 31 March 2019	**103,170,633**	**–**	**(4,863,656)**	**(9,254)**	**–**	**(24,230,218)**	**74,067,505**	**9,679,910**	**83,747,415**

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial year ended 31 March 2019

	Attributable to equity holders of the Company								
	Share capital $	Asset revaluation reserve $	Foreign currency translation reserve $	Reserve of disposal group classified as held-for-sale $	Warrant reserve $	Accumulated losses $	Subtotal $	Non-controlling interest $	Total equity $
Group									
Balance at 1 April 2017	103,170,633	3,973,109	(2,337,632)	–	3,286,752	(18,761,863)	89,330,999	–	89,330,999
Impact on adoption of SFRS(I) 1	–	(3,973,109)	–	–	–	3,973,109	–	–	–
Balance at 1 April 2017 as restated	103,170,633	–	(2,337,632)	–	3,286,752	(14,788,754)	89,330,999	–	89,330,999
Loss for the year	–	–	–	–	–	(7,972,255)	(7,972,255)	(45,800)	(8,018,055)
Other comprehensive loss for the year, net of tax	–	–	(2,404,702)	–	–	–	(2,404,702)	(680,052)	(3,084,754)
Total comprehensive loss for the year	–	–	(2,404,702)	–	–	(7,972,255)	(10,376,957)	(725,852)	(11,102,809)
Expiry of warrant	–	–	–	–	(3,286,752)	3,286,752	–	–	–
Reinstatement of NCI upon expiry of put option (Note 26)	–	–	–	–	–	(3,377,237)	(3,377,237)	8,443,093	5,065,856
Acquisition of non-controlling interest	–	–	–	–	–	–	–	(8,443,093)	(8,443,093)
Contribution by non-controlling interest	–	–	–	–	–	–	–	10,541,946	10,541,946
At 31 March 2018	103,170,633	–	(4,742,334)	–	–	(22,851,494)	75,576,805	9,816,094	85,392,899

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

	Share capital $	Warrant reserve $	Accumulated losses $	Total equity $
Balance at 1 April 2017	103,170,633	3,286,752	(32,933,805)	73,523,580
Loss and total comprehensive loss for the year	–	–	(1,704,608)	(1,704,608)
Expiry of warrant	–	(3,286,752)	3,286,752	–
Balance at 31 March 2018	103,170,633	–	(31,351,661)	71,818,972
Loss and total comprehensive loss for the year	–	–	(766,182)	(766,182)
Balance at 31 March 2019	**103,170,633**	**–**	**(32,117,843)**	**71,052,790**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	Group	
	2019	2018
	$	$
Cash flows from operating activities		
Loss before tax	**(973,069)**	(8,838,161)
Adjustments for:		
Depreciation of property, plant and equipment	**1,064,570**	1,033,699
Loss on disposal of property, plant and equipment	**90,425**	26,569
Interest expense	**213,877**	573,290
Interest income	**(184,946)**	(437,426)
Impairment loss on property, plant and equipment	**–**	40,991
Fair value loss on financial asset at fair value through profit or loss	**69**	–
Reversal of impairment loss on other receivable	**(3,750,000)**	–
Operating loss before working capital changes	**(3,539,074)**	(7,601,038)
Changes in operating assets and liabilities:		
Development properties	**(21,480)**	(29,522,989)
Inventories	**1,019,726**	875,183
Trade and other receivables and contract assets	**2,363,490**	8,314,675
Trade and other payables	**(192,886)**	(1,532,855)
Currency translation adjustments	**546,926**	(248,448)
Cash generated from/(used in) operations	**176,702**	(29,715,472)
Interest income received	**184,946**	431,931
Tax paid	**(65,804)**	(2,950,078)
Net cash generated from/(used in) operating activities	**295,844**	(32,233,619)
Cash flows from investing activities		
Deposit received relating to disposal group held-for-sale	**1,365,675**	–
Proceeds from disposal of property held-for-sale	**–**	35,841,600
Proceeds from disposal of property, plant and equipment	**393,921**	16,967
Purchase of property, plant and equipment	**(680,104)**	(4,008,502)
Other receivables - commitment fees	**250,000**	–
Net cash generated from investing activities	**1,329,492**	31,850,065

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	Group	
	2019	2018
	$	$
Cash flows from financing activities		
Proceeds from borrowings	**3,017,946**	4,202,705
Repayment of borrowings	**(3,631,600)**	(18,650,684)
Capital contribution from non-controlling interest	**–**	10,541,946
Loan from non-controlling interest	**44,894**	1,154,889
Acquisition of non-controlling interest (Note 13)	**–**	(8,443,093)
Interest paid	**(213,877)**	(573,290)
Net cash used in financing activities	**(782,637)**	(11,767,527)
Net increase/(decrease) in cash and cash equivalents	**842,699**	(12,151,081)
Cash and cash equivalents at the beginning of the financial year	**15,471,010**	28,079,850
Effect of exchange rate changes on cash and cash equivalents	**152,050**	(457,759)
Cash and cash equivalents at the end of the financial year (Note A)	**16,465,759**	15,471,010

Note A

For the purpose of the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	Group	
	2019	2018
	$	$
Cash and bank balances	**11,821,569**	8,292,299
Fixed deposits	**3,973,476**	7,178,711
Cash and cash equivalents as per balance sheets	**15,795,045**	15,471,010
Cash and cash equivalents		
- Continuing operations	**15,795,045**	15,471,010
- Disposal group assets classified as held-for-sale (Note 22)	**670,714**	–
Cash and cash equivalents as per consolidated statement of cash flows	**16,465,759**	15,471,010

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

1. Corporate information

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

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

The principal activity of the Company is investment holding and provision of management support services. The principal activities of the subsidiaries are disclosed in Note 13.

2. Summary of significant accounting policies

(a) Basis of preparation

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

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

Use of estimates and judgements

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

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 4 to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of Singapore Exchange ("SGX"), the Group has adopted SFRS(I) on 1 April 2018. These financial statements for the year ended 31 March 2019 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 March 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 April 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 March 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group has also presented statement of financial position as at 1 April 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements, except for SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments*.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I), SFRS(I) 15 and SFRS(I) 9 on the Group's financial position as at 1 April 2017, 31 March 2018 and 1 April 2018. There were no material adjustments to the Company's financial position, Group's profit or loss and other comprehensive income and Group's statement of cash flows for the year ended 31 March 2018 arising on transition to SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Consolidated statement of financial position

		31 March 2018				1 April 2018	
	Note	FRS framework $	SFRS(I) 1 $	SFRS(I) 15 $	SFRS(I) framework $	SFRS(I) 9 $	SFRS(I) framework $
Non-current assets							
Property, plant and equipment	A	19,718,251	(1,052,615)	–	18,665,636	–	18,665,636
Subsidiaries		–	–	–	–	–	–
Available-for-sale financial assets	C	461	–	–	461	(461)	–
Financial assets at fair value through profit or loss	C	–	–	–	–	461	461
Prepayments, trade and other receivables	B	120,526	–	(120,526)	–	–	–
Contract assets	B	–	–	120,526	120,526	–	120,526
Total non-current assets		19,839,238	(1,052,615)	–	18,786,623	–	18,786,623
Current assets							
Development properties		41,774,130	–	–	41,774,130	–	41,774,130
Prepayments, trade and other receivables	B	7,951,690	–	(1,560,670)	6,391,020	–	6,391,020
Contract assets	B	–	–	1,560,670	1,560,670	–	1,560,670
Inventories		6,591,440	–	–	6,591,440	–	6,591,440
Cash and cash equivalents		15,471,010	–	–	15,471,010	–	15,471,010
		71,788,270	–	–	71,788,270	–	71,788,270
Property held-for-sale		5,815,120	–	–	5,815,120	–	5,815,120
Total current assets		77,603,390	–	–	77,603,390	–	77,603,390
Total assets		97,442,628	(1,052,615)	–	96,390,013	–	96,390,013

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Consolidated statement of financial position (cont'd)

		31 March 2018			1 April 2018		
	Note	FRS framework $	SFRS(I) 1 $	SFRS(I) 15 $	SFRS(I) framework $	SFRS(I) 9 $	SFRS(I) framework $
Non-current liabilities							
Borrowings		3,221,076	–	–	3,221,076	–	3,221,076
Deferred tax liabilities	A	1,168,548	(259,455)	–	909,093	–	909,093
Total non-current liabilities		4,389,624	(259,455)	–	4,130,169	–	4,130,169
Current liabilities							
Trade and other payables		5,336,629	–	–	5,336,629	–	5,336,629
Borrowings		1,484,056	–	–	1,484,056	–	1,484,056
Income tax payable		46,260	–	–	46,260	–	46,260
Total current liabilities		6,866,945	–	–	6,866,945	–	6,866,945
Total liabilities		11,256,569	(259,455)	–	10,997,114	–	10,997,114
Net assets		86,186,059	(793,160)	–	85,392,899	–	85,392,899
Equity							
Share capital		103,170,633	–	–	103,170,633	–	103,170,633
Revaluation and other reserves	A	23,935	(4,766,269)	–	(4,742,334)	–	(4,742,334)
Accumulated losses	A	(26,824,603)	3,973,109	–	(22,851,494)	–	(22,851,494)
Equity holders of the Group and company		76,369,965	(793,160)	–	75,576,805	–	75,576,805
Non-controlling interest		9,816,094	–	–	9,816,094	–	9,816,094
Total equity		86,186,059	(793,160)	–	85,392,899	–	85,392,899

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Consolidated statement of financial position (cont'd)

	Note	1 April 2017 FRS framework $	SFRS(I) 1 $	SFRS(I) 15 $	SFRS(I) framework $
Non-current assets					
Property, plant and equipment		21,168,860	–	–	21,168,860
Available-for-sale financial assets		461	–	–	461
Prepayments, trade and other receivables	B	427,870	–	(427,870)	–
Contract assets	B	–	–	427,870	427,870
Total non-current assets		21,597,191	–	–	21,597,191
Current assets					
Development properties		14,208,432	–	–	14,208,432
Prepayments, trade and other receivables		16,051,892	–	(2,382,674)	13,669,218
Contract assets		–	–	2,382,674	2,382,674
Inventories		7,155,290	–	–	7,155,290
Cash and cash equivalents		28,079,850	–	–	28,079,850
		65,495,464	–	–	65,495,464
Property held-for-sale		36,594,000	–	–	36,594,000
Total current assets		102,089,464	–	–	102,089,464
Total assets		123,686,655	–	–	123,686,655
Non-current liabilities					
Borrowings		3,327,230	–	–	3,327,230
Deferred tax liabilities		4,002,860	–	–	4,002,860
		7,330,090	–	–	7,330,090
Current liabilities					
Trade and other payables		5,623,628	–	–	5,623,628
Shares with preference rights		4,740,000	–	–	4,740,000
Borrowings		15,961,846	–	–	15,961,846
Income tax payable		700,092	–	–	700,092
Total current liabilities		27,025,566	–	–	27,025,566
Total liabilities		34,355,656	–	–	34,355,656
Net assets		89,330,999	–	–	89,330,999
Equity					
Share capital		103,170,633	–	–	103,170,633
Revaluation and other reserves	A	4,922,229	(3,973,109)	–	949,120
Accumulated losses	A	(18,761,863)	3,973,109	–	(14,788,754)
Equity holders of the Company		89,330,999	–	–	89,330,999
Non-controlling interest		–	–	–	–
Total equity		89,330,999	–	–	89,330,999

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

A. First time adoption of SFRS(I)

In adopting SFRS(I) in 2019, the Group has applied the transition requirements in SFRS(I) with 1 April 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. Except as described below, the application of SFRS(I) did not have any significant impact on the financial statements.

Fair value as deemed cost

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

The Group's asset revaluation reserve and accumulated losses have decreased by $3,973,109 as at 1 April 2017. As at 31 March 2018, the Group's asset revaluation reserve, deferred tax liabilities, accumulated losses and carrying amount of leasehold land and buildings have decreased by $4,766,269, $259,455, $3,973,109, and $1,052,615 respectively.

B. SFRS(I) 15 Revenue from Contracts with Customers

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

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SFRS(I) 15 using full retrospective approach. The Group has elected the practical expedient to apply the standard to contracts that are not completed at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

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

The impact upon the adoption of SFRS(I) 15, including the corresponding tax effects, are described below.

Presentation of contract assets

Upon adoption of SFRS(I) 15, the Group has changed the presentation of accrued revenue, retention sums and due from customers on contract works classified as trade and other receivables of $2,090,519, $682,402 (which comprises non-current amount of $427,870 and current amount of $254,532) and $37,623 as at 1 April 2017. The accrued revenue and retention sums classified as trade and other receivables of $1,239,459 and $441,737 (which comprises of non-current amount of $120,526 and current amount of $321,211) as at 31 March 2018 were reclassified to contract assets.

C. SFRS(I) 9 Financial Instruments

SFRS(I) 9 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 April 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on expected credit loss model and replace FRS 39 incurred loss model.

The Group and the Company applied SFRS(I) 9 using a modified retrospective approach, with date of initial application on 1 April 2018. The Group and the Company have not restated the comparative information, which continues to be reported under FRS 39.

