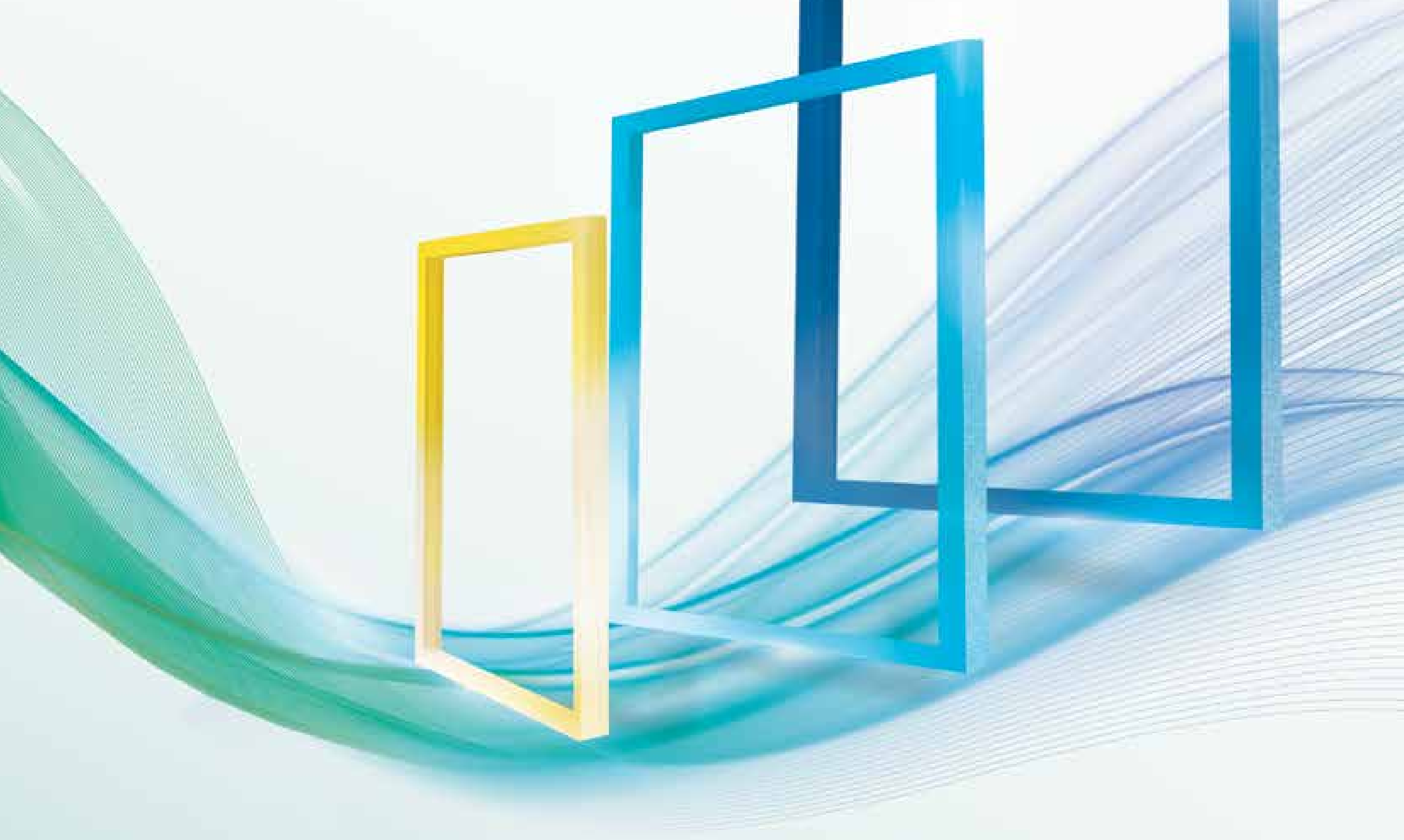
KLW HOLDINGS LIMITED

Advancing Towards the Next Phase

Annual Report 2020



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

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 annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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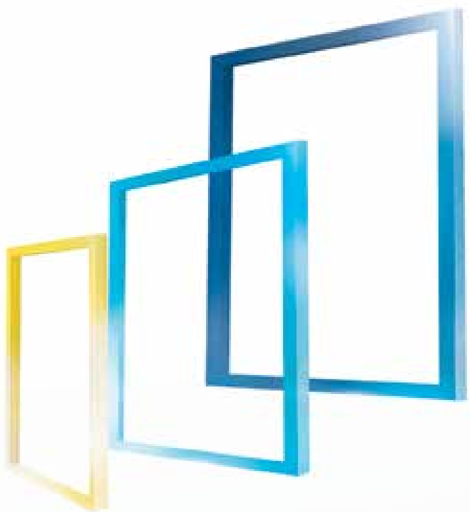
Telephone: 6232 0685

CORPORATE PROFILE



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

Door Manufacturing and Distribution

Property Investments and Property Developments

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

OUR BUSINESSES

Door Manufacturing & 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 Perindustrain Simpang Renggam, 86200 Simpang Renggam, Johor, Malaysia

Plo 32, Kawasan Perindustrain Simpang Renggam, 86200 Simpang Renggam, Johor, Malaysia

China
Manufacturing Operations

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

Singapore
Project Management and Installation

39 Kaki Bukit Industrial Terrace Singapore 416119

OUR BUSINESSES

Property Investments and Property Developments

In 2014, KLW Group began its foray in property investments and developments with the aim to diversify its business and capture new opportunities available. The strategy employed focuses on developing this business segment in our diversification effort.

Lincoln Square Carlton, Australia

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

This is a property situated close to central business district area and the University of Melbourne. The Property is freehold and has a building area of approximately 3,745 square metres sitting on land area of approximately 906 square metres.

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

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 a future MRT track and depot. In addition, it is also situated near existing amenities such as shopping malls, international school and affluent neighbourhood. It has an aggregate area of approximately 7,913 square metres and the development plan is to build on the land, condominium and SOHO/office units for sale.

KLW
GROUP STRUCTURE

as at 31 March 2020

KLW HOLDINGS LIMITED

- 100% Ambertree Indonesia Ventures Pte. Ltd. (Singapore)
  - 65% PT Ambertree Development Jakarta (Indonesia)
- 100% Ambertree Pte. Ltd. (Singapore)
  - 100% Ambertree Development (Singapore) Pte. Ltd. (Singapore) [3]
- 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) [2]
- 100% Ambertree Vic Mel (Lincoln) Pty Ltd (Melbourne)
- 100% Ambertree Vic-Mel (Flinders) Pty Ltd [1] (Melbourne)

[1] Deregistered on 20 May 2020
[2] Disposed on 9 May 2020
[3] Struck off on 8 June 2020

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

In our last annual report, I pointed out that the trade war between the United States and China, the withdrawal of the United Kingdom from the European Union and geopolitical tensions in the Middle East were some of the key challenges companies worldwide have had to deal with. Today, these issues continue to exact a heavy toll on businesses, consumers and global growth.

As a company that exports to markets internationally, KLW Holdings Limited ("**KLW**") has been adversely affected by the above issues, considering that tensions between the United States and China are increasing while lingering uncertainties over the withdrawal of the United Kingdom from the European Union still remain, and this has been exacerbated by the COVID-19 pandemic.

The trade war between the world's two largest economies has increased the cost of raw materials we buy from the United States for our factory in China. The COVID-19 pandemic has also affected global supply chains, resulting in an increase in raw material costs and procurement expenses. The United Kingdom, being our largest market by revenue, was one of the countries worst-hit by COVID-19. As a result, business and consumer sentiment remains cautious in the face of an uncertain future.

Against this backdrop, our revenue for the financial year ended 31 March ("**FY**") 2020 fell 13% from the previous year to S$26.46 million. We ended FY2020 with S$9.41 million in net loss attributable to shareholders.

The Group's net cash used in operating activities for FY2020 was S$6.73 million. As at 31 March 2020, we had S$12.67 million in cash and cash equivalents, S$70.13 million in current assets, and S$4.72 million in borrowings.

The COVID-19 pandemic also upended our expansion plans. As mentioned in our FY2019 annual report, we had intended to renew our focus on the United States market and had shortlisted some wholesalers to work with for our Doors business. Unfortunately, this has been delayed with the virus rapidly spreading throughout the United States, which has the highest number of COVID-19 cases in the world.

Demand for our doors in the United Kingdom continues to be weak amid rising unemployment and cautious consumer spending. The slowdown in new orders as well as the reduction in size of orders has resulted in our plants running below capacity.

Even if demand rebounds in the near term to pre-COVID-19 levels, there may still be a risk that we will not be able to ramp up our production as the federal government in Malaysia had imposed a hiring freeze on all business sectors for new foreign workers until December 2020. While the Ministry of Human Resources of Malaysia had issued a notice stating that employers may apply to re-employ foreign workers who had been laid off by their previous employer and are still in Malaysia with valid work permits subject to Malaysian workers being given priority in filling job vacancies and such foreign workers being re-employed in the same sector in which they had worked previously, the actual quantifiable effects and benefits remain to be seen.

Real Estate

Even as we strive to shore up the Doors business, we remain focused on turning real estate into our second engine of growth.

In Jakarta, we and our joint venture partners are in the process of applying for various permits and licences to develop 15 adjacent land parcels into condominium and small office home office (SOHO)/office units for sale. As announced on 13 May 2019, the acquisition of the last parcel of land was completed on 9 May 2019.

In Melbourne, we are in the final phase of evaluating the best commercial options available for Lincoln Square Carlton, a five-storey freehold heritage office building nicely located close to the central business district and the University of Melbourne.

Looking Ahead

With the aforementioned challenges in mind, we will continue to streamline our operational processes, restructure, cease non-performing units and lower cost structure wherever possible with a view to improve productivity and bringing down costs.

CHAIRMAN'S STATEMENT

The Group is committed to restructuring its manufacturing subsidiary in China, as result of a deterioration in economic conditions. The associated expenses and restructuring costs have been accrued and provided for in the FY2020 financial statements in accordance with SFRS (I) 1-37, with the exercise targeted to be completed within FY2021.

We announced on 11 May 2020 the completion of the sale of Key Bay Furniture Co Ltd ("**Key Bay**") as part of our efforts to shed costs and streamline internal efficiency. The disposal had no material impact on our business operations as the factory in Vietnam owned by Key Bay had been left vacant after the completion of construction in 2016. Thus far, we have received US$6.67 million of the consideration for the disposal, with the remaining US$0.35 million payable by the purchaser six months after completion and the gain on disposal is expected to be recognised in FY2021.

We also announced on 26 May 2020 the voluntary deregistration of our wholly-owned subsidiary in Australia, Ambertree Viv-Mel (Flinders) Pty Ltd, which has been dormant following the sale of its investment property in 2017. We also announced on 15 June 2020 the striking-off of another dormant, wholly-owned subsidiary, Ambertree Development (Singapore) Pte. Ltd..

We continued to make progress in our legal proceedings against Chan Ewe Teik Michael ("**Mr Chan**") and his company Straitsworld Advisory Limited ("**Straitsworld**"). 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. KLW obtained a court judgement for the return of the commitment fee and Mr Chan has since been adjudged a bankrupt (as announced on 9 October 2019, Mr Chan's appeal against the bankruptcy order made against him was dismissed with costs fixed at S$20,000 to be paid to KLW. The Official Assignee has taken over the conduct of Mr Chan's affairs and is in the process of administering his estate. We will continue to work with our legal advisers and cooperate with the Official Assignee to maximise recovery of the remaining amounts due to KLW.

These are challenging times as we continue to navigate a highly volatile and uncertain global operating environment. Even so, I want to assure you that we are fully committed to placing KLW on a path of sustainable growth.

Our current seven-member board comprises four independent directors, two executive directors, and a non-executive chairman. This is in line with the Code of Corporate Governance which stipulates that non-executive directors must make up a majority of the board and that independent directors must make up a majority of the board where the chairman is not independent.

While we had announced on 10 July 2020 that the Board has decided not to continue with quarterly reporting of KLW's and our Group's unaudited financial statements, we will continue to keep shareholders and potential investors abreast of key developments by providing updates on material developments relating to KLW and our Group on a timely basis in compliance with our continuing disclosure obligations.

Acknowledgements

On behalf of my fellow board members and management team, I would like to thank you for your continued support as we continue to traverse the challenges FY2020 poses. Indeed, you have been patient with us all these years and I want to stress that we do not take this for granted. Above all, I wish you good health. Stay safe.

Pengiran Muda Abdul Qawi
Non-Executive Chairman

OPERATIONAL AND FINANCIAL REVIEW

Business Overview

The KLW Group is synonymous with the manufacturing and global distribution of high-quality doors such as timber doors, fire doors, engineered doors and customized doors to international customers in the United Kingdom, the United States and Asia. In 2014, the Group expanded into the business of property investment and property development to capture opportunities for capital gain and investment returns prevalent in the real estate markets. The two core businesses of the Group are Door Manufacturing and Distribution and Property Investments and Property Developments.

Revenue

Revenue for the financial year ended 31 March 2020 ("**FY2020**") declined 13% to S$26.46 million from S$30.29 million for the previous year ("**FY2019**") as export sales for the Doors business fell.

This was due to weakened macroeconomic demand due to (i) the exit of the United Kingdom from the European Union, (ii) the continued escalation of the trade war between the United States and China, and (iii) the global impact caused by the COVID-19 pandemic, which have had an adverse effect on the Group's main export markets including the United Kingdom and the United States. There were also some shipment disruptions in Malaysia, whereby the Group's factory in Johor had to be closed towards the end of the financial year, in order to comply with the various directives issued by the Malaysian federal government to restrict nationwide movement as part of their measures to contain the spread of the COVID-19 pandemic.

Cost of Sales

Cost of sales in FY2020 amounted to S$25.23 million, which was still marginally higher than the cost of sales of S$25.20 million in FY2019 despite the decline in revenue in FY2020 to S$26.46 million from S$30.29 million in FY2019. Cost of sales, as well as cost of sales as a proportion of revenue, was higher in FY2020 primarily due to provisions for inventories, higher material costs and higher factory overheads for the Group's factory in Dongguan, China and partially off-set by the write back of back-charges from project installation in FY2020.

Gross Profit

Gross profit declined 76% to S$1.23 million from S$5.09 million as a result of the lower revenue and higher cost of sales. This brought gross profit margin down to 5% from 17% in the previous year.

Other Income

Other income in FY2020 was lower at S$0.15 million, compared to S$0.23 million in FY2019 due to lower scrap sales and lower interest income earned.

Reversal of impairment loss on trade and other receivables

Reversal of impairment loss on trade and other receivables in FY2020 was lower at S$0.14 million, compared to S$3.75 million in FY2019 arising from the partial recovery of refundable deposits in FY2019 pursuant to legal claims initiated by the Company against Chan Ewe Teik Michael in FY2016.

Expenses

Selling and distribution expenses of S$0.76 million were comparable to the S$0.73 million incurred in the previous year.

Administrative expenses increased to S$9.94 million from S$9.28 million in the previous year. The increase was due mainly to the factory impairment loss on property, plant and equipment; an impairment on right-of-use assets; as well as legal fees, which were offset against a lower loss on disposal of property, plant and equipment and lower rental expenses.

Finance costs were marginally higher at S$0.25 million, compared to S$0.21 million in FY2019, due to interest expenses on a term loan and for the recognition of interest expense on lease liabilities resulting from the adoption of SFRS(I) 16 Leases, which was offset against a lower interest expenses incurred on a trade line comprising Bankers' acceptance and foreign currency loan against import.

Tax expenses decreased by more than half to S$0.22 million from S$0.51 million. This reflected lower tax provisions for a subsidiary of the Doors division due to lower taxable income.

OPERATIONAL AND FINANCIAL REVIEW

Bottom Line

As a result of the decline in revenue from S$30.29 million to S$26.46 million and the higher administrative, selling and distribution and finance costs, and a significantly lower reversal of impairment loss on trade and other receivables of S$0.14 million in FY2020 as compared to S$3.75 million in FY2019 which was primarily attributable to the partial recovery of refundable deposits by the Company from Chan Ewe Teik Michael in FY2019, the Group posted a net loss of S$9.48 million in FY2020. This was more than the S$1.49 million loss incurred in FY2019.

Balance Sheet Highlights

Non-Current Assets

Property, plant and equipment decreased by 52% to S$8.39 million as at 31 March 2020 from S$17.55 million as at 31 March 2019. This was mainly due to depreciation, as well as the recognition and reclassification of right-of-use assets following the adoption of SFRS(I) 16, from 1 April 2019.

Under SFRS(I) 16, lessees are required to recognise all leases on their balance sheets to reflect their rights to use such assets and to declare the associated obligations for lease payments, with limited exemptions for short-term leases of under 12 months and leases of low-value items.

In addition, the nature of expenses related to these leases will change as SFRS(I) 16 replaces the straight-line operating lease expenses with depreciation charges for right-of-use assets and interest expenses on lease liability. The accounting for lessors will not change significantly.

The adoption of the new reporting standards resulted in a reclassification in FY2020 of S$7.86 million in assets previously under property, plant and equipment to right-of-use assets.

Contract assets increased 87% to S$0.10 million from S$0.05 million as more work was carried out for a local supply and installation project.

Current Assets

Development properties decreased by 6% to S$38.79 million as at 31 March 2020 from S$41.18 million as at 31 March 2019 as the Indonesian rupiah and Australian dollar depreciated against the Singapore dollar, which is the reporting currency of the Group, and this effect was offset against the completion of the third tranche of land parcels in Jakarta in May 2019.

Prepayments, trade and other receivables were 30% lower at S$5.47 million as compared with S$7.76 million previously. This was mainly due to the partial recovery of S$3.50 million of the legal claims for refundable deposits initiated by the Company against Chan Ewe Teik Michael which commenced in FY2016, offset against an increase in prepayments of S$0.63 million and trade receivables of S$0.82 million.

Contract assets decreased 64% to S$0.37 million from S$1.05 million due to payments received for local supply and installation projects.

Inventories rose by 18% to S$6.34 million from S$5.39 million on increased purchases of raw materials for the Export Doors business.

Disposal group assets classified as held-for-sale relate to the assets held by Key Bay Furniture Co., Ltd ("**Key Bay**") in Vietnam as at 31 March 2020. The sale by the Group of its entire paid-up capital contribution in Key Bay was completed on 9 May 2020.

Non-Current Liabilities

Deferred tax liabilities increased by 16% to S$1.60 million as at 31 March 2020 from S$1.38 million as at 31 March 2019 which was due to an under-provision in the previous year and an increase in temporary difference arising from the book value of property, plant and equipment over their tax written down values.

OPERATIONAL AND FINANCIAL REVIEW

Current Liabilities

Trade and other payables rose 4% to S$6.67 million as at 31 March 2020 from S$6.41 million as at 31 March 2019 mainly due to higher trade payable balances owed to material suppliers offset by a decrease in accrued expenses. Provision for restructuring of S$2.2 million as at 31 March 2020 refers to the Group's recognition of estimated termination benefits and other restructuring expenses as a result of the Group's commitment to a plan to restructure its manufacturing subsidiary in the People's Republic of China, resulting from deterioration in economic conditions, which is part of the overall restructuring of the Company to adapt to the decreased global demand and supply chain disruptions exacerbated by the ongoing COVID-19 pandemic and escalating trade war between China and the United States.

Borrowings increased 68% to S$1.63 million from S$0.97 million on higher utilization of foreign currency loan against import and bankers' acceptance for the Doors business. The increase also reflected the recognition of lease liabilities related to right-of-use assets following the adoption of SFRS(I) 16.

Liabilities directly associated with disposal group classified as held-for-sale relate to the liabilities of Key Bay as at 31 March 2020. The sale by the Group of its entire paid-up capital contribution in Key Bay was completed on 9 May 2020.