The impact upon adoption of SFRS(I) 9 as at 1 April 2018 was as follows:

(a) Classification and measurement

Under SFRS(I) 9, the Group and the Company classify its financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 April 2018. The assessment of whether contractual cash flows on debt instruments solely comprised principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The following is the change in classification and measurement arising from adopting SFRS(I) 9:

- Quoted equity securities classified as available-for-sale financial assets as at 31 March 2018 were classified and measured as financial assets at fair value through profit or loss beginning 1 April 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2 Summary of significant accounting policies (cont'd)

(a) Basis of preparation (cont'd)

New and revised standards (cont'd)

Consolidated statement of financial position (cont'd)

C. SFRS(I) 9 Financial Instruments (cont'd)

(a) *Classification and measurement (cont'd)*

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

The following summarises the Group's required or elected reclassifications as at 1 April 2018 upon adoption of SFRS(I) 9:

	Original carrying amount	SFRS(I) 9 measurement category	
		FVTPL	Amortised cost
	$	$	$
FRS 39 measurement category			
Available-for-sale financial assets			
- Quoted equity shares	461	461	–

(b) *Impairment*

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets at amortised cost, either on a 12-month or lifetime basis.

At the date of initial application and 31 March 2019, the Group and the Company have assessed that the adoption of SFRS(I) 9 does not have any material impact to the financial position and results of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 March 2019 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except as disclosed in Note 3.

(b) Revenue recognition

Sale of goods

Revenue from sales of doors is recognised at the point when the doors are delivered to the customer. The amount of revenue recognised is the amount of transaction price allocated to the satisfied performance obligation as per specified in the contract with no element of financing deemed present. The transaction price determined is the amount of consideration in the contract to which the Group expects to be entitled in exchange for satisfying the performance obligation. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

(b) Revenue recognition (cont'd)

Revenue from contract work

The Group provides installation services of doors. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stage of completion of the contract.

The customised doors have no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the installation of doors. The measure of progress is determined based on the proportion of doors installed to date to the estimated total number of doors. Management considers that this output method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Progress billings to customer are issued based on payment certificate from main contractors. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Contract assets are transferred to receivables when the right to consideration become unconditional.

Rental income

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

Interest income

Interest income is recognised using the effective interest method.

Dividend income

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

(c) Subsidiaries

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

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

(d) Basis of consolidation

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

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

2. Summary of significant accounting policies (cont'd)

(d) Basis of consolidation (cont'd)

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

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

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

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

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

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

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

(e) Property, plant and equipment

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

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

The Group has elected the option to measure leasehold land and buildings at the date of transition to SFRS(I) at its fair value and use that fair value as its deemed cost at the date.

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

Depreciation

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

(f) Development property

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

(g) Impairment of non-financial assets

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

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

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

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

(h) Inventories

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

(i) Leases

When a Group entity is the lessee:

Finance leases

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

Operating leases

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

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

When a Group entity is the lessor:

Operating leases

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

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

(j) Financial assets

The accounting policy for financial assets before 1 April 2018 is as follows:

Classification

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

2. Summary of significant accounting policies (cont'd)

(j) Financial assets (cont'd)

The accounting policy for financial assets before 1 April 2018 is as follows (cont'd):

Loans and receivables

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

Available-for-sale financial assets

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

Recognition and derecognition

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

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

Initial measurement

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

Subsequent measurement

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

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

Impairment

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

(j) Financial assets (cont'd)

The accounting policy for financial assets before 1 April 2018 is as follows (cont'd):

Loans and receivables

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

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

Available-for-sale financial assets

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

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

Offset

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

The accounting policy for financial assets from 1 April 2018 onwards is as follows:

Recognition and derecognition

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

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

2. Summary of significant accounting policies (cont'd)

(j) Financial assets (cont'd)

The accounting policy for financial assets from 1 April 2018 onwards is as follows (cont'd):

Classification and measurement

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

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents, trade and other receivables (excluding prepayments, VAT receivables, contract assets, advance payments to suppliers and loan due from subsidiary).

The financial assets are subsequently measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Equity instruments

The Group subsequently measures its equity investment at their fair values. Equity investment is classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income". For equity investments which are not held for trading or not a contingent consideration recognised by an acquirer in a business combination, the Group may make an irrevocable election (on an investment by investment basis) to designate equity investments as at fair value through other comprehensive income. The Group has decided not to make the irrevocable election as at the date of transition.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

(j) Financial assets (cont'd)

The accounting policy for financial assets from 1 April 2018 onwards is as follows (cont'd):

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date.

The Group recognises an impairment gain or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

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

(k) Cash and cash equivalents

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

(l) Financial liabilities

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

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

2. Summary of significant accounting policies (cont'd)

(m) Income tax

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

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

Deferred income tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

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

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

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

(n) Provisions

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

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

(o) Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

(p) Employee benefits

Defined contribution plans

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

Employee leave entitlement

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

(q) Related parties

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

(r) Share capital

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

(s) Government grants

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

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

(t) Contingencies

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

2. Summary of significant accounting policies (cont'd)

(t) Contingencies (cont'd)

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

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

(u) Segment reporting

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

(v) Financial guarantees

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

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

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected loss computed using the impairment methodology under SFRS(I) 9. Financial guarantee contracts are amortised to profit or loss over the period of the guarantee.

Prior to 1 April 2018, financial guarantees were subsequently measured at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder.

(w) Properties and disposal group held-for-sale

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

(x) Foreign currency

Functional and presentation currency

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

Transactions and balances

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

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

Translation of Group entities' financial statements

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

(a) Assets and liabilities are translated at the closing rates at the date of the balance sheet;
(b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
(c) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

3. New or revised SFRS(I) and SFRS(I) INT issued at balance sheet date not effective

SFRS(I) 16 replaces the existing SFRS(I) 1-17: *Leases*. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognises all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use" assets) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of assets and liabilities resulting from the adoption SFRS(I) 16 at the date of initial application in the opening retained earnings as at 1 April 2019. Right-of-use assets are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $1,372,226 (Note 30(a)). Of these commitments, approximately $37,176 relate to short term lease and leases of low value items which will be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments, the Group expects to recognise right-of-use assets and lease liabilities of approximately $1,227,140 on 1 April 2019.

4. Key sources of estimation uncertainty

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

Property, plant and equipment

The Group reviews the useful lives and residual values of property, plant and equipment at each reporting date in accordance with the accounting policy in Note 2(e). The estimation of the useful lives and residual values involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage. The net carrying amount of property, plant and equipment at 31 March 2019 and the annual depreciation charge for the financial year ended 31 March 2019 are disclosed in Note 12. Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment, and the depreciation charge for the financial year.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. Key sources of estimation uncertainty (cont'd)

As the calculation of loss allowance on contract assets and trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of contract assets and trade receivables. Details of ECL measurement and carrying value of contract assets and trade receivables at reporting date are disclosed in Notes 16, 18 and 33(b).

Allowance for inventories

The allowance for inventory obsolescence is based on estimates from historical trends and expected utilisation of inventories. It could change significantly as a result of competitive actions or market conditions. The actual amount of inventories write-offs could be higher or lower than the allowance made. The write down of inventories and the carrying amount of inventories as at 31 March 2019 and 31 March 2018 are disclosed in Note 19.

Impairment of investments in subsidiaries

The Company reviews the investments in subsidiaries at the balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss. Fair value less cost to sell calculation is based on observable market prices or market valuations less incremental costs for disposing asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiaries as at 31 March 2019 are disclosed in Note 13.

Income tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the period in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax liabilities at the balance sheet was $Nil (2018: $46,260) and $1,377,471 (2018: $909,093) respectively.

Information on unabsorbed tax losses and other temporary differences for which deferred tax assets/ liabilities had not been recognised are disclosed in Notes 10 and 24 respectively.

Lower of cost and net realisable value of development properties

Development properties are recognised at the lower of cost and net realisable value. Their net realisable values as at 31 March 2019 are based on fair values determined by independent professional valuers (the "valuers") less expected costs to sell estimated by management.

In estimating fair values, the valuers have used the Direct Comparison Approach to derive a value for each property. In relying on the valuation reports, management has evaluated and is satisfied that the valuers have appropriate recognised professional qualifications, are competent, used appropriate valuation methodology and have provided estimates which are reflective of current market conditions at the balance sheet date. The valuation technique and significant unobservable input used to determine the fair values of the property held for redevelopment and land held for development are further explained in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

5. Revenue

	Group	
	2019	2018
	$	$
Sale of goods [1]	**29,211,322**	33,129,729
Revenue from installation services [2]	**1,083,627**	84,885
Rental income [2]	**–**	93,034
	30,294,949	33,307,648

[1] Recognised at a point in time

[2] Recognised over time

As at 31 March 2019, the aggregate amount of transaction price allocated to the remaining performance obligation for revenue from installation services is $753,801 (2018: $Nil), and the Group will recognise this revenue over the next 12 months.

6. Other income

	Group	
	2019	2018
	$	$
Government grants	**16,155**	35,108
Sale of scraps	**163,826**	187,264
Amount recovered from legal claims	**–**	68,072
Others	**50,363**	115,961
	230,344	406,405

7. Finance costs

	Group	
	2019	2018
	$	$
Bankers' acceptance and foreign currency loan against import	**49,830**	41,046
Finance leases	**4,494**	5,223
Term loans	**159,553**	195,861
Finance cost for shares with preference rights	**–**	331,160
	213,877	573,290

In 2018, finance costs for shares with preference rights relate to dividend paid to the holder of Class A Shares of a subsidiary, which was classified as a financial liability (Note 26).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2019

8. Loss before tax

The following items have been included in arriving at loss before tax:

	Group	
	2019	2018
	$	$
Cost of inventories (Note 19)	**14,214,617**	18,665,768
Depreciation of property, plant and equipment	**1,064,570**	1,033,699
Directors' fees:		
- Directors of the Company	**211,000**	201,435
- Directors of a subsidiary	**135,064**	40,912
Fair value loss with respect to financial assets at FVTPL (Note 15)	**69**	–
Fees on audit services paid/payable to:		
- auditor of the Company	**105,000**	100,000
- other auditors*	**54,314**	66,335
- non-audit fees	**–**	–
Foreign currency exchange loss, net	**780,878**	996,778
Impairment loss on property, plant and equipment (Note 12)	**–**	40,991
Impairment loss on other receivables (Note 18)	**–**	23,070
Impairment loss on trade receivables (Note 18)	**146,640**	–
Inventories written (back)/down	**(404,528)**	819,731
Loss on disposal of property, plant and equipment	**90,425**	26,569
Operating lease expenses	**655,029**	537,525
Reversal of impairment loss on other receivables (Note 18)	**(3,750,000)**	–
Staff costs (Note 9)	**10,699,867**	11,082,835
Utility expenses	**704,406**	796,882

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

9. Staff costs

	Group	
	2019	2018
	$	$
Staff costs (including directors):		
Salaries, bonuses and others	**10,433,823**	10,813,677
Contributions to defined contribution plans	**266,044**	269,158
	10,699,867	11,082,835
Representing staff costs charged to:		
Cost of sales	**6,129,814**	6,279,728
Administrative expenses	**4,570,053**	4,803,107
	10,699,867	11,082,835

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

10. Tax expense/(credit)

	Group	
	2019	2018
	$	$
Current income tax		
- Current year	**9,551**	2,635,549
- Under/(over) provision in prior years	**9,183**	(332,770)
	18,734	2,302,779
Deferred tax (Note 24)		
- Current year	**223,284**	(2,956,711)
- Under/(over) provision in prior years	**271,003**	(166,174)
	494,287	(3,122,885)
Income tax expense/(credit)	**513,021**	(820,106)

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

	Group	
	2019	2018
	$	$
Loss before tax	**(973,069)**	(8,838,161)
Tax calculated at statutory rate of 17%	**(165,442)**	(1,502,487)
Effect of different tax rates in foreign jurisdictions	**(550,797)**	(1,172,834)
Income not subject to tax	**(834,736)**	(156,765)
Expenses not deductible for income tax purposes	**577,825**	1,194,954
Deferred tax assets not recognised	**1,230,534**	1,379,007
Utilisation of previously unrecognised tax losses and capital allowances	**–**	(42,333)
Under/(over) provision of income tax in prior years	**9,183**	(332,770)
Under/(over) provision of deferred tax in prior years	**271,003**	(166,174)
Others	**(24,549)**	(20,704)
	513,021	(820,106)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

10. Tax expense/(credit) (cont'd)

The Group has unabsorbed tax losses of approximately $36,413,000 (2018: $30,665,000) respectively which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies in their respective countries of incorporation.

The income tax benefits from the unabsorbed tax losses carried forward are available for an unlimited period subject to the conditions imposed by law. $378,000 (2018: $139,000) of the unabsorbed tax losses are available for carry-forward for a maximum of 5 years to offset against future taxable income, subject to the agreement by the tax authorities and compliance with certain tax regulations.

Deferred tax assets of approximately $6,632,000 (2018: $5,401,000) relating to the unabsorbed tax losses have not been recognised as it is not probable that future taxable profit will be available against when these unabsorbed tax losses can be utilised.