Equity

Total equity decreased by 15% to S$71.21 million as at 31 March 2020 from S$83.75 million as at 31 March 2019 due mainly to the loss incurred in FY2020.

Cash Flow Review

The Group used net cash of S$6.73 million for operations in FY2020 as compared to net cash of S$0.30 million generated from operations in FY2019. This was mainly due to the full-year loss as well as changes in working capital for development properties, inventories, trade and other receivables and payables.

Net cash generated from investing activities in FY2020 amounted to S$3.38 million, up from S$1.33 million in the previous year. The increase was due mainly to the recovery of commitment fees related to the legal claims for refundable deposits initiated by the Company against Chan Ewe Teik Michael in FY2016.

Net cash used in financing activities for FY2020 was S$0.45 million, down from S$0.78 million for FY2019, which was mainly due to the lease payments and interest paid.

As a result of the above, the Group's cash and cash equivalents amounted to S$12.70 million as at 31 March 2020, down from S$16.47 million as at 31 March 2019.

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 26 July 2019. 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 Chairman of The Brunei Hotel, 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 Wong was appointed as an Executive Director of the Company on 1 August 2016 and was re-elected on 27 July 2018. She is responsible for the Group's strategy and business development, as well as 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 Kwan, Linda
Executive Director

Ms Lam was appointed as an Executive Director of the Company on 1 August 2016 and was re-elected on 26 July 2019. 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 23 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 Limited and the Chief Executive Officer and Director of Adex Mining Inc. With an extensive experience in the field of mining and shipping industries, she is currently the Director of Hong Kong Energy, Mining And Commodities Association 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 four SGX listed companies (including KLW Holdings Limited). He was previously 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 29 July 2019. He is currently the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Mr Chan 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. He has 29 years of corporate and financial industry experience having worked in several Global Fortune 500 companies. He started his career in the Oil & Gas industry and eventually transitioned into the finance industry where he held senior positions in several banks. Throughout his banking career, Mr Lim has completed numerous complex and landmark corporate finance transactions across major Asian markets. As an avid investor, Peter has invested in numerous new economy companies. He currently holds directorships of almost 20 companies. Peter enjoys building companies, sharing resources and networks with companies to help them raise funds and expand networks internationally to realize their full potential.

Vivien Goo Bee Yen
Independent Director

Ms Goo was appointed as an Independent Director on 30 March 2020. She is currently a member of the Audit, Nominating and Remuneration Committees. Ms Goo is currently a Business Director of Shosha Beauty Company. Prior to this, she had worked in the banking industry for 11 years holding managerial positions in Brunei. She has also worked in the construction and property development industries in Brunei and Australia. Ms Goo holds a Bachelor of Commerce Marketing from Curtin University of Western Australia.

KEY MANAGEMENT

Albert Tan Sai Beng
Chief Marketing Officer

Mr Albert Tan was appointed as 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 22 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.

Ng Yui Wei
Group Financial Controller

Mr Ng was appointed as Group Financial Controller on 29 April 2020. He is responsible for the Group's accounting, finance, compliance, internal control and other regulatory requirements. He has more than 19 years of working experience in finance and accounting in various industries/organisations and held several financial roles, which included overseeing the finance and accounting function of SGX listed companies. Mr Ng holds a Bachelor Degree (Hons) in Business Economics and a Master's Degree in Professional Accounting. He is a member of the Institute of Singapore Chartered Accountants and a member of CPA Australia.

Chia Fook Sam
Director for Door Business – KLW Wood Products (M) Sdn Bhd

Mr Chia joined the Group's Door Business in Malaysia in April 2019. He is currently in charge of the overall management for the Malaysia operations. He has more than 18 years of experience in building materials and manufacturing business industry. Mr Chia graduated from University of North Dakota with a Bachelor of Science in Civil Engineering.

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

Mr Gordon Yip joined the Group's Door Business in China in 2016 as an Assistant General Manager. He is in charge of the overall management responsibilities for the China's operations. Mr Yip has more than 21 years' of factory management experience in China, Dongguan region. Mr Yip graduated with a Diploma of Hospitality Management in Australia.

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REPORT ON CORPORATE GOVERNANCE

KLW Holdings Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") has embraced the tenets of good governance, including accountability, transparency and sustainability and in doing so, has adopted substantially appropriate processes, practices and policies to direct and manage the business and affairs of the Company based on the Code of Corporate Governance 2018 (the "**Code**") issued by the Monetary Authority of Singapore on 6 August 2018, 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 while taking into account the interests of the other stakeholders.

The Company have also attached its sustainability report in this annual report in compliance with the requirements on sustainability reporting introduced by the SGX-ST.

This Report describes the Company's corporate governance practices and structures that were in place during the financial year from 1 April 2019 to 31 March 2020 ("**FY2020**") with specific references to principles and provisions of the Code, and should be read as a whole. The Company has complied, in all material aspects, with the principles and provisions of the Code. Where there are deviations from the provisions of the Code, the Company has provided the reasons and explanations in relation to the Company's practices as to how they remain consistent with the aim and philosophy of the overarching principles, where appropriate.

THE BOARD'S CONDUCT OF AFFAIRS

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

Within the broad role of providing oversight, the Board of Directors (the "**Board**") is responsible for setting the strategic direction of the Company as well as the Company's approach to governance, including by establishing appropriate culture, values and ethical standards of conduct at all levels of the Company. The Board is committed to maintaining a high standard of corporate governance and in doing so, not only provides oversight for the management of the Company ("**Management**") by establishing goals for the Management team, monitoring the achievement of such goals, holding Management accountable for the performance of the Company, ensuring the Management has sufficient resources to meet its objectives and that shareholders' interests are being safeguarded, but also sets appropriate tone-from-the-top, desired organisational culture and ensures proper accountability within the Company. 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.

In summary, the responsibilities of the Board are 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;
- provide shareholders with a balanced and understandable assessment of the Group's performance, position and prospects on a half-yearly basis; and
- considering sustainability issues including environmental and social factors in the Group's strategic formulation.

Board approval

The Board is also responsible for approving 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. Matters which require the Board's review and approval have been communicated clearly to the Management in writing, and such matters 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 personnel;
- recommending dividends and other returns to shareholders, if appropriate;
- overseeing the framework and processes for risk management, financial reporting and compliance, and evaluate the adequacy of the Group's internal control system (including financial, operational, compliance and information technology risks), as may be recommended by the Audit Committee ("**AC**");
- review the performance of the Management, approve the nomination to the Board of Directors and appointment of key management personnel, as may be recommended by the Nominating Committee ("**NC**");
- review the framework of remuneration for the Board of Directors and key management personnel, as may be recommended by the Remuneration Committee ("**RC**");
- the Group's half-year and full-year financial results announcements;
- the appointment and removal of the Company Secretary; 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 and for decisions of the Board and Board Committees to be obtained through circular resolutions. In preparation for the Board meetings, Management provides the Directors with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions and discharge their duties and responsibilities.

The Board, with the concurrence of the NC, is of the view that the Directors have attended and actively participated in Board and Board Committee meetings, and that each Director has ensured that sufficient time and attention has been given to the affairs of the Group for FY2020, regardless of their other Board representations. The following table discloses the number of meetings held by the Board and Board Committees and the attendance of all Directors in FY2020:

Board members	AGM		EGM		Board		AC		RC		NC	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Pengiran Muda Abdul Qawi	1	–	1	–	4	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Wong Gloria	1	1	1	1	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Lam Chi Yun Terence (1)	1	1	1	1	3	3	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Lam Kwan Linda	1	–	1	–	4	3	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Lim Han Siang Peter	1	1	1	1	4	4	4	4	1	1	1	1
Chan Ka Kin Kevin	1	1	1	1	4	4	4	4	1	1	1	1
Mark Leong Kei Wei	1	1	1	1	4	4	4	4	1	1	1	1
Vivien Goo Bee Yen (2)	N.A.	N.A.	N.A.	N.A.	4	N.A.	4	N.A.	1	N.A.	1	N.A.

Notes:

(1) Mr Lam Chi Yun Terence resigned as an Executive Director with effect from 31 December 2019.
(2) Ms Vivien Goo Bee Yen was appointed as a Non-Executive and independent director as well as a member of the AC, NC and RC with effect from 30 March 2020.

<u>Board Committees</u>

The Board has established various committees to assist it in discharging its responsibilities as set out above. These committees have clearly written terms of reference which set out the compositions, duties and authority of each committee as well as qualifications for committee membership, in line with the Code. The committees are each responsible for reporting back to the Board. The terms of references are reviewed on a regular basis to ensure their continued relevance, as are the committee structures and membership. The committees established by the Board are:

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

Further details on the committee members, terms of reference and the activities of the relevant committees are set out on pages 20 to 39.

Directors' Orientation and Training

The Directors are fiduciaries who act objectively in the best interests of the Company, and understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). The Directors are of the view that they have objectively discharged their duties and responsibilities at all times as fiduciaries in the best interests of the Company for FY2020. Where a conflict or a potential conflict of interest arises, the relevant Director(s) will declare their interest at the relevant meeting or provide notice to the Chairman and/or Company Secretary setting out the details of their interest and the conflict, and recuse themselves from discussions and decisions involving the matter.

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 Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), the Catalist Rules and other regulatory requirements. In addition, each 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. The Directors have separate and independent access to the Management, the Company Secretary and external advisers (where necessary) at the Company's expense. The Company Secretary attends all Board meetings and ensures that such proceedings comply with Board procedures and all other rules and regulations applicable to the Company.

The NC ensures that all new Directors are aware of their duties and obligations. Further, the Company conducts an orientation programme for newly appointed Directors to familiarise them with the businesses, operations, financial performance and key management personnel 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.

Under Rule 406(3)(a) of the Catalist Rules, a Director who does not have any prior experience as a director of an issuer listed on the SGX-ST must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Ms Vivien Goo was appointed as an Independent Director on 30 March 2020. Ms Vivien has no prior experience as a director of an issuer listed on the SGX-ST. She is in the process of undergoing the prescribed training pursuant to Rule 406(3)(a) of the Catalist Rules and will complete such training within one (1) year of her appointment.

The Management monitors changes to regulations, policies and financial reporting standards issued by, amongst others, 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 Management works closely with Company Secretary and Sponsor to advise the Board on regulatory matters under Singapore law and continuing listing obligations pursuant to the Catalist Rules.

To provide Directors with opportunities to develop and maintain their skills and knowledge, the Company periodically identifies relevant updates, briefing and training programs for the Directors to attend, which is funded by the Company. During FY2020, there were no training programs attended by the Directors.

BOARD COMPOSITION AND GUIDANCE

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

As the Non-Executive Chairman is not independent, Independent Directors are required to and do make up a majority of the Board, which currently comprises one (1) Non-Executive Chairman, two (2) Executive Directors and four (4) Non-Executive, Independent Directors. Further, the Board comprises a majority of Non-Executive Directors, which safeguards the Board's against domination of its decision-making process by an individual or a small group of individuals.

REPORT ON CORPORATE GOVERNANCE

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 and Independent Director	Member	Chairman	Member
Mark Leong Kei Wei	Non-Executive and Independent Director	Chairman	Member	Member
Chan Ka Kin Kevin	Non-Executive and Independent Director	Member	Member	Chairman
Vivian Goo Bee Yen [(1)]	Non-Executive and Independent Director	Member	Member	Member
Wong Gloria	Executive Director	–	–	–
Lam Kwan Linda	Executive Director	–	–	–

Note:

(1) Appointed on 30 March 2020.

There are no alternate Directors appointed on the Board. Under the Constitution of the Company, a maximum of 15 Directors and a minimum of two (2) Directors may be appointed to the Board.

The composition of the Board and Board Committees are reviewed annually by the NC to ensure that they are of an appropriate size, and comprise Directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age so as to avoid groupthink and foster constructive debate while still ensuring that the Board and the Board Committees can carry out their respective roles and responsibilities effectively.

Pursuant to provision 2.4 of the Code, the Board has adopted a Board Diversity Policy. Under the Board Diversity Policy, the NC will, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, consider a number of aspects, including but not limited to gender, age, nationality, ethnicity, cultural background, educational background, experience, skills, knowledge, independence and length of service. The final decision on selection of Directors will be based on merit against objective criteria that complements and expands the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board. The Board is committed to ensuring diversity on the Board, including but not limited to an appropriate balance and mix of skills, knowledge, experience, gender, age and the core competencies of accounting or finance, business or management experience and strategic planning to avoid groupthink and foster constructive debate. On gender diversity, the Board comprises three (3) female Directors and (4) four male Directors. The NC is of the view that in fulfilment of the objectives under the Board Diversity Policy, the current Board composition is appropriate, effective and adequate for the nature and scope of the Company's operations for the time being, taking into account the collective diversity of skills, experience and knowledge of the Directors. The Directors' collective experience includes 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. More information on the Directors is set out in the sections entitled "Board of Directors" and "Directors' Statement" of the FY2020 Annual Report.

Given the above, the Board and the NC are satisfied that the Board currently has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company, consistent with the intent of principle 2 of the Code.

Board Independence

The NC determines annually, and as and when circumstances require, if each Director is independent, having regard to the circumstances set forth in provision 2.1 of the Code. Each Director is required to declare their relationships with the Company, its related corporations, its substantial shareholders or its officers (if any) which may affect his/her independence through the completion and submission of a confirmation of independence form. Such relationships include business relationships which the Director, his/her immediate family member, or an organization in which the Director and/or his/her immediate family member is a director, substantial shareholder, partner (with 5% or more stake) or executive officer has with the Company or any of its related corporations and the director's direct association with a substantial shareholder of the Company, in the current and immediate past financial year.

Based on the confirmation of independence submitted by each of the Independent Directors, the NC is of the view that there is a strong and independent element on the Board and the Independent Directors (who represent more than half of the Board) are each independent in accordance with Rule 406(3) of the Catalist Rules which came into effect on 1 January 2019, in that they: (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 of the Company for an aggregate period of more than nine (9) years (whether before or after listing) from the date of his first appointment should be subject to particularly rigorous review. Effective from 1 January 2022, a director will not be independent if he has been a director for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an independent director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and the chief executive officer. For FY2020, there are no Independent Directors who have served on the Board for an aggregate period of more than nine (9) years since the date of his first appointment.

For the appointment of any new Director to the Board, the NC's search, selection and nomination process for candidates 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 substantial shareholder or its officers that could interfere, or reasonably be perceived to interfere, with the exercise of the Director's independent business judgment in 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 was a substantial shareholder, partner (with 5% or more stake) or executive officer has with the Company or any of its related corporations and the independent director direct association with a substantial shareholder of the Company, in the current and immediate past financial year.

Management provides the Board members with quarterly management accounts to keep them abreast with the Group's business development and performance. The Independent Directors also have at any given time separate and independent access to the Executive Directors, the Management, Chief Operating Officer and other key management personnel of the Group. This enables them to make enquiries or seek clarification on the Group's affairs. The Non-Executive Directors further constructively review and assist the Board to facilitate and develop proposals on strategy as well as review and monitor the performance of the Management in reporting on and meeting agreed goals and objectives. 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) regularly meet on their own without the presence of Management, and the chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

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

Pengiran Muda Abdul Qawi is the Non-Executive Chairman of the Board 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 full and frank exchange of views at the Board meetings, (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.

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 Non-Executive Chairman and Executive Directors can be found in the sections entitled "Board of Directors" and "Directors' Statement" in the FY2020 Annual Report. The roles of the Non-Executive Chairman and the Executive Directors are distinct and separate, with a clear division of responsibilities between the Non-Executive Chairman and the Executive Directors to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and the Executive Directors are not related to each other.

The Board has not appointed a Lead Independent Director, as the Chairman and the Executive Directors are separate persons who are not related to each other and the Chairman is not part of the executive Management team. There is a clear division of responsibilities between the Chairman and the Management and as such, no one individual has unfettered powers of decision making. 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 NC is of the view that 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: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

The NC comprises the following four Directors, all of whom are independent:

Chairman:	**Mr Lim Han Siang Peter**	(Non-Executive and Independent)
Members:	**Mr Mark Leong Kei Wei**	(Non-Executive and Independent)
	Mr Chan Ka Kin Kevin	(Non-Executive and Independent)
	Ms Vivien Goo Bee Yen	(Non-Executive and Independent)

The NC pursuant to its written terms of reference shall:

- make recommendations to the Board on the review of succession plans for Directors (including alternate directors, if applicable), in particular the appointment and/or replacement of the Executive Directors, the Chairman, the Chief Executive Officer (if applicable) and key management personnel;

- 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 the Catalist Rules, 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;

- recommend for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual Director to the Board;

- 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 and make recommendations to the Board on training and professional development programs for the Board;

- make recommendations to the Board on the appointment and re-appointment of Directors (including alternate directors, if any); 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 referrals, background checks and candidates' knowledge of the industry based on their resume and interview with the NC.

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 potential 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.

REPORT ON CORPORATE GOVERNANCE

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 first appointment as a Director	Date of last re-appointment as a Director
Pengiran Muda Abdul Qawi	30 September 2014	28 July 2019
Ms Wong Gloria	1 August 2016	27 July 2018
Mr Lam Chi Yun Terence (Cessation on 31 December 2019)	1 August 2016	28 July 2017
Ms Lam Kwan Linda	1 August 2016	28 July 2019
Mr Chan Ka Kin Kevin	7 September 2016	28 July 2019
Mr Mark Leong Kei Wei	19 September 2017	27 July 2018
Mr Lim Han Siang Peter	7 September 2016	27 July 2018
Ms Vivien Goo Bee Yen	30 March 2020	N.A.

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" and "Directors' Statement" of the FY2020 Annual Report 2020 as well as on pages 29 to 31 of this Report.

After assessing the contributions and performances of the retiring Directors, the NC has recommended the re-election of Ms Wong Gloria and Mr Lim Han Siang Peter, who will be retiring by rotation at the forthcoming AGM under regulation 109 of the Constitution. Ms Vivien Goo Bee Yen is also up for re-election at the forthcoming AGM under regulation 119 of the Constitution. Subject to re-election at the forthcoming AGM, Ms Wong Gloria will remain as Executive Director, Ms Vivien Goo Bee Yen will remain as Non-Executive and Independent Director as well as a member of the AC, NC and RC, respectively, and Mr Lim Han Siang Peter will remain as Non-executive and Independent Director as well as the Chairman of NC and a member of AC and RC, respectively. Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of their own performance or re-nomination as a Director.

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to each Director being proposed for re-election, namely Ms Wong Gloria, Mr Lim Han Siang Peter and Ms Vivien Goo Bee Yen, as set out in the Appendix 7F of the Catalist Rules is set out below.

	Wong Gloria	Lim Han Siang Peter	Vivien Goo Bee Yen
Date of Appointment	1 August 2016	7 September 2016	30 March 2020
Date of last Re-Appointment (if applicable)	27 July 2018	27 July 2018	30 March 2020
Age	37	53	46
Country of Principal Residence	Hong Kong	Hong Kong	Brunei Darussalam

	Wong Gloria	Lim Han Siang Peter	Vivien Goo Bee Yen
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Ms Wong 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 Wong has abstained from the deliberation of the Board pertaining to her re-election.	The re-election of Mr Lim 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 Lim has abstained from the deliberation of the Board pertaining to his re-election.	The re-election of Ms Goo as an Independent 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 Goo has abstained from the deliberation of the NC as well as that of the Board pertaining to her re-election.
Whether appointment is executive, and if so, the area of responsibility	Executive. Ms Wong is 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 NC and Member of the AC and the RC	Independent Director and Member of the AC, RC and the NC
Professional Qualifications	Please refer to the section entitled "Board of Directors" of the FY2020 Annual Report	Please refer to the section entitled "Board of Directors" of the FY2020 Annual Report	Please refer to the section entitled "Board of Directors" of the FY2020 Annual Report
Working experience and occupation(s) during the past 10 years	Please refer to the section entitled "Board of Directors" of the FY2020 Annual Report	Please refer to the section entitled "Board of Directors" of the FY2020 Annual Report	Please refer to the section entitled "Board of Directors" of the FY2020 Annual Report
Shareholding interest in the listed issuer and its subsidiaries	Ms Wong is the daughter of Mr Wong Ben Koon who is deemed interested in an aggregate of 634,092,500 shares, comprising (i) 121,000,000 shares held through his nominee, Phillips Securities Pte Ltd; and (ii) 522,092,500 shares held by Sunny Wealth Limited, of which he is the sole shareholder.	None	Ms Goo is deemed interested in an aggregate of 8,825,000 shares held by her spouse.