11. Loss per share

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

	Group	
	2019	2018
Loss attributable to equity holders of the Company ($)	**(1,378,724)**	(7,972,255)
Number of shares		
Weighted average number of ordinary shares	**5,380,556,316**	5,380,556,316
Basic and diluted loss per share (cents)	**(0.026)**	(0.148)

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

For the purposes of calculating diluted loss per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive instruments. As at 31 March 2019, the Company does not have any outstanding dilutive instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

12. Property, plant and equipment

	Leasehold land and buildings $	Land use rights $	Plant and equipment $	Motor vehicles $	Office equipment $	Renovation $	Construction in progress $	Total $
Group								
Cost or deemed cost								
At 1 April 2017, restated	20,450,021	364,069	6,322,948	506,670	381,187	304,299	–	28,329,194
Additions	11,286	–	3,551,363	–	21,559	64,350	359,944	4,008,502
Reclassified as held-for-sale (Note 21)	(5,927,705)	(338,350)	–	–	–	–	–	(6,266,055)
Disposals/write off	–	–	(61,247)	(90,051)	(14,096)	–	–	(165,394)
Currency translation differences	259,612	(25,719)	556,625	5,963	(3,080)	10,861	7,393	811,655
At 31 March 2018, restated	14,793,214	–	10,369,689	422,582	385,570	379,510	367,337	26,717,902
Additions	–	–	411,645	–	31,282	43,289	193,888	680,104
Reclassification	–	–	549,866	–	–	–	(549,866)	–
Disposals/write off	(612,841)	–	(415,679)	–	(81,934)	–	–	(1,110,454)
Currency translation differences	(168,362)	–	(235,919)	(1,517)	(7,157)	(3,462)	(11,359)	(427,776)
At 31 March 2019	**14,012,011**	**–**	**10,679,602**	**421,065**	**327,761**	**419,337**	**–**	**25,859,776**
Accumulated depreciation and impairment losses								
At 1 April 2017, restated	1,042,623	47,090	5,484,211	197,623	225,816	162,971	–	7,160,334
Additions	574,750	14,109	248,047	77,958	70,963	47,872	–	1,033,699
Reclassified as held-for-sale (Note 21)	(393,706)	(57,229)	–	–	–	–	–	(450,935)
Impairment loss	40,991	–	–	–	–	–	–	40,991
Disposals/write off	–	–	(37,373)	(70,584)	(13,901)	–	–	(121,858)
Currency translation differences	9,853	(3,970)	373,790	4,859	(5,096)	10,599	–	390,035
At 31 March 2018, restated	1,274,511	–	6,068,675	209,856	277,782	221,442	–	8,052,266
Additions	349,315	–	538,104	64,407	63,808	48,936	–	1,064,570
Disposals/write off	(253,441)	–	(292,566)	–	(80,101)	–	–	(626,108)
Currency translation differences	(27,702)	–	(137,806)	(1,326)	(6,126)	(3,323)	–	(176,283)
At 31 March 2019	**1,342,683**	**–**	**6,176,407**	**272,937**	**255,363**	**267,055**	**–**	**8,314,445**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

	Leasehold land and buildings $	Land use rights $	Plant and equipment $	Motor vehicles $	Office equipment $	Renovation $	Construction in progress $	Total $
Representing:								
Accumulated depreciation	1,301,692	–	6,176,407	272,937	255,363	267,055	–	8,273,454
Accumulated impairment losses	40,991	–	–	–	–	–	–	40,991
	1,342,683	**–**	**6,176,407**	**272,937**	**255,363**	**267,055**	**–**	**8,314,445**
Net carrying amount								
At 31 March 2019	**12,669,328**	**–**	**4,503,195**	**148,128**	**72,398**	**152,282**	**–**	**17,545,331**
At 31 March 2018	13,518,703	–	4,301,014	212,726	107,788	158,068	367,337	18,665,636
At 31 March 2017	19,407,398	316,979	838,737	309,047	155,371	141,328	–	21,168,860

	Leasehold building $	Office equipment $	Motor vehicles $	Renovation $	Total $
Company					
Cost or deemed cost					
At 1 April 2017	2,339,679	7,590	156,000	155,080	2,658,349
Additions	–	697	–	64,350	65,047
Disposals	–	–	(28,000)	–	(28,000)
At 31 March 2018	2,339,679	8,287	128,000	219,430	2,695,396
Additions	–	1,371	–	–	1,371
At 31 March 2019	**2,339,679**	**9,658**	**128,000**	**219,430**	**2,696,767**
Accumulated depreciation					
At 1 April 2017	33,234	1,816	35,250	23,262	93,562
Additions	39,881	1,634	30,083	38,100	109,698
Disposals	–	–	(28,000)	–	(28,000)
At 31 March 2018	73,115	3,450	37,333	61,362	175,260
Additions	39,881	1,863	21,333	43,886	106,963
At 31 March 2019	**112,996**	**5,313**	**58,666**	**105,248**	**282,223**
Net carrying amount					
At 31 March 2019	**2,226,683**	**4,345**	**69,334**	**114,182**	**2,414,544**
At 31 March 2018	2,266,564	4,837	90,667	158,068	2,520,136
At 31 March 2017	2,306,445	5,774	120,750	131,818	2,564,787

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2019

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

As at 1 April 2017, included in leasehold land and building of the Group with carrying amount of $379,428 were two units of residential properties located in Vietnam. These residential properties are registered in the name of a former director of the Group and are held in trust on behalf of the Group which have been disposed during the financial year.

Assets held under finance leases

The carrying amount of the Group's motor vehicles acquired under finance leases at the balance sheet date is $37,052 (2018: $61,818; 2017: $85,245).

Leased assets are pledged as security for the related finance lease liabilities (Note 23).

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold land and building with carrying amount of $7,487,181 (2018: $7,766,300; 2017: $7,238,459) are pledged to financial institutions to secure the Group's bank term loans and foreign currency loan against import (Note 23).

At the balance sheet date, the fair value of a leasehold building of a subsidiary located at Kaki Bukit Industrial Terrace, Singapore is valued at $3,800,000 (2018 and 2017: $3,800,000) while the carrying value is $3,696,569 (2018: $3,840,968; 2017: $3,945,484). The valuation was determined based on the property's highest and best use by an accredited independent professional valuer using the Direct Comparison Approach, under which the property is assessed having regards to the recent transactions around the vicinity. Significant input used in this valuation is price per square foot of comparable properties in the vicinity, ranging from $955 to $1,097 (2018: $757 to $884; 2017: $779 to $993) per square foot. Appropriate adjustments have been made between comparables and the subject property to reflect the differences in size, tenure, type of property and other relevant factors affecting its value. Higher price per square foot will result in a higher fair value measurement. The fair value measurement is categorised under Level 3 (2018 and 2017: Level 3) of the fair value hierarchy. As a result of the valuation, an impairment loss of $40,991 (2017: Nil) was recognised in "administrative expenses" for the financial year ended 31 March 2018. The management has determined that no reversal of impairment is necessary after taking into account selling costs.

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

Location	Description	Tenure	Building area (sqm)
Plo 32, Kawasan Perindustrian Simpang Renggam, 86200 Simpang Renggam, Johor, Malaysia	Factory	Leasehold (60 years expiring on 21 May 2062)	10,763
Plo 34, Kawasan Perindustrian Simpang Renggam, 86200 Simpang Renggam, Johor, Malaysia	Factory	Leasehold (60 years expiring on 29 August 2059)	10,763
Land Plot No. 452 and 453, Khanh Binh Commune, Tan Uyen Town, Binh Duong Province, Ho Chi Minh City, Vietnam*	Factory	Leasehold (50 years expiring on 6 September 2063)	25,528

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2019

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

Details of the properties held by the Group are as follows (cont'd):

Location	Description	Tenure	Building area (sqm)
39 Kaki Bukit Industrial Terrace Singapore 416119	Factory/ Office	Leasehold (60 years expiring on 8 January 2055)	723
2 Kallang Avenue, CT Hub, #07-03/04, Singapore 339407	Office	Leasehold (99 years expiring on 13 January 2075)	252

* The property was reclassified as disposal group assets classified as held-for-sale as at 31 March 2019 (Note 22) and property held-for-sale as at 31 March 2018 (Note 21).

13. Subsidiaries

	Company		
	31.3.2019	31.3.2018	1.4.2017
	$	$	$
Unquoted equity shares, at cost			
At beginning of the financial year	**53,153,774**	49,776,537	49,776,527
Additions (Note A)	**–**	3,377,237	10
At end of the financial year	**53,153,774**	53,153,774	49,776,537
Less: Impairment losses	**20,956,719**	20,956,719	20,956,719
	32,197,055	32,197,055	28,819,818
Loan due from subsidiary			
At the beginning of the financial year	**21,311,617**	–	–
Additions during the year	**1,410,543**	21,311,617	–
At the end of the financial year	**22,722,160**	21,311,617	–
	54,919,215	53,508,672	28,819,818

On 21 August 2018, Ambertree Indonesia Ventures Pte Ltd ("AIV"), together with a third party non-controlling interest, incorporated a subsidiary in Indonesia known as PT Ambertree Development Jakarta ("PTADJ") with a paid-up capital of US$21.75 million. PTADJ was incorporated in connection with the Group's diversification into the property development and property investment business.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Effective equity interest 31.3.2019 %	31.12.2018 %	1.4.2017 %
Held by the Company					
Ambertree Pte. Ltd.(1)	Singapore	Rental of premises	**100**	100	100
KLW Resources Sdn. Bhd. ("KLWR") (2) (Note A)	Malaysia	Investment holding	**100**	100	100
Ambertree Vic-Mel (Flinders) Pty Ltd (3)	Australia	Investment holding	**100**	100	100
Ambertree Vic Mel (Lincoln) Pty Ltd (3)	Australia	Investment holding/Property development *	**100**	100	100
Ambertree Indonesia Ventures Pte. Ltd. (1)	Singapore	Investment holding	**100**	100	100
Held through Ambertree Pte. Ltd.					
Ambertree Development (Singapore) Pte. Ltd. (3)	Singapore	Dormant	**100**	100	100
Held through Ambertree Indonesia Ventures Pte Ltd					
PT Ambertree Development Jakarta (7)	Indonesia	Property development	**65**	65	–
Held through KLW Resources Sdn. Bhd.					
KLW Wood Products (M) Sdn. Bhd. (2)	Malaysia	Manufacture and supply of doors, mouldings and wood floorings	**100**	100	100
Dongguan Lebex Door Co. Ltd. (5)	People's Republic of China	Manufacture and supply of doors, mouldings and wood floorings	**100**	100	100

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. Subsidiaries (cont'd)

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

Name	Country of incorporation	Principal activities	Effective equity interest 31.3.2019 %	31.3.2018 %	1.4.2017 %
Held through KLW Resources Sdn. Bhd. (cont'd)					
KLW Joinery Pte. Ltd. (1)	Singapore	Supply and installation of doors, mouldings and wood floorings	**100**	100	100
KLW (HK) Limited (4)	Hong Kong	Trading of doors, mouldings, floorings and related products	**100**	100	100
Key Bay Furniture Co., Ltd ("Key Bay") (6)	Vietnam	Manufacturing, processing all kinds of artificial boards, thin veneer boards, flooring boards, high quality furniture and all kinds of wooden doors	**100**	100	100

(1) Audited by Baker Tilly TFW LLP, Singapore

(2) Audited by Baker Tilly Monteiro Heng, Malaysia

(3) Audited by Baker Tilly TFW LLP, Singapore for the purpose of consolidation

(4) Audited by Baker Tilly Monteiro Heng, Malaysia for the purpose of consolidation

(5) Audited by Baker Tilly China

(6) Audited by Baker Tilly A&C, Vietnam

(7) Audited by Johan Malonda Mustika & Rekan, Indonesia, an independent member of Baker Tilly International

Note A - KLWR

Included in KLWR total number of shares issued are two categories of shares. Class A ordinary shares were held by a third party as at 1 April 2017 and represents 30% of the total number of issued shares of KLWR. Class B ordinary shares, representing 70% of the total number of issued shares of KLWR, are held by the Company. Management considered that, among others, the holder has the ability to put the Class A ordinary shares back to the Company at a price at other than fair value, pursuant to a put option granted by the Company to the holder of the Class A ordinary shares. Accordingly, the Company has retained a certain degree of continuing involvement such that the risks and rewards of the ownership and control of the Class A ordinary shares have not been transferred to the Class A shareholder. In determining the Group's ownership interests in KLWR, both the Class A and B ordinary shares are considered as effectively owned by the Company (Note 26).