REPORT ON CORPORATE GOVERNANCE

	Wong Gloria	Lim Han Siang Peter	Vivien Goo Bee Yen
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	Daughter of Mr Wong Ben Koon, sole shareholder of Sunny Wealth Limited, which is a substantial shareholder of the Company.	Save for his role as Independent Director of the Company, none	Save for her role as Independent Director 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	Nil
Other Principal Commitments[2] including Directorships – Present	**In Hong Kong:** Prosperity International Holdings (H.K) Ltd. **In Canada:** Century Global Commodities Corporation **In the British Virgin Islands:** Deluxe Wise Limited	**In Singapore:** Soulnation Pte Ltd L3 K-Investment Pte Ltd L3 Advisory & Ventures Pte Ltd Aleta Planet MES Pte Ltd **In South Korea:** New Songdo International City Development LLC **In Hong Kong:** ACPG Bucheon Dev Ltd REP Capital Limited ACPG K-Land Co Ltd L3 Advisory & Ventures Pte Ltd L3 Advisory & Ventures Co Ltd REP Company Ltd MPHK Management Co Ltd Aleta Planet HK Company Ltd	Nil

[1] "Principal Commitments" has the same meaning as defined in the Code.

	Wong Gloria	Lim Han Siang Peter	Vivien Goo Bee Yen
		In B.V.I: Asia Capital Pioneers Group	
(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?	On 29 November 2019, Prosperity International Holdings (H.K) Ltd, an entity which is listed on the Stock Exchange of Hong Kong Limited and which Ms Gloria Wong is an executive director of, announced that a winding up petition together with the application for the appointment of Joint provisional liquidators of the company on a light touch approach for restructuring purposes was presented and filed with the Supreme Court of Bermuda.	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No

	Wong Gloria	Lim Han Siang Peter	Vivien Goo Bee Yen
(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

	Wong Gloria	Lim Han Siang Peter	Vivien Goo Bee Yen
(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

REPORT ON CORPORATE GOVERNANCE

	Wong Gloria	Lim Han Siang Peter	Vivien Goo Bee Yen
(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

	Wong Gloria	Lim Han Siang Peter	Vivien Goo Bee Yen
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.	No.
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.	Ms Goo is in the process of undergoing training on the roles and responsibilities of a director of a listed issue as prescribed by the SGX-ST.

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. The NC reviews annually the directorships held by each Director as well as principal commitments, if any. Where a Director holds a significant number of listed company directorships and principal commitments, the NC and the Board will make a reasoned assessment of the ability of the Director to diligently discharge his or her duties.

The present and past listed company board representations and other principal commitments of each Director is set out below:

Name of Director	Present Directorships or Chairmanships in Other Listed Companies (as at 31 March 2020)	Past Directorships or Chairmanships in Other Listed Companies in the Preceding Three (3) Years	Other Principal Commitments (as at 31 March 2020)
Pengiran Muda Abdul Qawi	Nil	Nil	**Chairman** ● National Insurance Bhd ● QOS Sdn Bhd ● Everon Sdn Bhd ● Supremo Management Services Sdn Bhd

Name of Director	Present Directorships or Chairmanships in Other Listed Companies (as at 31 March 2020)	Past Directorships or Chairmanships in Other Listed Companies in the Preceding Three (3) Years	Other Principal Commitments (as at 31 March 2020)
Mr Mark Leong Kei Wei	MDR Limited LCT Holdings Limited	Advance SCT Ltd	**Director** ● Avalon Partners Pte Ltd ● Top Mining Ltd ● Cytomed Therapeutics (Malaysia) Sdn Bhd ● Sumberyaja Land & Mining Sdn Bhd ● Ascendance Limited **Chief Operating Officer** ● SBI Offshore Limited
Ms Wong Gloria	Prosperity International Holdings (H.K.) Ltd Century Global Commodities Corporation	Nil	Nil
Mr Lam Chi Yun Terence [(1)]	Nil	Nil	Nil
Ms Lam Kwan Linda	Great Harvest Maeta Group Holdings Ltd Adex Mining Inc.	Nil	**Director** ● Great Harvest (Holdings) Limited ● Union Apex Mega Shipping Limited ● Hong Kong Energy, Mining and Commodities Associations ● Hong Kong Shipowners Association **Chief Executive Officer** ● Great Harvest Maeta Group Holdings Ltd **Vice Chairman** ● Pok Oi Hospital
Mr Lim Han Siang Peter	Nil	Nil	**Director** ● Aleta Planet HK Company Ltd

Name of Director	Present Directorships or Chairmanships in Other Listed Companies (as at 31 March 2020)	Past Directorships or Chairmanships in Other Listed Companies in the Preceding Three (3) Years	Other Principal Commitments (as at 31 March 2020)
Mr Chan Ka Kin Kevin	KOS International Holdings Limited	Nil	Nil
Ms Vivien Goo Bee Yen (2)	Nil	Nil	Business Director Shosha Beauty Company

Notes:

(1) Mr Lam Chi Yun Terence resigned as an Executive Director with effect from 31 December 2019.
(2) Ms Vivien Goo Bee Yen was appointed as a Non-Executive and Independent Director as well as a member of the AC, NC and RC with effect from 30 March 2020.

Based on a reasoned assessment of the ability of each Director to diligently discharge his or her duties, the number of listed company directorships and principal commitments of each Director and their contribution to the Company, the NC and the Board are of the view that all the Directors are able to and have adequately carried out their duties as Directors of the Company.

Although Practice Guidance 4 of the Code recommends the Board to determine the maximum number of listed company board representations which any Director may hold, the NC does not recommend setting this limit. The Board considers several factors as described above to be a more effective assessment of a Director's commitment rather than to prescribe a limit. Suitable candidates who have multiple board representations may still have the capacity to participate and contribute as members of the Board. Currently, the number of directorships in other listed companies, excluding the Company, held by the Directors ranges from nil to two.

BOARD PERFORMANCE

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

The NC has established an annual review process for the Board's approval, 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 including the Chairman, 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 responses received, the Board has met its performance objectives for FY2020. 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 as Director.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Remuneration Committee

The RC comprises the following four Directors, all of whom are Non-Executive and Independent:

Chairman:	**Mr Chan Ka Kin Kevin**	(Non-Executive and Independent)
Members:	**Mr Lim Han Siang Peter**	(Non-Executive and Independent)
	Mr Mark Leong Kei Wei	(Non-Executive and Independent)
	Ms Vivien Goo Bee Yen	(Non-Executive and Independent)

The roles and responsibilities of the RC include:

- reviewing and making recommendations to the Board as to the framework or broad policy for the remuneration of the Board and key management personnel and the specific remuneration packages for each Director as well as for the key management personnel;

- 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 personnel 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 personnel 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 personnel of the Company.

The Board considers that the members of the RC collectively have strong senior management and/or listed issuer board 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 personnel. During FY2020, the RC did not engage any external remuneration consultant.

Procedures for Setting Remuneration

The Company has implemented a formal and transparent process in relation to determining the remuneration of the key management personnel 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 personnel, and reviews all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination terms, to ensure that they are fair. 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. No director is involved in deciding his or her own remuneration.

Level and Mix of Remuneration

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

Remuneration Policies

The Company's policy is to set a level of remuneration that is appropriate to attract, retain and motivate Directors and key management personnel to provide good stewardship of the Company and successfully manage the Company for the long term. 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.

Remuneration of Directors and Key Management Personnel

Non-executive and Independent Directors are paid yearly Directors' fees based broadly on the recommended guidelines from the Singapore Institute of Directors and which is appropriate to their level of contribution, 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 termination 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 personnel. The employment contracts of the Executive Directors and key management personnel do not provide for incentive components. The remuneration package of key management personnel comprises basic salary, allowances, commission and bonuses depending on their roles and responsibilities in the organisation. The Board with the concurrence of the RC is of the view that the remuneration of the Executive Directors and key management personnel for FY2020 is appropriate to the level of contribution and that such remuneration is commensurate with their performance and value-add to the Group, having due regard for the financial and commercial health and business needs of the Group. No Director is involved in deciding his or her own remuneration package.

Details of the remuneration of the Directors and key management personnel are set out on pages 34 to 35.

Disclosure of Remuneration

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

Remuneration of Directors for FY2020

The breakdown (in dollars terms) of the remuneration of the Directors for FY2020 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	220,562	–	–	27,123	–	247,685
Lam Chi Yun Terence (1)	165,627	–	–	27,577	–	193,204
Lam Kwan Linda	220,562	–	–	27,123	–	247,685
Lim Han Siang Peter	–	–	–	–	44,000	44,000
Chan Ka Kin Kevin	–	–	–	–	44,000	44,000
Mark Leong Kei Wei	–	–	–	–	48,000	48,000
Vivien Goo Bee Yen (2)	–	–	–	–	–	–

Notes:

(1) Mr Lam Chi Yun Terence resigned as Executive Director with effect from 31 December 2019.
(2) Ms Vivien Goo Bee Yen was appointed as a Non-Executive and Independent Director on 30 March 2020.

Currently, there is no Chief Executive Officer of the Company.

Remuneration of Key Management Personnel who are not Directors or the CEO for FY2020

The breakdown (in percentage terms) of the remuneration of the top key management personnel of the Group (who are not Directors or the CEO) for FY2020 is set out below:

Remuneration band and name of key management personnel	Fixed Salary (%)	Allowance (%)	Commission / Incentives (%)	Bonus (%)	Benefit in kind (%)	Total (%)
S$250,000 and up to S$500,000						
Albert Tan Sai Beng	94	–	–	6	–	100
Below S$250,000						
Huang Dong Sheng (1)	91	–	–	9	–	100
Koh Poh Yeok (2)	91			9		100
Ananthan Muniandy (3)	89	11	–	–	–	100
Yip Man Chung, Gordon	92	6	–	2	–	100
Peh Eng Thong, Eric (4)	77	23	–	–	–	100
Chia Fook Sam	93	–	–	7	–	100

Notes:

(1) Mr Huang Dong Sheng resigned as Chief Operating Officer-Door Division with effect from 31 July 2020.
(2) Ms Koh Poh Yeok resigned as Group Financial Controller with effect from 30 April 2020.
(3) Mr Ananthan Muniandy resigned as General Manager for Door Division – Malaysia with effect from 11 September 2019.
(4) Mr Peh Eng Thong, Eric resigned as Assistant General Manager for Door Business-Singapore with effect from 27 May 2019.

Given the highly competitive business environment and the sensitive nature of the subject, the Board is of the view that full disclosure of the exact remuneration of each of the key management personnel of the Group (who are not Directors or the CEO) for FY2020 is not in the best interests of the Company, the Group or its stakeholders. In arriving at this decision, the Board had taken into consideration, inter alia, the commercial sensitivity and confidential nature of remuneration matters, the relative size and performance of the Group, and the negative impact such disclosure may have on the Group in attracting and retaining talent at the Board and key management level on a long-term basis. As an alternative, in compliance with provision 8.1 of the Code, the Company has disclosed the remuneration of these key management personnel of the Group (who are not Directors or the 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 personnel of the Group (who are not Directors or CEO) was S$1,050,147 in FY2020.

Remuneration of employees who are substantial shareholders, or are immediate family members of a Director, the CEO or a substantial shareholder

Remuneration Bands	Number of Employees
S$100,001 to S$150,000	1

Mr Huang Dong Sheng is the brother of the substantial shareholder of the Company, Mr Wong Beng Koon and uncle of Ms. Wong Gloria, the Company's Executive Director, and his remuneration ranged between S$100,001 and S$150,000 for FY2020. Mr Huang Dong Sheng resigned as Chief Operating Officer-Door Division on with effect from 31 July 2020.

The Company does not have in place any share or share option schemes in place for employees or any long-term incentive schemes for the Executive Directors and key management personnel. There are no termination, retirement, and post-employment benefits that may be granted to the Directors and key management personnel. The remuneration packages of the key management personnel of 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.

Relationship between remuneration, performance and value creation

A significant and appropriate proportion of the remuneration of the Executive Directors and key management personnel is structured so as to link rewards with the achievement of corporate and individual performance targets in an objective and equitable way and reflects the degree of responsibility held by each employee. The Group seeks to ensure that the variable component is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

To ensure that the level and structure of remuneration is proportionate to the sustained performance and value creation of the Group, the Company has put in place a framework of remuneration for the Executive Directors and key management personnel. The key areas of focus of the remuneration framework and details of the implementation within the Group are set out below:

Key Areas of Focus	Details
Link to Performance and Value Creation	● Put in place and promote a pay-for-performance culture ● Ensure that remuneration is closely linked to corporate and individual performance targets
Competitive remuneration	● Benchmark remuneration packages against other companies of similar size in the Group's industries
Accountability	● Focus on prudent risk taking, responsible capital management and sustainability

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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, with the assistance from the AC, is responsible for the overall governance of risk by ensuring that Management maintains sound systems of risk management and internal controls to safeguard shareholders' interest and the Group's assets, and for determining the nature and extent of the significant risks which the Company is willing to take in achieving strategic objectives and value creation. 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 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 FY2020. The IA reports directly to the AC Chairman and the AC, and administratively to the Group Financial Controller, and the IA has full and unfettered 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, effectiveness and independence 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. In addition, material control weaknesses, if any, are highlighted by the external auditors in the course of the statutory audit.

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 2020 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 adequacy and 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 systems (including financial, operational, compliance and information technology controls) are adequate and effective for the period commencing from 1 April 2019 to 31 March 2020.

Based on the internal controls (including financial, operational, compliance and information technology controls) 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 (including financial, operations, compliance and information technology controls) and risk management system were adequate and effective as at 31 March 2020.

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 10: The Board has an Audit Committee ("AC") which discharges its duties objectively

The AC comprises the following four Non-Executive and Independent Directors:

Chairman:	**Mr Mark Leong Kei Wei**	(Non-Executive and Independent)
Members:	**Mr Lim Han Siang Peter**	(Non-Executive and Independent)
	Mr Chan Ka Kin Kevin	(Non-Executive and Independent)
	Ms Vivien Goo Bee Yen	(Non-Executive and Independent)

At least two members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's responsibilities objectively. In particular, Mr Mark Leong Kei Wei, the Chairman of the AC was previously 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). Mr. Lim Han Siang Peter also has 29 years of experience in various investment groups and international banks, especially in the area of business development and various corporate finance transactions across major Asian markets. 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 FY2020.

The duties of the AC and AC's key terms of reference are:

- to review with the internal and external auditors, their audit plans;
- to review at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems;
- 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;
- to review the appointment, termination and remuneration of the head 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 personnel to the internal and external auditors;
- to review the adequacy, effectiveness, independence, scope and results of the external audit procedures and the internal audit function, which is outsourced to a professional services firm;
- to review the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Group before they are presented 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 review the assurance from the Executive Directors and the Group Financial Controller on the financial records and financial statements;
- to make recommendations to the Board on proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and the remuneration and terms of engagement of the external auditors;
- to review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns; 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 personnel 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 FY2020 at least annually.

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

External Auditors

The AC reviews the independence and objectivity of the external auditor on an annual basis. During the financial year under review, the AC has reviewed the independence of Baker Tilly TFW LLP as well as the fees paid to them. There was no non-audit related work carried out by the external auditor in the current financial year, and accordingly, no non-audit fees were paid to Baker Tilly TFW LLP. According to Rule 1204(6)(a) of the Catalist Rules, the audit fee to be paid to the external auditor for the year under review is reflected in Note 8 of the Financial Statements. Having considered the non-audit fee rendered to the Group during FY2020 (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.

The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within an period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The Group has appointed the same auditing firm and its associates to audit all its entities for FY2020.

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 FY2020.

SHAREHOLDER RIGHTS AND ENGAGEMENT

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

The Company welcomes active and effective 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. Shareholders are also informed of the rules and voting procedures governing general meeting during the meeting.

Each issue or matter requiring shareholders' approval is tabled in the form of separate and distinct resolutions at general meetings and resolutions are not bundled unless the issues are interdependent and linked so as to form one significant proposal, in which case, the Company will explain the reasons and material implications in the notice of meeting.

All Directors, including the Chairman of the Board and the Chairmen of the AC, NC and RC, respectively, had attended the meetings for FY2020 to address any queries raised by shareholders and had called upon professional service providers to respond where appropriate. The Company's external auditors were also present to address questions raised by shareholders at the general meetings.

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. The Company is reviewing available methods of voting in absentia to ascertain the which method would ensure that the 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.

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.

The Company Secretary, with the assistance of his representatives, prepares minutes of general meetings (including substantial or relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and/or Management), which are published on the Company's corporate website as soon as practicable after such meetings and are generally available to the shareholders upon request. All 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.

The Company does not have a formal dividend policy. In compliance with Rule 704(24) of the Catalist Rules which requires that in the event the Board decides not to declare or recommend a dividend, the Company must expressly disclose the reason(s) for the decision together with the announcement of the financial statements, the Company announced in the unaudited financial results for FY2020 on 10 July 2020 the reasons for not declaring or recommending a dividend. Please also refer to the section entitled "Dividend Policy" of this Report on Corporate Governance below.

ENGAGEMENT WITH SHAREHOLDERS

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

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 and communications to stakeholders are made through public announcements, press releases and annual reports to shareholders.

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 at www.klw.com.sg to keep shareholders abreast of the Company's developments and to serve as a platform to gather shareholders' queries. 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.

The Company has engaged a dedicated investor relations team but currently does not have an investor relations policy. However, shareholders may contact the Company directly as the Company has personnel dedicated to handle investor queries and deal with all matters related to investor relations. Shareholders may contact the Company with their questions via email at enquiries@klw.com.sg and telephone at 6754 1854, and the Company will provide responses to such questions in a timely manner.

ENGAGEMENT WITH STAKEHOLDERS

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

Through regular feedback on the concerns and expectations of the stakeholders obtained through both formal and informal channels, the Company' has identified its customers, suppliers, employees and shareholders as key stakeholders. It has been the Company's core business and sustainability strategy of engaging and managing its relationship with the stakeholders in a fair and responsible manner through hard work, dedication and commitment. The needs and interests of each group of stakeholders are carefully considered and balanced for the best interests of the Company.

In managing stakeholder relationships, the Company has identified and targeted the following key areas of focus through the accompanying methods of engagement in FY2020:

STAKEHOLDERS	KEY AREAS OF FOCUS	METHODS OF ENGAGEMENT
Customers	Quality product, on time delivery, attractive pricing and customer service.	Customer visits, trade events, business meetings and after sales follow up.
Suppliers	Repeat orders and increased market share.	Supplier visits, factory visits and business meetings.
Employees	Remuneration, health, career growth and business stability.	Management's meeting with employees, employee feedback and appraisals & discussions
Shareholders	Financial results, business growth, conservation of assets and investment returns.	Financial results announcements, annual report, annual general meetings. Timely disclosures on SGX-ST of various announcements. Please also refer to past years Sustainability Report ("**SR**") FY2019 and FY2020 SR which is attached in this annual report.

The Company maintains a current corporate website at www.klw.com.sg to communicate and engage with various stakeholders.