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. Subsidiaries (cont'd)

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

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

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interests held by NCI		
		31.3.2019	31.3.2018	1.4.2017
		%	%	%
PT Ambertree Development Jakarta	Indonesia	**35**	35	–

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

Summarised Balance Sheet

	31.3.2019	31.3.2018
	$	$
Current assets	**31,573,087**	31,345,145
Current liabilities	**(3,916,202)**	(3,299,160)
Net assets	**27,656,885**	28,045,985
Net assets attributable to NCI	**9,679,910**	9,816,094

Summarised Income Statement

	31.3.2019	31.3.2018
	$	$
Loss before tax	**(306,760)**	(130,856)
Income tax expense	**–**	–
Loss after tax	**(306,760)**	(130,856)
Other comprehensive loss	**(82,338)**	(1,943,006)
Total comprehensive loss	**(389,098)**	(2,073,862)
Loss allocated to NCI	**(136,184)**	(725,852)

Summarised Cash Flows

	31.3.2019	31.3.2018
	$	$
Cash flows from operating activities	**2,132,959**	(31,164,505)
Cash flows from investing activities	**(21,662)**	–
Cash flows from financing activities	**523,971**	31,383,099
Net increase in cash and cash equivalents	**2,635,268**	218,594

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2019

14. Available-for-sale financial assets

	Group		
	31.3.2019	31.3.2018	1.4.2017
	$	$	$
Quoted investment in equity securities listed on SGX-ST			
At beginning of the financial year	**461**	461	2,767
Transfer to financial assets designated at fair value through profit or loss (Note 15)	**(461)**	–	–
Less: Impairment loss	**–**	–	(2,306)
At end of the financial year	**–**	461	461

15. Financial assets at fair value through profit or loss

	Group		
	31.3.2019	31.3.2018	1.4.2017
	$	$	$
Quoted investments in equity securities listed on SGX-ST			
At beginning of the financial year	**–**	–	–
Transfer from available-for-sale financial assets, currently accounted as financial assets at FVTPL (Note 14)	**461**	–	–
Less: Fair value loss with respect to financial asset at FVTPL	**(69)**	–	–
At end of the financial year	**392**	–	–

As at the balance sheet date, the carrying value of the financial assets at fair value through profit or loss approximate its fair value. The fair value measurement of the financial assets at fair value through profit or loss is categorised within Level 1 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

16. Contract assets

The Group receives payments from customers based on a billing schedule as established in contracts. Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date.

The following table provides information about contract assets from contracts with customers.

	31.3.2019 $	31.3.2018 $	1.4.2017 $
Contract assets:			
Non-current	**51,694**	120,526	427,870
Current	**1,046,595**	1,560,670	2,382,674

Included in contract assets is retention sum amounting to:

	31.3.2019 $	31.3.2018 $	1.4.2017 $
Non-current	**51,694**	120,526	427,870
Current	**413,804**	321,211	254,532

The decrease in contract assets is due to the Group's right to consideration became unconditional and were reclassified to trade receivables.

17. Development properties

	Group		
	31.3.2019 $	31.3.2018 $	1.4.2017 $
Property held for redevelopment			
At beginning of the financial year	**13,358,581**	14,208,432	13,690,554
Currency translation differences	**(544,435)**	(849,851)	517,878
At end of the financial year	**12,814,146**	13,358,581	14,208,432
Land held for development			
At beginning of the financial year	**28,415,549**	29,522,989	–
Additions during the year	**21,608**	–	–
Currency translation differences	**(70,624)**	(1,107,440)	–
At end of the financial year	**28,366,533**	28,415,549	–
	41,180,679	41,774,130	14,208,432

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

17. Development properties (cont'd)

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

Location	Description	Tenure	Building/ land area (sqm)	Percentage of completion at 31 March 2019 and 2018	Expected completion date
23 - 31 Lincoln Square South, Carlton, Melbourne, Australia	A block of five-storey commercial office building/ redevelopment opportunity	Freehold	3,745	–	Unknown
Jl. R.A Kartini No. 18, Jakarta, Indonesia	Parcels of land	Expiry date varies from 16 October 2026 to 6 December 2045	7,456	–	Unknown

Fair value of the development properties

At the balance sheet date, the fair value of the property held for redevelopment of the Group located at Lincoln Square South, Australia is valued at $18,335,000. The valuation was determined based on the property's highest and best use by an accredited independent professional valuer using Direct Comparison Approach, under which the property is assessed having regards to the recent transactions around the vicinity. The fair value measurement of the development property was categorised under Level 3 of the fair value hierarchy.

At the balance sheet date, the fair value of the land held for development of the Group located at Jalan Rayan TB Simatupang, Jakarta is valued at $29,110,000. The valuation was determined based on the property's highest and best use by an accredited independent professional valuer using Direct Comparison Approach, under which the property is assessed having regards to the recent transactions around the vicinity. The fair value measurement of the development property was categorised under Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

18. Prepayments, trade and other receivables

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	**31.3.2019**	31.3.2018	1.4.2017
	$	$	$	**$**	$	$
Current						
Trade receivables						
- third parties	**2,331,380**	1,657,601	3,230,932	**–**	–	–
- related party	**144,134**	180,347	–	**–**	–	–
- subsidiaries	**–**	–	–	**299,529**	299,529	299,529
	2,475,514	1,837,948	3,230,932	**299,529**	299,529	299,529
Less: Impairment loss of trade receivables	**(146,304)**	–	(126,267)	**(299,529)**	(299,529)	(299,529)
Trade receivables, net	**2,329,210**	1,837,948	3,104,665	**–**	–	–
Other receivables						
- commitment fees (Note A)	**6,950,000**	7,200,000	7,200,000	**–**	–	–
- sundry receivables	**549,450**	625,126	253,414	**11,984**	14,491	138,315
- subsidiaries (non-trade) (Note B)	**–**	–	–	**30,020,393**	29,192,985	29,026,679
- deposits (Note C)	**159,592**	118,055	9,181,451	**10,742**	33,102	9,016,467
	7,659,042	7,943,181	16,634,865	**30,043,119**	29,240,578	38,181,461
Less: Impairment loss of other receivables	**(3,473,526)**	(7,224,086)	(7,200,000)	**(8,248,101)**	(8,414,680)	(8,419,869)
Other receivables, net	**4,185,516**	719,095	9,434,865	**21,795,018**	20,825,898	29,761,592
Prepayments	**882,598**	678,382	324,470	**65,485**	79,097	72,170
VAT receivables	**359,785**	3,155,595	476,062	**–**	–	–
Advance payments to suppliers	**–**	–	329,156	**–**	–	–
Other receivables and prepayments, net	**5,427,899**	4,553,072	10,564,553	**21,860,503**	20,904,995	29,833,762
Total	**7,757,109**	6,391,020	13,669,218	**21,860,503**	20,904,995	29,833,762

Note A - Commitment fees

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

18. Prepayments, trade and other receivables (cont'd)

Note A - Commitment fees (cont'd)

– An amount of $7,000,000 was paid to the Zhangye counterparty under a term sheet in respect of a property development project in Zhangye, Gansu, China ("Zhangye Property Term Sheet"), which remains outstanding as at 31 March 2019. Despite having entered and agreed into a new plan and agreement to recover the said amount from the counterparty, the Group has not recovered the sum and therefore a full allowance for impairment loss has been made since financial year 2015.

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

By entering into the Vietnam Term Sheet, it was agreed amongst the Parties that the outstanding commitment fee amounting to $7,000,000 owing by the Zhangye counterparty to the Group under the Zhangye Property Term Sheet will be paid into an escrow account by 25 August 2015, which will serve as the commitment fee paid by the Company under the Vietnam Term Sheet. The said amount will be released from the escrow account to the Company by 25 November 2015 in the event that no definitive agreement is entered into by the Group by then, relating to the Vietnam Term Sheet or from any other transactions so introduced by the Zhangye counterparty or its director and shareholder. The director and shareholder of the Zhangye counterparty has personally undertaken to fulfil the payment obligations under the above Term Sheets.

The Board of Directors have taken actions to recover the commitment fees. On 26 May 2015, 27 May 2015 and 1 July 2015 respectively, the Group had managed to recover a total of $9,000,000. On 22 November 2015, the Company had announced that it had issued a letter of demand for the remaining $200,000 but that the Board has kept the claim in abeyance in the meantime.

The present claim in the High Court of the Republic of Singapore ("High Court") is for the sum of $7,000,000. On 18 October 2016, the Company obtained summary judgement for the sum of $7,000,000, interest on the sum of $7,000,000 at the rate of 5.33% per annum from 21 November 2015 and costs of $10,000 excluding disbursements, which are to be agreed if not taxed. The counterparties have lodged an appeal against the High Court's decision and the appeal were subsequently dismissed by Honourable Court of Appeal.

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

On 23 July 2018, the application for a peremptory order by the Company was dismissed with no order as to costs.

On 26 July 2018, the High Court granted the Company's application to declare Mr Chan a bankrupt. Mr Chan appealed against the bankruptcy order.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2019

18. Prepayments, trade and other receivables (cont'd)

Note A - Commitment fees (cont'd)

On 14 March 2019, the High Court extended the stay of the bankruptcy order until 17 May 2019. Amongst other terms, Mr Chan had to pay the Company the following sums on the stipulated dates, failing which his appeal against the bankruptcy order made against him will be dismissed:

a. The sum of $250,000 by 14 March 2019;
b. The sum of $2,000,000 by 7 April 2019; and
c. The sum of $1,500,000 by 16 May 2019.

Mr Chan has complied with the foregoing payments and the Company has received the above mentioned sums on:

a. 14 March 2019 for the sum of $250,000;
b. 4 and 5 April 2019 for the sum of $1,000,000 each; and
c. 10 May 2019 for the sum of $1,500,000

In view of the above payments, a reversal of impairment loss of other receivables amounting to $3,750,000 has been made in the Group's financial statements as at 31 March 2019.

Please refer to Note 36 for further details.

Accordingly, the remaining outstanding balances of $3,450,000 relating to the Bali Term Sheet and Vietnam Term Sheet (originally paid under Zhangye Property Term Sheet) amounted to $200,000 and $3,250,000 respectively have remained outstanding and fully impaired as at 31 March 2019.

Note B - Due from subsidiaries (non-trade)

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

Note C - Deposits

Included in the deposits of the Group and the Company as at 1 April 2017 was a refundable deposit of $8,983,924 being placed under an escrow account with a licensed bank in Singapore for the purpose of incorporating a subsidiary in Indonesia for the acquisition of the land.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

18. Prepayments, trade and other receivables (cont'd)

Movement in the allowances for impairment loss

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	**31.3.2019**	31.3.2018	1.4.2017
	$	$	$	**$**	$	$
Trade receivables						
At beginning of the financial year	**–**	126,267	186,423	**299,529**	299,529	299,529
Allowance written off against trade receivables	**–**	(120,849)	(158,664)	**–**	–	–
Additional impairment loss	**146,640**	–	126,267	**–**	–	–
Reversal of impairment loss		–	(27,759)	**–**	–	–
Currency translation differences	**(336)**	(5,418)	–	**–**	–	–
At end of the financial year	**146,304**	–	126,267	**299,529**	299,529	299,529
Other receivables						
At beginning of the financial year	**7,224,086**	7,200,000	7,200,000	**8,414,680**	8,419,869	8,421,470
Additional impairment loss	**–**	23,070	–	**83,421**	–	–
Reversal of impairment loss (Note 8)	**(3,750,000)**	–	–	**(250,000)**	(5,189)	(1,601)
Currency translation differences	**(560)**	1,016	–	**–**	–	–
At the end of the financial year	**3,473,526**	7,224,086	7,200,000	**8,248,101**	8,414,680	8,419,869

19. Inventories

	Group		
	31.3.2019	31.3.2018	1.4.2017
	$	$	$
Finished goods	**1,037,015**	895,706	860,704
Work-in-progress	**2,010,504**	1,580,053	2,160,797
Raw materials	**2,340,608**	4,115,681	4,133,789
	5,388,127	6,591,440	7,155,290

The cost of inventories recognised as expense and included in "cost of sales" amounted to $14,214,617 (2018: $18,665,768).

In 2019, inventories written back of $404,528 is recognised as non-operating income in "cost of sales" as the slow-moving raw materials were utilised in the manufacturing of doors and subsequently sold during the year. In 2018, inventories write-down of $819,731 was recognised as an expense in "cost of sales".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

20. Cash and cash equivalents

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	**31.3.2019**	31.3.2018	1.4.2017
	$	$	$	**$**	$	$
Cash and bank balances	**11,821,569**	8,292,299	13,037,261	**290,563**	1,238,952	4,087,719
Fixed deposits	**3,973,476**	7,178,711	15,042,589	**3,516,192**	6,273,311	13,437,589
Cash and cash equivalents	**15,795,045**	15,471,010	28,079,850	**3,806,755**	7,512,263	17,525,308

Fixed deposits of the Group and Company bear interest rates ranging from 0.80% to 2.38% (2018: 0.35% to 1.75% and 0.35% to 1.64%; 2017: 0.35% to 2.50% and 0.35% to 1.77%) respectively per annum and have a maturity period of 1 to 8 months (2018 and 2017: 1 to 8 months) from the balance sheet date.

Included in cash and cash equivalents are bank deposits amounting to $343,929 (2018: $110,960; 2017: $171,908) which are not freely remissible to overseas because of currency exchange restrictions.

21. Property held-for-sale

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

At 31 March 2017, the fair value was determined based on contracted selling price with a third party (Level 3 of the fair value hierarchy). The property was mortgaged to secure the Group’s bank loans (Note 23).

At 31 March 2018, the Board had approved to sell the factory property held by Key Bay in Vietnam with a net carrying amount of $5,815,120. The Group has reclassified the factory property from property held-for-sale to disposal group assets classified as held-for-sale (Note 22) for the financial year ended 31 March 2019 as management has decided to sell the subsidiary that owned the property. The intention to recover the carrying amount of the property through sale rather than through continuing use has not changed.

The details of the factory building are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

22. Disposal group assets classified as held-for-sale

The Group's management has signed the Memorandum of Understanding on 16 November 2018 to dispose the Group's Key Bay subsidiary and its factory property. The assets and liabilities related to Key Bay have been presented as disposal group classified as held-for-sale.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of the assets as held-for-sale.