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

In line with the Catalist Rules, the Group has adopted and implemented an internal compliance code to provide guidance to the Directors and employees of the Group with regard to dealings in the Company's securities. In particular, it has been highlighted that it is an offence to deal in the Company's securities when the party dealing in the securities is in possession of unpublished material price sensitive information relating to those securities. Directors and employees are reminded that:

(a) there should be no dealing in the Company's securities on short-term considerations; and

(b) there should be no dealing in the Company's securities during the period commencing one (1) month before the announcement of the Company's half year and full year financial statements.

The Board confirms that for FY2020, the Company has complied with Rule 1204(19) of the Catalist Rules on dealings in securities.

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 2020 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 FY2020 or if not then subsisting, entered into since the end of FY2019.

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. Anonymous reports will be accepted and anonymity honoured. 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 FY2020. The amount of fees paid to Rajah & Tann Singapore LLP, an affiliate of the Sponsor, for work done in FY2020 was S$98,650.

TREASURY SHARES

There are no treasury shares held by the Company at the end of the financial year from 1 April 2019 to 31 March 2020.

SUSTAINABILITY REPORT

BOARD STATEMENT

We are pleased to present the annual Sustainability Report of KLW Holdings Limited ("**KLW**", the "**Company**", and together with its subsidiaries, the "**Group**") for our financial year ended 31 March 2020 ("**FY2020**").

Recognising the importance of sustainability, the Board of Directors ("**Board**") leads the sustainability efforts of the Group. The Board has considered sustainability issues as part of its strategic formulation, determined the material economic, environmental, social and governance ("**EESG**") factors relevant to its business and overseen the management and monitoring of these material EESG factors.

In defining our reporting content, we have applied the Global Reporting Initiative ("**GRI**") Standards by considering the Group's activities, impact and substantive expectations and interests of its stakeholders. For reporting quality, we observed the principles of balance, comparability, accuracy, timeliness, clarity and reliability.

The EESG data and information provided in this report have been derived from internal data monitoring and verification to ensure accuracy.

REPORTING PERIOD, SCOPE AND FRAMEWORK

This report is issued on an annual basis (most recently on 31 August 2019) and has been prepared with reference to the GRI Standards: Core option, and on a "comply or explain" basis in accordance with Rule 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Section B: Rules of Catalist ("**Catalist Rules**"). We have chosen to report using the GRI Standards because it is an internationally recognised sustainability reporting framework that covers a comprehensive range of sustainability disclosures. Moreover, the structured framework promotes reporting a full and balanced picture of the material EESG factors affecting the Group and the management of its impact.

Corresponding to the GRI Standards' emphasis on materiality, this report highlights the EESG related initiatives carried out throughout the 12-month period, from 1 April 2019 to 31 March 2020 by the Group's Doors Business. Further information on the Group's activities, products, brands and services can be found in the "Our Businesses" section of this Annual Report.

While the Group has expanded into property investment and development business, this report has not included information on our property business. As announced on 13 May 2020, the Group has acquired land in Jakarta, Indonesia in May 2019 but has yet to commence operation as of 31 March 2020. Further, the Group is in the final phase of evaluating the best commercial options available for Lincoln Square Carlton, a freehold building in Melbourne, Australia. Further details for which is set out under the "Chairman's Statement" section of this Annual Report.

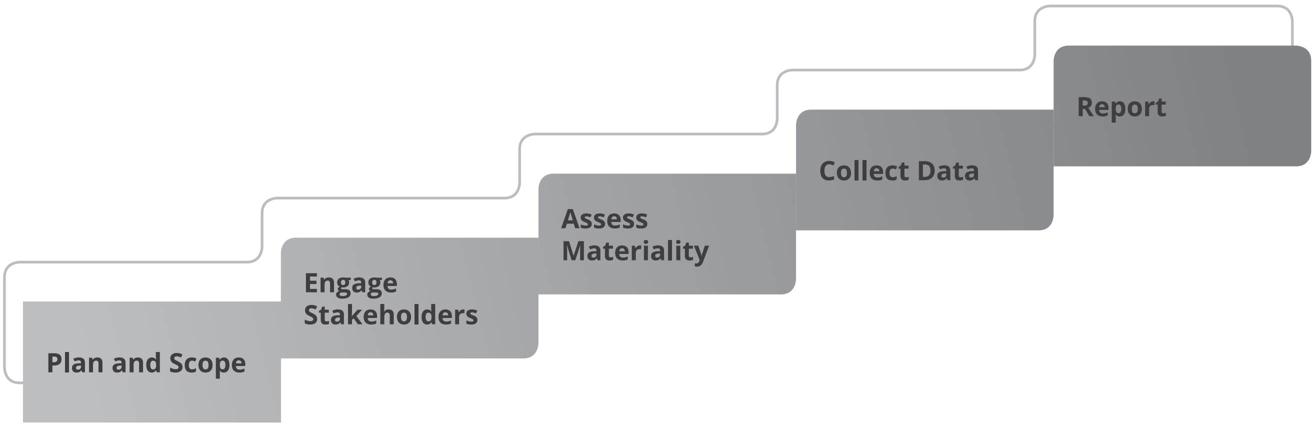
Feedback

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Please send your feedback to enquiries@klw.com.sg.

As part of our conservation efforts, no hard copy of this report is printed. We have uploaded a digital copy on our website at www.klw.com.sg.

SUSTAINABILITY REPORT

Our Sustainability Approach



Stakeholder Engagement and Identification of Material EESG Factors

An important starting point in our sustainability journey is to identify our stakeholders and the material EESG factors relevant to our business. The interests and requirements of key stakeholders, who have a material impact on the success of the Group's business and operations, are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to board of directors, employees, customers, suppliers, the investing public, local government and local communities. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships. The following sets out our engagement platforms with our stakeholders:

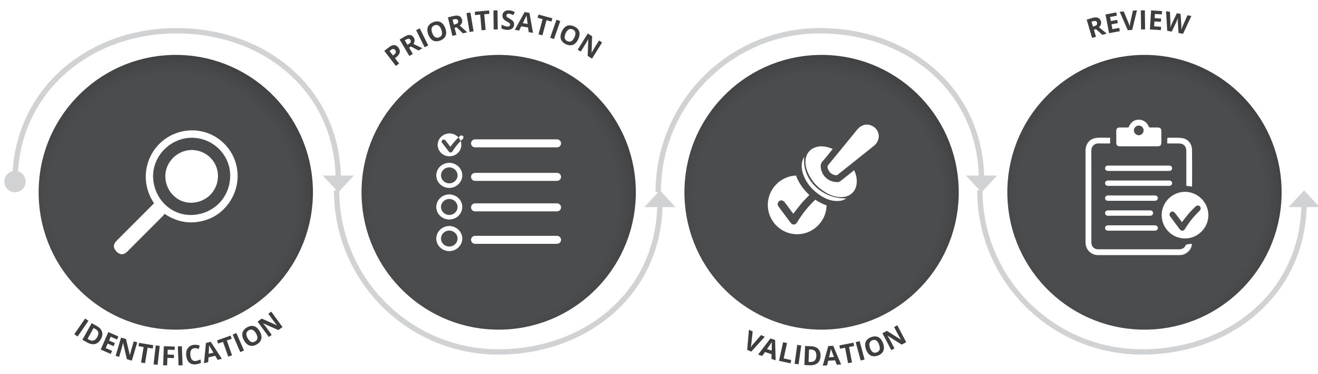
Stakeholders	Engagement Platforms	Frequency	Topics Discussed / Key Concerns raised
Board of Directors	Board Meetings	Quarterly	Financial performance, policies and strategies and annual budgets
	Board Papers		
	Board lunches		
Employees	Staff Appraisal	As and when, and annually	Employee compensation and benefits, personal developments and performance appraisal. No reports received for whistleblowing for FY2020
	Staff bonding sessions & whistleblowing policy		
	Employee Sustainability Report Feedback Form	As and when	Feedback on content, style, format of Sustainability Report

Stakeholders	Engagement Platforms	Frequency	Topics Discussed / Key Concerns raised
Customers	Face-to-face meetings Email feedback Customer satisfaction questionnaire	As and when, and annually	Product quality level, punctuality of shipment and timely submission of quotation
Suppliers and Service Providers	Face-to-face meeting Vendor Assessment	As and when	Delivery performance and Quality performance
Investors / Shareholders	Annual General / Extraordinary General Meeting Annual Report Group's website	As and when, and annually	Financial performance and strategic planning
Local Government	Regular reporting Inspections E-mail / Circulars Survey	Annually	Regulatory and compliance matters
Local Communities	Sponsorship for local town council	As and when	Donation for local union activities

SUSTAINABILITY REPORT

Materiality Assessment

Our sustainability process begins with the identification of relevant EESG factors, taking into consideration their relevance to the business, strategy, business model and key stakeholders. Relevant EESG factors are then prioritised to identify material EESG factors which are subject to validation by our Board. The end result of this process is a list of material EESG factors to be disclosed in this report. The process described is shown below:



We conducted a materiality assessment during the year and incorporated inputs from the stakeholder engagements. A materiality review is conducted every year. To determine if an EESG factor is material, we assessed its potential impact on the economy, environment, society and the influence on the stakeholders. EESG factors were identified and prioritised through internal workshops, peer reviews and social impact assessments at site level. Based on the materiality assessment and feedback from our stakeholders, we have identified the EESG factors which are material to the Group in FY2020.

Applying the guidance from GRI, we have identified the Group's material EESG factors. For this year, we have added one environmental factor, disposal and management of waste and one social factor, socioeconomic compliance.

ECONOMIC

Economic performance
Anti-corruption

ENVIRONMENTAL

Environmental compliance
Disposal and management of waste
Supplier environmental assessment

SOCIAL

Occupational health and safety
Diversity and equal opportunity
Socioeconomic compliance

GOVERNANCE

Corporate and sustainability governance
Risk management
Business ethics and compliance

Economic

Economic Performance

KLW firmly believes that focusing on financial sustainability is critical and we are fully committed to the highest standards of corporate governance. The Group's basic principle is that long-term profitability and shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, employees, suppliers and society as a whole. For FY2021, KLW will remain cautious with regards to market conditions and will continue to be vigilant in managing costs and improving operational efficiencies.