The disposal group classified as held-for-sale is categorised under the Group's door business segment (Note 32).

Details of disposal group assets classified as held-for-sale are as follows:

	Group 2019 $
Property plant and equipment (Note A)	5,891,984
Trade and other receivables	402,776
Cash and cash equivalents	670,714
	6,965,474

Liabilities directly associated with disposal group classified as held-for-sale are as follows:

Trade and other payables	38,239
Income tax payable	46,902
	85,141
Reserve	
Current translation reserve	(9,254)

<u>Note A</u>

At beginning of the financial year	–
Reclassified from property held-for-sale (Note 21)	5,815,120
Capitalisation of VAT receivables during the year	76,864
At end of the financial year	5,891,984

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

23. Borrowings

	Group		
	31.3.2019	31.3.2018	1.4.2017
	$	$	$
Current			
Finance lease liabilities	**16,138**	19,589	17,925
Bankers' acceptance	**41,832**	–	–
Foreign currency loan against import	**828,361**	1,378,367	840,132
Term loan I	**87,906**	86,100	86,339
Term loan II	**–**	–	15,017,450
	974,237	1,484,056	15,961,846
Non-current			
Finance lease liabilities	**42,815**	58,385	77,074
Term loan I	**3,075,490**	3,162,691	3,250,156
	3,118,305	3,221,076	3,327,230
Total borrowings			
Finance lease liabilities	**58,953**	77,974	94,999
Bankers' acceptance	**41,832**	–	–
Foreign currency loan against import	**828,361**	1,378,367	840,132
Term loan I	**3,163,396**	3,248,791	3,336,495
Term loan II	**–**	–	15,017,450
	4,092,542	4,705,132	19,289,076

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2019

23. Borrowings (cont'd)

Finance lease liabilities

The finance lease liabilities are secured by a charge over the leased motor vehicles of the Group (Note 12). The weighted average effective interest rate of finance leases of the Group ranges from 5.56% to 6.05% (2018: 5.56% to 5.93%) respectively per annum.

	Group					
	31.3.2019		31.3.2018		1.4.2017	
	Minimum lease payments	**Present value**	Minimum lease payments	Present value	Minimum lease payments	Present value
		$		$		$
Not later than one financial year	**16,669**	**16,138**	27,431	19,589	22,919	17,925
Later than one financial year but not later than five financial years	**48,980**	**42,815**	61,761	58,385	72,988	62,089
Later than five financial years	**–**	**–**	–	–	15,393	14,985
Total minimum lease payments	**65,649**	**58,953**	89,192	77,974	111,300	94,999
Less: Future finance charges	**(6,696)**	**–**	(11,218)	–	(16,301)	–
Present value of finance lease liabilities	**58,953**	**58,953**	77,974	77,974	94,999	94,999

Representing:

	31.3.2019	31.3.2018	1.4.2017
Current	**16,138**	19,589	17,925
Non-current	**42,815**	58,385	77,074
	58,953	77,974	94,999

Foreign currency loan against import

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

(a) corporate guarantee from the Company;

(b) negative pledge over certain assets of the Group; and

(c) legal charges over certain properties of the Group (Note 12).

(ii) Foreign currency loan against import is drawn down for a period of up to 120 days (2018: 120 days) which is renewable on maturity. Interest is charged at rates ranging from 3.80% to 5.14% (2018: 3.80% to 4.46%) per annum.

23. Borrowings (cont'd)

Banker's acceptance

(i) Interest is charged for banker's acceptance at rates ranging from 3.67% - 5.27% per annum.

Term loan I - Floating rate

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

   (a) legal charges over the Group's leasehold land and building in Singapore (Note 12); and

   (b) corporate guarantee from the Company.

(ii) Term loan I is repayable by monthly instalments commencing from October 2014 over 25 years and bears an interest rate of 5.25% (2018: 4.75%) per annum at the balance sheet date.

Term loan II - Fixed rate

(i) In 2017, Term loan II was secured by a legal mortgage over Group's property held-for-sale in Australia.

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

Determination of fair value of borrowings

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

The fair value of the borrowings are determined based on discounted cash flows using market lending rate for similar borrowings which the management expects would be available to the Group and the Company at the balance sheet date. The fair value of the non-current borrowings at the balance sheet date approximates its carrying value as there are no significant changes in the interest rate available to the Group at the balance sheet date. This fair value measurement for disclosure purpose is categorised within Level 3 (2018: Level 3) of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

23. Borrowings (cont'd)

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

	Finance lease liabilities	Foreign currency loan against import	Term loan I & II	Loan from non-controlling interest (Note 25)	Shares with preference rights (Note 26)	Bankers' acceptance	Total
	$	$	$	$	$	$	$
Group							
2019							
At beginning of the financial year	77,974	1,378,367	3,248,791	1,126,841	–	–	5,831,973
Changes from financing cash flows:							
- Proceeds	–	2,722,064	–	–	–	295,882	3,017,946
- Repayments	(18,834)	(3,273,452)	(85,416)	–	–	(253,898)	(3,631,600)
- Interest paid	(4,494)	(47,604)	(159,553)	–	–	(2,226)	(213,877)
- Loan	–	–	–	44,894	–	–	44,894
Non-cash changes:							
- Interest expense	4,494	47,604	159,553	–	–	2,226	213,877
Currency translation differences	(187)	1,382	21	(3,999)	–	(152)	(2,935)
At end of the financial year	**58,953**	**828,361**	**3,163,396**	**1,167,736**	**–**	**41,832**	**5,260,278**
2018							
At beginning of the financial year	94,999	840,132	18,353,945	–	4,740,000	–	24,029,076
Changes from financing cash flows:							
- Proceeds	–	4,202,705	–	–	–	–	4,202,705
- Repayments	(17,910)	(3,797,088)	(14,835,686)	–	–	–	(18,650,684)
- Interest paid	(5,223)	(41,046)	(195,861)	–	(331,160)	–	(573,290)
- Loan	–	–	–	1,154,889	–	–	1,154,889
Non-cash changes:							
- Interest expense	5,223	41,046	195,861	–	331,160	–	573,290
- Reinstatement to non-controlling interest	–	–	–	–	(5,065,856)	–	(5,065,856)
Currency translation differences	885	132,618	(269,468)	(28,048)	325,856	–	161,843
At end of the financial year	77,974	1,378,367	3,248,791	1,126,841	–	–	5,831,973

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2019

24. Deferred tax liabilities

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

The movement in deferred income tax account is as follows:

	Group		
	31.3.2019	31.3.2018	1.4.2017
	$	$	$
At beginning of the financial year	**909,093**	4,002,860	1,072,555
Recognised in profit or loss (Note 10)	**494,287**	(3,122,885)	2,938,099
Currency translation differences	**(25,909)**	29,118	(7,794)
At end of the financial year	**1,377,471**	909,093	4,002,860

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

	Deferred tax liabilities				
	Net book values over tax written down values	**Asset revaluation of leasehold land and buildings**	**Fair value gains**	**Others**	**Total**
	$	**$**	**$**	**$**	**$**
Group					
2019					
At beginning of the financial year	685,884	918,679	–	13,348	1,617,911
Recognised in the profit or loss	257,626	(25,981)	–	(61,913)	169,732
Currency translation differences	(15,090)	(24,234)	–	(52)	(39,376)
At end of the financial year	**928,420**	**868,464**	**–**	**(48,617)**	**1,748,267**
2018					
At beginning of the financial year	330,525	876,498	2,618,358	177,479	4,002,860
Recognised in the profit or loss	317,327	(20,703)	(2,571,375)	(169,216)	(2,443,967)
Currency translation differences	38,032	62,884	(46,983)	5,085	59,018
At end of the financial year	685,884	918,679	–	13,348	1,617,911

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

24. Deferred tax liabilities (cont'd)

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

	Unutilised tax losses and capital allowances $
Deferred tax assets	
Group	
2019	
At beginning of the financial year	(708,818)
Recognised in the profit or loss	324,555
Currency translation differences	13,467
At end of the financial year	**(370,796)**
2018	
At beginning of the financial year	–
Recognised in the profit or loss	(678,918)
Currency translation differences	(29,900)
At end of the financial year	(708,818)

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $23 million (2018: $25 million; 2017: $30 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and these will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

25. Trade and other payables

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	**31.3.2019**	31.3.2018	1.4.2017
	$	$	$	**$**	$	$
Trade payables						
- third parties	**1,931,046**	1,829,632	1,404,267	**–**	–	–
Other payables						
- third parties	**515,941**	590,490	684,259	**78,264**	49,242	84,484
Rental deposits received	**117,449**	75,065	240,654	**–**	–	–
Accrued operating expenses	**1,320,504**	1,714,601	3,294,448	**98,170**	305,910	395,611
Deposit received from disposal group classified as held for sale	**1,360,756**	–	–	**–**	–	–
Loan from non-controlling shareholder	**1,167,736**	1,126,841	–	**–**	–	–
Due to subsidiary	**–**	–	–	**11,771,793**	12,271,942	–
	4,482,386	3,506,997	4,219,361	**11,948,227**	12,627,094	480,095
Total	**6,413,432**	5,336,629	5,623,628	**11,948,227**	12,627,094	480,095

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

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

26. Shares with preference rights

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

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2019

26. Shares with preference rights (cont'd)

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

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

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

The Put Option expired on 31 December 2017. On 1 January 2018, the Company announced that it has entered into a sale and purchase agreement ("SPA") with KPFB for the purchase of Class A ordinary shares in the share capital of KLWR at a consideration amount of MYR25.0 million, equivalent to $8.4 million. The Company had waived its right to claim the balance acquisition sum amounting to an aggregate of MYR2.0 million, equivalent to $0.7 million, under the Shares Sale Agreement entered into between the Company and KPFB in 2010 and deliver a written confirmation to KPFB that KLW Resources will not be listed on the Bursa Securities Malaysia or such other reputable stock exchange during the period of 12 months from the date of the SPA. On 13 February 2018, the Company announced the completion of the acquisition.

27. Share capital

	Group and Company		
	31.3.2019	31.3.2018	1.4.2017
	$	$	$
Issued and paid up capital			
5,380,556,316 ordinary shares fully paid with no par value	**103,170,633**	103,170,633	103,170,633

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

28. Revaluation and other reserves

	Asset revaluation reserve $	Reserve of disposal group classified as held-for-sale $	Foreign currency translation reserve $	Warrant reserve $	Total $
Group					
2019					
At beginning of the financial year	4,766,269	–	(4,742,334)	–	23,935
Effect of adoption of SFRS(I) 1	(4,766,269)	–	–	–	(4,766,269)
At beginning of the financial year, restated	–	–	(4,742,334)	–	(4,742,334)
Reserve attributable to disposal group classified as held for sale	–	(9,254)	9,254	–	–
Net exchange differences on translation of financial statements of foreign subsidiaries	–	–	(130,576)	–	(130,576)
At end of the financial year	**–**	**(9,254)**	**(4,863,656)**	**–**	**(4,872,910)**
2018					
At beginning of the financial year	3,973,109	–	(2,337,632)	3,286,752	4,922,229
Effect of adoption of SFRS(I) 1	(3,973,109)	–	–	–	(3,973,109)
At beginning of the financial year, restated	–	–	(2,337,632)	3,286,752	949,120
Expiry of warrant	–	–	–	(3,286,752)	(3,286,752)
Net exchange differences on translation of financial statements of foreign subsidiaries	–	–	(2,404,702)	–	(2,404,702)
At end of the financial year, restated	–	–	(4,742,334)	–	(4,742,334)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

28. Revaluation and other reserves (cont'd)

	Asset revaluation reserve	Reserve of disposal group classified as held-for-sale	Foreign currency translation reserve	Warrant reserve	Total
	$	$	$	$	$
Company					
At beginning of the financial year	–	–	–	3,286,752	3,286,752
Expiry of warrant	–	–	–	(3,286,752)	(3,286,752)
At end of the financial year 2018 and 2019	–	–	–	–	–

Asset revaluation reserve

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

Foreign currency translation reserve

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

Warrant reserve

Warrant reserve relates to the fair value ascribed to warrants issued, net of issue expenses. As and when the warrants are exercised, the related balance in the warrant reserve is transferred to the share capital account. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.07. As at 31 March 2018, the Company has no outstanding warrants. The warrants had expired on 30 June 2017 and the reserve was reclassified to accumulated losses during the financial year ended 31 March 2018.

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

29. Contingent liabilities

	Company		
	31.3.2019	31.3.2018	1.4.2017
	$	$	$
Corporate guarantee			
Guarantee issued for bank facilities granted to subsidiaries	**5,205,600**	5,239,200	5,650,200
Amounts utilised by subsidiaries	**3,991,757**	4,627,158	4,176,627

The directors have assessed the fair values of these financial guarantees to have no material financial impact on the results for the financial year ended 31 March 2019 and 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

30. Commitments

(a) Operating lease commitments - as lessee

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

	Group		
	31.3.2019	31.3.2018	1.4.2017
	$	$	$
Not later than one year	**378,040**	707,577	583,268
Later than one year but not later than five years	**994,186**	1,999,208	–
	1,372,226	2,706,785	583,268

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

(b) Capital commitments

Capital commitment not provided for in the financial statements:

	Group		
	31.3.2019	31.3.2018	1.4.2017
	$	$	$
Capital commitments in respect of property, plant and equipment	**1,074,895**	208,983	–

31. Related party transactions

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

	Group	
	2019	2018
	$	$
With related party		
Sales of goods	**24,170**	563,802

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

31. Related party transactions (cont'd)

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

	Group	
	2019	2018
	$	$
Key management personnel compensation		
Directors of the Company		
- Salaries and related costs	**740,207**	715,740
- Directors' fees	**211,000**	201,435
Directors of subsidiaries		
- Salaries and related costs	**126,510**	132,138
- Employer's contribution to defined contribution plans	**14,193**	14,803
- Directors' fees	**135,064**	40,912
Other key management personnel		
- Salaries and related costs	**1,035,073**	1,103,438
- Employer's contribution to defined contribution plans	**43,993**	58,731
	2,306,040	2,267,197

Total key management personnel compensation:

	Group	
	2019	2018
	$	$
Salaries and related costs	**2,247,855**	2,193,663
Employer's contribution to defined contribution plans	**58,185**	73,534
	2,306,040	2,267,197

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

32. Segment information

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

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

(i) Investment

This segment relates to investment holding companies.

(ii) Door business

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

(iii) Property business

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

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Executive Directors. Segment assets consist of property, plant and equipment, available-for-sale financial assets, financial assets at fair value through profit or loss, development property, land held for development, prepayments, trade and other receivables, contract assets, inventories, property held-for-sale, disposal group assets held-for-sale, and operating cash and cash equivalents. Segment liabilities comprise operating liabilities and exclude items such as income tax payable, deferred tax liabilities, shares with preference rights and borrowings. Capital expenditure comprises additions to property, plant and equipment (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

32. Segment information (cont'd)

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

Business segments

	Investment $	Door Business $	Property Business $	Total $
For the financial year ended 31 March 2019				
Segment revenue				
Sales - external	–	30,294,949	–	30,294,949
Segment loss	(1,914,871)	(1,254,421)	(1,755,190)	(4,924,482)
Other income				230,344
Interest income				184,946
Reversal of impairment loss on other receivable				3,750,000
Finance cost				(213,877)
Loss before income tax				(973,069)
Income tax credit				(513,021)
Loss for the financial year				(1,486,090)
Assets				
Segment and consolidated total assets	6,309,510	36,889,133	52,531,803	95,730,446
Liabilities				
Segment liabilities	176,434	4,687,510	1,649,074	6,513,018
Borrowings				4,092,542
Deferred tax liabilities				1,377,471
Consolidated total liabilities				11,983,031
Other segment items				
Capital expenditure	1,371	678,733	–	680,104
Depreciation of property, plant and equipment	106,963	956,358	1,249	1,064,570
Impairment loss on trade receivables	–	146,640	–	146,640
Inventories written back	–	(404,528)	–	(404,528)
Loss on disposal of property, plant and equipment	–	90,425	–	90,425
Reversal of impairment loss of other receivable	–	–	(3,750,000)	(3,750,000)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

32. Segment information (cont'd)

Business segments (cont'd)

	Investment $	Door Business $	Property Business $	Total $
For the financial year ended 31 March 2018				
Segment revenue				
Sales - external	–	33,214,614	93,034	33,307,648
Segment loss	(3,605,280)	(3,413,336)	(2,090,086)	(9,108,702)
Other income				406,405
Interest income				437,426
Finance cost				(573,290)
Loss before income tax				(8,838,161)
Income tax credit				820,106
Loss for the financial year				(8,018,055)
Assets				
Segment and consolidated total assets	10,159,088	37,041,916	49,189,009	96,390,013
Liabilities				
Segment liabilities	355,152	3,578,373	1,403,104	5,336,629
Borrowings				4,705,132
Income tax payable				46,260
Deferred tax liabilities				909,093
Consolidated total liabilities				10,997,114
Other segment items				
Capital expenditure	65,047	3,943,455	–	4,008,502
Depreciation of property, plant and equipment	109,698	921,817	2,184	1,033,699
Impairment loss on other receivable	–	23,070	–	23,070
Impairment loss on property, plant and equipment	–	40,991	–	40,991
Inventories written down	–	819,731	–	819,731
Loss on disposal of property, plant and equipment	–	26,569	–	26,569

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

32. Segment information (cont'd)

Geographical information

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

Singapore/Australia/Indonesia

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

Malaysia/China/Vietnam/Hong Kong

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

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

	Revenues		Non-current assets		
	2019	2018	**31.3.2019**	31.3.2018	1.4.2017
	$	$	**$**	$	$
Singapore	**1,083,627**[1]	305,569[1]	**5,256,260**	6,616,718	7,215,074
Malaysia	**–**	–	**11,192,271**	10,794,658	7,089,803
China	**–**	–	**1,148,494**	1,029,746	648,241
Australia	**–**	93,034[2]	**–**	–	–
Vietnam	**–**	–	**–**	345,040	6,643,612
United Kingdom	**26,068,457**	29,981,625	**–**	–	–
Brunei	**24,171**	563,802	**–**	–	–
Ireland	**2,918,699**	2,232,621	**–**	–	–
United States of America	**199,995**	130,997	**–**	–	–
	30,294,949	33,307,648	**17,597,025**	18,786,162	21,596,730

[1] Revenues generated from Singapore comprise of revenue from sale of goods of $Nil (2018: $220,684) and revenue from installation services of $1,083,627 (2018: $84,885).

[2] Revenues generated from Australia solely comprise of rental income.

Non-current assets presented above excludes financial assets.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2019

32. Segment information (cont'd)

Information about major customer

Revenue of approximately $24,249,265 (2018: $24,370,964) are derived from 3 (2018: 3) external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

Customer	Attributable segments	**2019** **$**	2018 $
Customer 1	Door Business	**9,088,256**	12,022,470
Customer 2	Door Business	**8,295,500**	7,456,917
Customer 3	Door Business	**6,865,509**	4,891,577
		24,249,265	24,370,964

33. Financial instruments

(a) Financial instruments by category

	Group			Company		
	31.3.2019 **$**	31.3.2018 $	1.4.2017 $	**31.3.2019** **$**	31.3.2018 $	1.4.2017 $
Available-for-sale financial assets	**–**	461	461	**–**	–	–
Loans and receivables (including cash and cash equivalents)						
- at amortised cost	**–**	18,028,053	40,619,380	**–**	28,338,161	47,286,900
- at cost	**–**	–	–	**–**	21,311,617	–
Financial assets at fair value through profit or loss	**392**	–	–	**–**	–	–
Financial assets at amortised costs	**22,309,771**	–	–	**25,593,757**	–	–
Financial assets	**22,310,163**	18,028,514	40,619,841	**25,593,757**	49,649,778	47,286,900
Financial liabilities at amortised cost	**10,046,090**	10,032,154	29,643,097	**11,948,227**	12,627,094	5,220,095

(b) Financial risk management

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2019

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Foreign currency risk

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

	USD **$**	**MYR** **$**	**SGD** **$**	**AUD** **$**
Group				
31.3.2019				
Financial assets				
Trade and other receivables	967,189	–	–	–
Cash and cash equivalents	6,120,815	5	15,601	50,100
Amount owing by related companies	–	–	5,131,607	–
	7,088,004	5	5,147,208	50,100
Financial liabilities				
Trade and other payables	250,557	58,173	–	–
Borrowings	828,361	–	–	–
Amount owing to holding company	–	–	21,222,864	–
Amount owing to related companies	16,805,595	1,034,222	4,459,295	11,771,793
	17,884,513	1,092,395	25,682,159	11,771,793
Net financial liabilities denominated in foreign currency exposure	**(10,796,509)**	**(1,092,390)**	**(20,534,951)**	**(11,721,693)**
31.3.2018				
Financial assets				
Trade and other receivables	958,174	–	53,540	–
Cash and cash equivalents	7,657,927	68	26,387	199,104
Amount owing by related companies	–	–	4,961,000	–
	8,616,101	68	5,040,927	199,104
Financial liabilities				
Trade and other payables	296,220	–	–	–
Borrowings	1,378,367	–	–	–
Amount owing to holding company	–	–	20,704,017	–
Amount owing to related companies	15,148,560	4,703,805	3,793,672	12,271,942
	16,823,147	4,703,805	24,497,689	12,271,942
Net financial liabilities denominated in foreign currency exposure	(8,207,046)	(4,703,737)	(19,456,762)	(12,072,838)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Foreign currency risk (cont'd)

	USD $	MYR $	SGD $	AUD $
Group				
1.4.2017				
Financial assets				
Trade and other receivables	9,758,536	–	2,170	–
Cash and cash equivalents	6,888,704	–	24,609	482,653
Amount owing by related companies	–	–	2,870,137	–
	16,647,240	–	2,896,916	482,653
Financial liabilities				
Trade and other payables	619,634	–	–	–
Shares with preference rights (Note 26)	–	4,740,000	–	–
Borrowings	840,132	–	–	–
Amount owing to holding company	–	–	20,578,447	–
Amount owing to related companies	9,980,797	5,008,884	945,492	–
	11,440,563	9,748,884	21,523,939	–
Net financial assets/(liabilities) denominated in foreign currency exposure	5,206,677	(9,748,884)	(18,627,023)	482,653

	USD $	MYR $	AUD $
Company			
31.3.2019			
Financial assets			
Cash and bank balances, representing net financial assets denominated in foreign currency exposure	3,521,913	5	50,100
Less: Financial liabilities			
Trade and other payables	–	–	11,771,793
Net financial assets/(liabilities) denominated in foreign currency exposure	**3,521,913**	**5**	**(11,721,693)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Foreign currency risk (cont'd)

	USD $	MYR $	AUD $
Company			
31.3.2018			
Financial assets			
Cash and bank balances, representing net financial assets denominated in foreign currency exposure	6,366,524	68	199,104
Less: Financial liabilities			
Trade and other payables	–	–	12,271,942
Net financial assets/(liabilities) denominated in foreign currency exposure	6,366,524	68	(12,072,838)
1.4.2017			
Financial assets			
Trade and other receivables	8,983,924	–	–
Cash and bank balances	3,878,911	–	482,653
	12,862,835	–	482,653
Less: Financial liabilities			
Shares with preference rights (Note 26)	–	4,740,000	–
Net financial assets/(liabilities) denominated in foreign currency exposure	12,862,835	(4,740,000)	482,653

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Foreign currency risk sensitivity

A 10% (2018 and 2017: 10%) strengthening of the following foreign currencies against the relevant functional currencies of the Group's subsidiaries and the Company at the balance sheet date would increase/(decrease) the Group and the Company's loss after income tax approximately by the amounts shown as below. This analysis assumes that all other variables remain constant.

	Increase/(decrease) in loss after tax		
	31.3.2019	31.3.2018	1.4.2017
	$	$	$
Group			
USD/SGD	**(364,840)**	(528,927)	1,068,059
USD/MYR	**559,298**	672,213	(361,229)
USD/RMB	**540,818**	413,539	(203,512)
MYR/SGD	**447**	4,965	(388,528)
MYR/VND	**78,046**	371,514	(405,426)
SGD/AUD	**1,164,218**	1,159,081	(1,284,598)
AUD/SGD	**(972,901)**	1,002,046	40,060

	Increase/(decrease) in loss after tax		
	31.3.2019	31.3.2018	1.4.2017
	$	$	$
Company			
USD/SGD	**(292,319)**	(528,421)	(1,067,616)
MYR/SGD	**–**	(6)	393,420
AUD/SGD	**972,902**	1,002,046	(40,060)

A 10% (2018 and 2017: 10%) weakening of the above foreign currencies against the relevant functional currencies of the Group's subsidiaries and the Company would have an equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Interest rate risk

The Group obtains additional financing through bank borrowings (interest bearing). The Group's policy is to obtain the most favourable interest rate available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise interest rate swap or other arrangements for trading or speculative purposes. As at 31 March 2019, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest in financial instruments subject to floating interest rates is repriced regularly. The other financial instruments of the Group and of the Company that are not included in the liquidity risk are not subject to interest rate risks.

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of the instruments that have floating rates. A 100 (2018 and 2017: 100) basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the possible change in the interest rates.

Interest rate sensitivity

If the interest rates had been 100 (2018 and 2017: 100) basis points higher or lower and all other variables were held constant, the Group's loss for the financial year ended 31 March 2019 would increase/decrease $33,217 and loss for the financial year ended 31 March 2018 would increase /decrease $37,441. This was mainly attributable to the Group's exposure to interest rates on its floating rates borrowings (Note 23).

Liquidity risk

The Group and the Company monitors its liquidity risk and maintain a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. Management monitors the Group's and Company's liquidity reserve, comprising cash and cash equivalents (Note 20) on the basis of expected cash flows.

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2019

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Liquidity risk (cont'd)

	On demand or within 1 year $	Within 2 to 5 years $	More than 5 years $	Total $
Group				
31.3.2019				
Trade and other payables	6,403,548	–	–	6,403,548
Interest bearing borrowings				
- Banker's acceptance (Floating rates)	41,832	–	–	41,832
- Foreign currency loan against import (Floating rates)	828,361	–	–	828,361
- Term loan I (Floating rates)	251,188	1,255,939	3,644,355	5,151,482
Finance lease obligations (Fixed rates)	16,669	48,980	–	65,649
	7,541,598	**1,304,919**	**3,644,355**	**12,490,872**
31.3.2018				
Trade and other payables	5,327,022	–	–	5,327,022
Interest bearing borrowings				
- Foreign currency loan against import (Floating rates)	1,378,367	–	–	1,378,367
- Term loan I (Floating rates)	240,513	1,202,566	3,801,249	5,244,328
Finance lease obligations (Fixed rates)	27,431	61,761	–	89,192
	6,973,333	1,264,327	3,801,249	12,038,909
1.4.2017				
Trade and other payables	5,623,628	–	–	5,623,628
Shares with preference rights*	5,698,379	–	–	5,698,379
Interest bearing borrowings				
- Foreign currency loan against import (Floating rates)	840,132	–	–	840,132
- Term loan I (Floating rates)	224,793	966,260	4,227,386	5,418,439
- Term loan II (Fixed rates)	15,703,747	–	–	15,703,747
Finance lease obligations (Fixed rates)	22,919	72,988	15,393	111,300
	28,113,598	1,039,248	4,242,779	33,395,625

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Liquidity risk (cont'd)

	On demand or within 1 year $
Company	
31.3.2019	
Trade and other payables	**11,948,227**
31.3.2018	
Trade and other payables	12,627,094
1.4.2017	
Trade and other payables	480,095
Shares with preference rights**	5,277,200
	5,757,295

* Inclusive of cumulative dividend of RM0.1024, equivalent to $0.0324 in financial year 2017, per Class A ordinary share of KLWR on the basis that KPFB does not exercise the Put Option and continues to hold Class A shares until the Put Option expires and the liquidated damages of 10% of the total consideration (Note 26).

** This amount represents the aggregate of the consideration received for the disposal of the Class A ordinary shares of KLWR and the liquidated damages of 10% of the total consideration (Note 26).

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

	31.3.2019 $	31.3.2018 $	1.4.2017 $
Company			
On demand or not later than 1 year			
Financial guarantees	**5,205,600**	5,239,200	5,650,200

The directors have assessed the fair values of these financial guarantees to have no material financial impact on the financial statements of the Company for the financial years ended 31 March 2019 and 31 March 2018.

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk

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

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Group's Finance department based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the Group's Finance department.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instruments presented on the balance sheet and including the corporate guarantees issued by the Company to bank as disclosed in Note 29.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 365 days past due or there is evidence of credit impairment. The presumption of significant increase in credit risk after 90 days past due is not suitable for application in the industries that the Group operates in	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor.

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

Regardless of the evaluation of the above factors, the Group and the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

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

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due.

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

At the balance sheet date, $1,731,760 (2018: $1,449,024; 2017: $1,808,854) of the Group's trade receivables were due from 3 (2018: 3; 2017: 2) major customers in door business segment, which supply building materials in the United Kingdom. 87% (2018: 89%; 2017: 54%) of the Company's other receivables were balances with 2 (2018 and 2017: 2) subsidiaries.

As the Group and the Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of the financial instruments presented on the balance sheet.

Movements in allowance for expected credit losses are as follows:

	Trade receivables $	Other receivables $	Total $
Group			
Balance at 1 April 2018, under FRS 39 and SFRS(I) 9	–	7,224,086	7,224,086
Loss allowance measured/(reversed):			
Lifetime ECL - credit-impaired	146,640	(3,750,000)	(3,603,360)
Currency translation differences	(336)	(560)	(896)
	146,304	(3,750,560)	(3,604,256)
Balance at 31 March 2019	**146,304**	**3,473,526**	**3,619,830**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Estimation techniques and significant assumptions (cont'd)

	Amounts due from subsidiaries $
Company	
Balance at 1 April 2018, under FRS 39 and SFRS(I) 9	8,714,209
Loss allowance reversed:	
Lifetime ECL - credit-impaired	(166,579)
Balance at 31 March 2019	8,547,630

Credit risk exposure in relation to financial assets at amortised cost (other than trade receivables and other receivables) as at 31 March 2019 is insignificant, and accordingly no credit loss allowance is recognised as at 31 March 2019.

Trade receivables and contract assets

The Group has applied the simplified approach to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

The contract assets relate to unbilled work-in-progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

The Group has recognised a loss allowance of 100% against all trade receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable. A trade receivables is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

Credit risk exposure in relation to contract assets as at 31 March 2019 is insignificant, and accordingly no credit loss allowance is recognised as at 31 March 2019.

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Other financial assets at amortised cost

The table below details the credit quality of the Group's financial assets (other than trade receivables and contract assets):

	12-month or lifetime ECL	Gross carrying amount $	Loss allowance $	Net carrying amount $
Other receivables				
- commitment fees (Note 18)	Lifetime ECL – credit-impaired	6,950,000	(3,450,000)	3,500,000
- sundry receivables	12-month ECL	525,924	–	525,924
	Lifetime ECL – credit-impaired	23,526	(23,526)	–
- deposits	N.A. Exposure Limited	159,592	–	159,592
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	15,795,045	–	15,795,045

The Group has applied a general approach to measure the lifetime expected credit loss allowance for other receivables.

The table below details the credit quality of the Company's financial assets:

	12-month or lifetime ECL	Gross carrying amount $	Loss allowance $	Net carrying amount $
Due from subsidiaries	12-month ECL	21,772,292	–	21,772,292
	Lifetime ECL – credit-impaired	8,547,630	(8,547,630)	–
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	3,806,755	–	3,806,755
Other receivables	N.A. Exposure Limited	14,709	–	14,709

Amounts due from subsidiaries and loan to subsidiary

For the amounts due from subsidiaries and loan to subsidiary where impairment loss allowance is measured using 12 months ECL, the Group and the Company assessed the latest performance and financial position of the respective subsidiaries, adjusted for the fair value uplift of the subsidiaries' development properties and future outlook of the industry in which the subsidiaries operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Financial guarantee

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations, and that the term loan is also secured by legal charges over the subsidiary's leasehold land and building in Singapore where its fair value exceeds its net carrying value as at balance sheet date. Therefore, the Company does not expect significant credit losses arising from these guarantees.

Previous accounting policy for impairment of financial assets

Financial assets that are neither past due nor impaired

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

Financial assets that are past due but not impaired

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

	Group		Company	
	31.3.2018	1.4.2017	31.3.2018	1.4.2017
	$	$	$	$
Past due but not impaired				
- Past due 0 to 3 months	249,635	793,391	–	–
- Past due between 3 to 6 months	66,037	79	–	–
- Past due over 6 months	20,644	1,737	–	–
	336,316	795,207	–	–

33. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Previous accounting policy for impairment of financial assets (cont'd)

Financial assets that are past due and impaired (cont'd)

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

	Group		Company	
	31.3.2018	1.4.2017	31.3.2018	1.4.2017
	$	$	$	$
Trade receivables				
Gross amounts	–	126,267	299,529	299,529
Less: Allowance for impairment losses	–	(126,267)	(299,529)	(299,529)
	–	–	–	–
Other receivables				
Gross amounts	7,224,086	7,200,000	8,414,680	8,419,869
Less: Allowance for impairment losses	(7,224,086)	(7,200,000)	(8,414,680)	(8,419,869)
	–	–	–	–

The movements in allowance for impairment loss are disclosed in Note 18.

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

As at balance sheet date, the Company provided an allowance for impairment amounted to $8,414,680 on advances to its subsidiaries (trade and non-trade) as disclosed in Note 18. These relate to subsidiaries which are incurring losses and deemed financially unable to repay.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

34. Fair values of assets and liabilities

(a) Fair value hierarchy

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

(i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

(iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

There were no assets and liabilities that are measured at fair value at the balance sheet date except for available-for-sale financial assets (Note 14), financial assets at fair value through profit or loss (Note 15), and property held-for-sale (Note 21).

The following table presents the level of fair value hierarchy for each class of assets measured at fair value on the balance sheet date:

	Level 1 $	Level 3 $	Total $
Recurring fair value measurement			
Group			
31.3.2019			
Financial assets at fair value through profit or loss	**392**	–	**392**
31.3.2018			
Available-for-sale financial assets	461	–	461
1.4.2017			
Available-for-sale financial assets	461	–	461
Non-recurring fair value measurement			
1.4.2017			
Non-financial assets			
Property held-for-sale	–	36,594,000	36,594,000

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

35. Capital management

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

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

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

	Group		Company	
	31.3.2019	31.3.2018	**31.3.2019**	31.3.2018
	$	$	**$**	$
Total borrowings and payables	**10,505,974**	10,041,761	**11,948,227**	12,627,094
Cash and cash equivalents	**(15,795,045)**	(15,471,010)	**(3,806,755)**	(7,512,263)
Net (surplus)/debt	**(5,289,071)**	(5,429,249)	**8,141,472**	5,114,831
Total equity	**74,067,505**	75,576,805	**71,052,790**	71,818,972
Total capital	**68,778,434**	70,147,556	**79,194,262**	76,933,803
Gearing ratio	**N.M**	N.M	**0.103**	0.066

N.M - Not meaningful

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

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

36. Legal claims and contingent liabilities

On 7 September 2015, a writ of summons and statement of claim was issued against Mr Chan by the Company and filed in the High Court. The Company was claiming for the sum of $7,000,000, paid as a refundable commitment fee to Straitsworld Advisory Limited ("Straitsworld") under a term sheet in respect of a property development project in Zhangye Gansu, the People's Republic of China, and due to the Company under a subsequent term sheet, Vietnam Term Sheet, under which, inter alia, Mr Chan undertook to fulfil the payment obligation of Straitsworld.

On 30 September 2015, Mr Chan had filed a defence and counterclaim. Mr Chan, inter alia, denied the claims of the Company and has counterclaimed for a total sum of $3,450,000 (including an alleged loan of $750,000) which he has alleged are owing to him from the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

36. Legal claims and contingent liabilities (cont'd)

On 26 November 2015, the Company announced that it had withdrawn the action filed against Mr Chan for the repayment of $7,000,000 and that the Company filed a writ of summons and statement of claim against Straitsworld and Mr Chan in the High Court. The Company is claiming for the following:

(a) the payment of $7,000,000;
(b) alternatively, damages to be assessed;
(c) interests and costs; and
(d) such further or other relief as the Court deems fit.

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

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

On 25 April 2016, the Court dismissed Mr Chan's application for summary judgement and granted the Company unconditional leave to defend Mr Chan's claim for the alleged loan of $750,000.

On 3 May 2016, the Company had filed an application for summary judgement against Straitsworld and Mr Chan for the sum of $7,000,000, interests and costs.

On 18 October 2016, the High Court has granted summary judgement in favour of the Company for the sum of $7,000,000, interest on the sum of $7,000,000 at the rate of 5.33% per annum from 21 November 2015 and costs of $10,000 excluding disbursements, which are to be agreed if not taxed.

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

On 6 January 2017, Mr Chan discontinued part of his counterclaim amounting to $2,000,000/$2,200,000, with costs to be agreed if not taxed. On 19 December 2017, Mr Chan's remaining counterclaims for repayment of an alleged loan and commission totalling the sum of $1,250,000 was also struck out. However, on 19 January 2018, the High Court Judge partially allowed Mr Chan's appeal and restored his commission counterclaim of $500,000 but ordered Mr Chan to pay costs of $14,000 plus reasonable disbursements to the Company in relation to the striking out of the loan counterclaim and the appeal. The proceeding will be stayed until all outstanding costs order was paid by Mr Chan to the Company.

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

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

On 23 July 2018, the application for a peremptory order by the Company was dismissed with no order as to costs.

On 26 July 2018, the High Court granted the Company's application to declare Mr Chan a bankrupt. Further, the Official Assignee was appointed as the trustee of Mr Chan's estate.

36. Legal claims and contingent liabilities (cont'd)

Mr Chan appealed against the bankruptcy order. On 3 September 2018, the High Court stayed the bankruptcy order until a further hearing in the week of 4 March 2019 on certain terms. Mr Chan did not comply with those terms.

On 14 March 2019, the High Court extended the stay of the bankruptcy order until 17 May 2019. Amongst other terms, Mr Chan had to pay the Company the following sums on the stipulated dates, failing which his appeal against the bankruptcy order made against him will be dismissed:

a. The sum of $250,000 by 14 March 2019;
b. The sum of $2,000,000 by 7 April 2019; and
c. The sum of $1,500,000 by 16 May 2019.

Mr Chan has complied with the foregoing payments and the Company has received the above mentioned sums accordingly on or before the dates stipulated above.

On 17 May 2019, the High Court issued an 'unless order' against Mr Chan and extended the bankruptcy order until 13 January 2020. Amongst other terms, Mr Chan had to pay the Company the following sums on the stipulated dates, failing which his appeal against the bankruptcy order made against him will be dismissed:

a. The sum of $1,350,000 by 7 October 2019; and
b. The sum of $2,700,000 by 31 December 2019.

As at 31 March 2019, the commission counterclaim is stayed.

As at 31 March 2019, the amounts owing by Mr Chan and Straitsworld to the Company pursuant to the summary judgement (including interest) and the costs orders in the counterclaim amounted to $7,920,718. The Company commenced various enforcement proceedings against Mr Chan to recover the amounts owing and it has been able to recover a total of $318,072 as at 31 March 2019.

The Group has received $250,000 from Mr Chan during the financial year ended 31 March 2019.

The amount of $7,000,000 has been fully provided for in the financial statements of the Group and the Company during the financial year ended 31 March 2015. In view of the above payments, a reversal of impairment loss of other receivables amounting to $3,750,000 has been made in the Group's financial statements as at 31 March 2019.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

37. Investigation by the Commercial Affairs Department

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

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

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

38. Authorisation of financial statements

The consolidated financial statements of the Group and the balance sheet of the Company for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors dated 4 July 2019.

SIZE OF **SHAREHOLDINGS**

As at 17 June 2019

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	50	1.72	734	0.00
100 – 1,000	129	4.42	110,027	0.00
1,001 – 10,000	463	15.87	2,832,705	0.05
10,001 – 1,000,000	1,909	65.44	451,268,284	8.39
1,000,001 and above	366	12.55	4,926,344,566	91.56
	2,917	**100**	**5,380,556,316**	**100**

Number of shares : 5,380,556,316
Class of shares : ordinary shares
Voting rights : one vote per share

Based on information available to the Company as at 17 June 2019, approximately 67% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Catalist Rules issued by the Singapore Exchange Securities Trading Limited is complied with.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	UOB KAY HIAN PRIVATE LIMITED	826,279,500	15.36
2	PHILLIP SECURITIES PTE LTD	671,645,397	12.48
3	LEE HAN PENG	618,276,300	11.49
4	CITIBANK NOMINEES SINGAPORE PTE LTD	161,347,200	3.00
5	DBS NOMINEES (PRIVATE) LIMITED	115,763,500	2.15
6	HSBC (SINGAPORE) NOMINEES PTE LTD	95,020,000	1.77
7	KOH KOW TEE MICHAEL	77,289,000	1.44
8	NG HIAN WOON	74,929,800	1.39
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	66,427,900	1.23
10	TAN MENG CHIANG	62,205,000	1.16
11	OCBC SECURITIES PRIVATE LIMITED	59,628,600	1.11
12	RAFFLES NOMINEES (PTE.) LIMITED	48,542,200	0.90
13	TAN POH GEOK	48,000,000	0.89
14	LIEW WING ONN	45,215,900	0.84
15	HENG YONG SENG	43,000,000	0.80
16	TAY YONG HUA	40,000,675	0.74
17	WONG LEH ING	40,000,000	0.74
18	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	38,725,900	0.72
19	CHEN MIN I OR CHEN CHIH-YUAN	35,000,000	0.65
20	LAU SONG CHIN	34,947,500	0.65
	TOTAL	**3,202,244,372**	**59.51**

SIZE OF SHAREHOLDINGS

As at 17 June 2019

SUBSTANTIAL SHAREHOLDERS

As shown in the Register of Substantial Shareholders

	No of Shares	
Name of Shareholders	Direct Interest	Deemed Interest
Pengiran Muda Abdul Qawi	–	500,000,000#
Sunny Wealth Limited [1]	–	522,092,500
Wong Ben Koon [2]	–	643,092,500
Lee Han Peng	618,276,300	–

Interest registered under UOB Kay Hian Private Limited.

1 Sunny Wealth Limited is deemed interested in 522,092,500 shares held through its nominee, Phillip Securites Pte Ltd.

2 Mr Wong Ben Koon is deemed interested in an aggregate of 643,092,500 shares, comprising (i) 121,000,000 shares held through his nominee, Phillip Securites Pte Ltd; and (ii) 522,092,500 shares held by Sunny Wealth Limited, which sole shareholder is Mr Wong Ben Koon.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Lam Kwan Linda	Chan Ka Kin Kevin	Pengiran Muda Abdul Qawi
Date of Appointment	1 August 2016	7 September 2016	30 September 2014
Date of last Re-Appointment (if applicable)	28 July 2017	28 July 2017	28 July 2017
Age	51	41	45
Country of Principal Residence	Hong Kong	Hong Kong	Brunei
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Ms Lam as Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration her qualifications, expertise, past experience and overall contributions since she was appointed as a Director of the Company. Ms Lam has abstained from the deliberation of the Board pertaining to her re-election.	The re-election of Mr Chan as an Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contributions since he was appointed as a Director of the Company. Mr Chan has abstained from the deliberation of the NC as well as that of the Board pertaining to his re-election.	The re-election of Prince Abdul Qawi as Non-Executive Chairman was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contributions since he was appointed as a Director of the Company. Prince Abdul Qawi has abstained from the deliberation of the Board pertaining to his re-election.
Whether appointment is executive, and if so, the area of responsibility	Executive. Ms Lam will be responsible for the strategic planning of the Group.	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Director, Chairman of the RC and Member of the AC and the NC	Non-Executive Chairman
Professional Qualifications	Please refer to the section entitled "Board of Directors" of the Annual Report 2019	Please refer to the section entitled "Board of Directors" of the Annual Report 2019	Please refer to the section entitled "Board of Directors" of the Annual Report 2019
Working experience and occupation(s) during the past 10 years	Please refer to the section entitled "Board of Directors" of the Annual Report 2019	Please refer to the section entitled "Board of Directors" of the Annual Report 2019	Please refer to the section entitled "Board of Directors" of the Annual Report 2019

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Lam Kwan Linda	Chan Ka Kin Kevin	Pengiran Muda Abdul Qawi
Shareholding interest in the listed issuer and its subsidiaries	None	None	500,000,000 (Deemed interest)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Save for her role as Executive Director of the Company, none	Save for his role as Independent Director of the Company, none	Save for his role as Non-Executive Chairman of the Company, none
Conflict of interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments[1] including Directorships – Past (for the last 5 years)	Nil	Nil	QAF Brunei The Brunei Hotel
Other Principal Commitments[1] including Directorships – Present	Adex Mining Inc. Great Harvest Maeta Group Holdings Limited Top Gains Minerals Macao Commercial Offshore Limited Hong Kong Energy and Minerals United Associations (International) Limited Pok Oi Hospital	KOS International Holdings Limited	National Insurance Bhd QOS Sdn Bhd Everon Sdn Bhd Supremo Management Services Sdn Bhd
Disclose the following matters concerning an appointment of director, chief executive officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given:			

1 "Principal Commitments" has the same meaning as defined in the Code.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Lam Kwan Linda	Chan Ka Kin Kevin	Pengiran Muda Abdul Qawi
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Lam Kwan Linda	Chan Ka Kin Kevin	Pengiran Muda Abdul Qawi
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Lam Kwan Linda	Chan Ka Kin Kevin	Pengiran Muda Abdul Qawi
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :— (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	Lam Kwan Linda	Chan Ka Kin Kevin	Pengiran Muda Abdul Qawi
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Lam Kwan Linda	Chan Ka Kin Kevin	Pengiran Muda Abdul Qawi
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company?	Not applicable as this relates to re-appointment of director.	Not applicable as this relates to re-appointment of director.	Not applicable as this relates to re-appointment of director.
If yes, please provide prior experience.	Not applicable as this relates to re-appointment of director.	Not applicable as this relates to re-appointment of director.	Not applicable as this relates to re-appointment of director.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable as this relates to re-appointment of director.	Not applicable as this relates to re-appointment of director.	Not applicable as this relates to re-appointment of director.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of KLW HOLDINGS LIMITED will be held at The Chevrons, Carnation 3, Level 3, 48 Boon Lay Way, Singapore 609961 on Friday, 26 July 2019 at 10.00 am, for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31 March 2019 and the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$211,000 for the financial year ending ("FY") 31 March 2020. (FY 31 March 2019: S$211,000). **(Resolution 2)**

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

    a. Pengiran Muda Abdul Qawi [See Explanatory Note (a)] **(Resolution 3)**
    b. Ms Linda Lam Kuan [See Explanatory Note (b)] **(Resolution 4)**
    c. Mr Chan Ka Kin Kevin [See Explanatory Note (c)] **(Resolution 5)**

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

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

AS SPECIAL BUSINESS:

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

6. SHARE ISSUE MANDATE

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

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

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

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

NOTICE OF **ANNUAL GENERAL MEETING**

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

provided that:

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

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the instruments) that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings at the time of the passing of this Resolution, after adjusting for:

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

(2) new Shares arising from exercising share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with the Catalist Rules; and

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

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

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. See Explanatory Note (d)]

(Resolution 7)

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

Singapore, 11 July 2019

NOTICE OF **ANNUAL GENERAL MEETING**

Notes:-

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

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

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

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

* A Relevant Intermediary is:

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

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

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

EXPLANATORY NOTES:

(a) **Resolution 3** is to re-elect Pengiran Muda Abdul Qawi as a Director of the Company. Pengiran Muda Abdul Qawi will, upon re-election, remain as Non-Executive Chairman of the Company. Certain key information on Pengiran Muda Abdul Qawi can be found in the sections entitled "Board of Directors" and "Report on Corporate Governance" of the Annual Report 2019. Save for being a director and shareholder in the Company, there is no relationship (including family relationship) between Pengiran Muda Abdul Qawi and the other Directors, the Company or any substantial shareholder of the Company.

(b) **Resolution 4** is to re-elect Ms Linda Lam Kuan as a Director of the Company. Ms Lam will, upon re-election, remain as an Executive Director of the Company. Certain key information on Ms Lam can be found in the sections entitled "Board of Directors" and "Report on Corporate Govenance" of the Annual Report 2019. Save for her directorship in the Company, there is no relationship (including family relationship) between Ms Lam and the other Directors, the Company or any substantial shareholder of the Company.

(c) **Resolution 5** is to re-elect Mr Chan Ka Kin Kevin as a Director of the Company. Mr Chan will, upon re-election, remain as an Independent Director and the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company. Certain key information on Mr Chan can be found in the sections entitled "Board of Directors" and "Report on Corporate Governance" of the Annual Report 2019. The Board considers Mr Chan Ka Kin Kevin to be independent for the purposes of Rule 704(7) of the Catalist Rules. Save for his directorship in the Company, there is no relationship (including family relationship) between Mr Chan and the other Directors, the Company or any substantial shareholder of the Company.

(d) **Resolution 7** proposed in item 6. above, if passed, will empower the Directors (from the date of this Annual General Meeting until (i) the conclusion of the next annual general meeting of the Company; or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier) to allot and issue Shares in the capital of the Company (including Shares to be issued in pursuance of instruments made or granted pursuant to Resolution 7) up to an amount not exceeding one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of Shares issued other than on a pro rata basis to shareholders of the Company, shall not exceed fifty per cent (50%) for Shares issued (excluding treasury shares and subsidiary holdings).

NOTICE OF ANNUAL GENERAL MEETING

For the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the instruments) that may be issued, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings will be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings at the time of the passing of Resolution 7, after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising share options or vesting of share awards outstanding and/or subsisting at the time of passing of Resolution 7, provided the share options or share awards (as the case may be) were granted in compliance with the Catalist Rules of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of Shares.

Personal Data Privacy:

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

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

PROXY FORM

(Please see notes overleaf before completing this Form)

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

I/We, ______________________ (Name) ______________________ (NRIC/Passport Number/ Company Regn. No.)

of ____ (Address)

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

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

and/or failing him/her (delete as appropriate)

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

or failing him/her the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company ("**Meeting**") to be held at The Chevrons, Carnation 3, Level 3, 48 Boon Lay Way, Singapore 609961 on Friday, 26 July 2019 at 10.00 am and at any adjournment thereof.

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

No.	Resolutions relating to:	For *	Against *
	ORDINARY BUSINESS		
1.	Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2019 and the Auditors' Report thereon **(Resolution 1)**		
2.	Approval of Directors' fees of S$211,000 for the financial year ending 31 March 2020 **(Resolution 2)**		
3.	Re-election of Pengiran Muda Abdul Qawi as a Director retiring under Article 109 of the Company's Constitution **(Resolution 3)**		
4.	Re-election of Ms Linda Lam Kuan as a Director retiring under Article 109 of the Company's Constitution **(Resolution 4)**		
5.	Re-election of Mr Chan Ka Kin Kevin as a Director retiring under Article 109 of the Company's Constitution **(Resolution 5)**		
6.	Re-appointment of Messrs Baker Tilly TFW LLP as auditors **(Resolution 6)**		
	SPECIAL BUSINESS		
7.	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 **(Resolution 7)**		

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

Dated this __________ day of ______________ 2019

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

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

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

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

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

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

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

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

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

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

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

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

* A Relevant Intermediary is:

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

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

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

General:

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

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 July 2019.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pengiran Muda Abdul Qawi
Non-Executive Chairman

Mr Mark Leong Kei Wei
Independent Director

Mr Lim Han Siang Peter
Independent Director

Mr Chan Ka Kin Kevin
Independent Director

Ms Wong Gloria
Executive Director

Mr Lam Chi Yun Terence
Executive Director

Ms Lam Kwan Linda
Executive Director

COMPANY SECRETARY

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

REGISTERED OFFICE

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

REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

EXTERNAL AUDITOR

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

Partner-in-charge: Mr Ng Hock Lee
(Appointed with effect from the financial year ended 31 March 2019)

INTERNAL AUDITOR

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

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

SPONSOR

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

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

KLW HOLDINGS LIMITED

Company Registration No.
199504141D

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