For detailed financial results, please refer to the following sections in this Annual Report:
- Operational and Financial Review; and
- Financial Statements.

Anti-Corruption

At KLW, we do not tolerate any form of corruption. This has been made clear to all of our employees, our suppliers and our business partners. A dedicated whistleblowing communication channel to the Audit Committee Chairman via email is made available to anyone who wants to report any anti-business ethics issue on a confidential basis. Any report of corruption is escalated to the attention of senior management.

We have achieved our target set in FY2019, which was to maintain zero incidents of corruption. For FY2021, we will maintain our targeted goal and conduct regular review on the policies regarding whistleblowing and anti-corruption.

ENVIRONMENTAL

Environmental Compliance

Regular activities including inspection and testing were performed in KLW to ensure compliance with environmental and safety regulations. Throughout FY2020, the following activities took place and were monitored by our external service providers:

KLW Malaysia plant environmental monitoring (KLW Wood Products (M) Sdn Bhd):

Date	Details / Regulation
19 August 2019	Stack emission monitoring for dust collector 3, 4, 5 & 6 and spray booth No. 3 & 4
14 November 2019	Environmental Noise Monitoring
14 November 2019	Environmental Air Monitoring
20 November 2019	Sewage Monitoring
21 December 2019	Annual Examination & testing of Local Exhaust Ventilation ("**LEV**")
30 December 2019	Noise Risk Assessment (Previously initial Noise Exposure Monitoring)
29 February 2020	Chemical Exposure Monitoring

KLW China plant environmental monitoring (Dongguan Lebex Doors Co. Ltd.)

Date	Details / Regulation
13 January 2020	Submission of Environment Testing Report
16 August 2019	ISO 14001:2015 Certification

We have achieved the target we set last year, which was to record no (FY2019: nil) significant fines or non-monetary sanctions for non-compliance with environmental laws or regulations for both KLW Malaysia and China operations. We aim to maintain zero incidents of non-compliance in the upcoming years.

Disposal and Management of Waste

Globally, wastage has increased significantly over the years. Here at KLW, we aim to minimise wastage. The amount of waste would continue to rise at an unsustainable rate without recycling efforts in an environmentally friendly manner. Our wastes are carefully handled by an accredited third-party service provider so that it can be treated and processed before being responsibly recycled. We have ISO-recognised procedures in place to improve reduce waste such as:

- Recycle by-products and/or wastes;
- Avoid using hazardous raw materials;
- Substitute raw materials by using less hazardous varieties;
- Modify processes so that by-products or wastes could be reduced; and
- Reduction of unnecessary waste as part of our conservation efforts.

We have improved our effective disposal percentage as follows:

35%

of 137,162 kg of waste
generated in FY2019

72%

of 57,062 kg of waste
generated in FY2020

We have achieved our goal to minimise the potential impact of wastage to the environment by putting in place proper processes for waste disposal responsibly. We aim to continue to put in place proper processes in handling waste disposal in FY2021.

Supplier Environmental Assesment

KLW will continue to reduce its environmental impact and to encourage its stakeholders, such as suppliers and trading partners, to meet the same expectations. The Group also performs annual supplier assessment on their vendors to verify that they are providing high quality and green products. We have established our Forest Stewardship Council ("**FSC**") policy regarding FSC chain of custody for central office and multiple sites. Our procurement manager is responsible for purchasing of raw materials, for verifying the validity and scope of the supplier's FSC certificate and for verifying purchase documents. KLW purchased FSC Certified medium-density fibreboard, particleboard, wooden timber, veneer and FSC controlled wooden timber and veneer for its FSC production.

In FY2020, 100% of the Group's new suppliers (FY2020: 8, FY2019: 24) were screened under the Environmental Requirement Guidelines. Through this process, we emphasise the Group's requirements and policy as follows:

ENVIRONMENTAL REQUIREMENT GUIDELINES

In line with the World's aspiration in protecting the environment, KLW WOOD PRODUCTS [M] SDN BHD seeks to implement, promote and maintain an Environmental Management Systems in mitigating the impacts created by our operations with relation to the manufacturing of wooden doors and fire retardant doors. We therefore seek full cooperation from your esteem company in realizing our endeavor. We shall take the opportunity to communicate our environmental policy as below.

Our Environmental Policy

We, the management and staff of KLW WOOD PRODUCTS [M] SDN BHD are committed to:-

Generate our best endeavor towards pollution prevention.

Respect and comply with legislative and customers' requirements related to environmental issues.

Establish appropriate objectives and consistently review for continual improvement.

Ensure that our environmental policy is communicated among our employees and is made available to all interested parties.

Nurture environmental awareness through teamwork.

Since we started screening our suppliers in 2015, as of FY2020 a total of 49 (FY2019: 49) suppliers (100% of the screened suppliers and 40% of our total suppliers) have passed our assessment. For KLW China plant, there are two suppliers (FY2019: 2) who signed on the environmental policy.

Our plants are both ISO9001 and ISO14001 certified. Our products do not possess any materials which may qualify it as hazardous waste and zero (FY2019: nil) environmental hazards have been reported or known. All new chemical brought into factory will be carefully managed by the related person in charge regarding hazard warning labels, CDS, PPE, storage and handling.

We have achieved our goal set in FY2019 to maintain zero incident of non-compliance. In FY2021, we will continue the supplier assessment on a yearly basis and ensure that the suppliers are selected carefully in the upcoming years taking into consideration their adherence with environmental requirements.

SUSTAINABILITY REPORT

Local Purchases

Most of our accessories are sourced locally. Our local purchases include accessories such as abrasive, cutter, glass, glue, hardware, oil, packaging, paint, tools, bearing, belt, motor and spare parts. We target to continue the current procurement practice.

China

100%

(FY2019: 95%) of our accessories purchased in the past 6 months were sourced locally

Malaysia

90%

(FY2019: 99%) of our accessories purchased in the past 6 months were sourced locally

SOCIAL

Occupational Health and Safety

We are committed to safeguarding our employees' health and safety against any potential workplace hazards. The focus on health and safety is important for KLW to achieve outstanding performance. It is a fundamental right for our workers to be able to work in a safe environment. By doing so, not only is the health of our employees safeguarded, our overall productivity also increases, enabling us to deliver the best goods and services to our customers. From implementing job safety guidelines and procedures to conduct rigorous safety trainings, we are committed to provide a hazard-free workplace to ensure the well-being of both our employees and the environment.

KLW employs a variety of measures to ensure the health and safety of all our staff. Throughout the year, we have conducted the following training to our employees:

KLW Malaysia
- Procedure Disposed Schedule Waste (Glue)
- HR training on employees' benefits
- HR, Safety & Health and Quality for new workers
- Safety and Health training for emergency event and safety, fire drill, accident reporting and investigation procedure, safety shoes
- Quality Assurance Training on handling Equipment Water Level, MC Meter Delmhorst, Testo, & Glass Meter, Handling AQL - Tolerance Defect Glass, introduction Process Door (Full Board Grooving, FD30, Cramping Engineered, HF), fire door briefing
- Production training on carton box usage, PPE/ Housekeeping/ Safety Shoes/ Safety Machine/ Yellow Line/ Forklift, First Piece, Safety, Pallet Truck, Rest Time
- Warehouse training on stocktake procedure, workflow briefing

KLW China
- Employee's roles and responsibilities in safety
- Employee Manual and Rules
- Annual Safety Production Standards
- Occupational Hazard Manual
- Use of personal labour protection equipment
- Handling of waste pipe procedure
- Job descriptions and responsibilities
- Company organisational structure
- Introduction of ISO 9001 and ISO14001 and their requirements
- Fire operations and emergency handling procedures
- Prevention of work injuries
- Equipment maintenance and operations instructions
- Corrective action control procedures
- Fire drill exercise
- Documents and records management

On a monthly basis, key performance indicators on safety and health were reported and tabulated by the Health and Safety Officer. These reports track and monitor the injuries and accidents on site. Unfortunately, cases were recorded and we did not achieve our target, which was an accident frequency rate of zero as well as zero cases of work-related fatalities in the upcoming years. This is beyond the Group's control and despite the reminders and trainings provided by the Management. In FY2020, there were 28 (FY2019: 17) accident cases at our operations. All 28 cases were reported to Jabatan Keselamatan dan Kesihatan Pekerjaan Negeri Johor ("**JKKP**") @ Department of Safety & Health. There were 22 minor injuries and 6 major injuries. Following each accident, the management evaluated the situation and sought to implement corrective actions to mitigate recurrence of such accidents Health and Safety Officer will verify the implementation and effectiveness of such corrective action. There were no accidents reported at our China plant for FY2020, which is an improvement from the one case reported in FY2019.

We will continue to stress on workplace safety at all times, providing safety training and aim for a reduction in workplace accident rate for FY2021.

A Memo sent to all our employees relating to COVID-19

Ref. No. : MEMO / ADM / 203
Date: 13th June 2020
MEMO

To All KLW Employees:

PER: RECOVERY MOVEMENT CONTROL ORDER (PKPP) FROM 10TH JUNE 2020

Referring to the Prime Minister's Special Message on 7th June 2020, the Malaysian Government allows industry and business activities to operate 100% as a whole from 10th June 2020. All employees MUST be present to work as usual and must comply with the following conditions:

1. Sanitation and cleaning process will be carried out three (3) times a day as usual.
   Employees are required to make a sanitation process on their respective equipment / tables / chairs before starting work & before returning to work.
2. The use of face masks by every worker in public areas is mandatory.
3. 1m social distance must be practiced in any work area.
4. Canteen operators and canteen workers are allowed to work. Food and beverage in the form of packaging only.
5. Workers are not allowed to leave the factory area during the allowed break time except Friday for local male workers selected in the list of mosques. The employee must provide proof and send the evidence to Mrs. Rozita every Thursday or Friday before 10.00am for the record. Security guards will provide relief according to the list provided. Employees must also fill out an exit pass with approval before leaving the factory area.
6. All employees are encouraged to make the sanitation process for their vehicles according to the appropriate procedures.
7. As directed by MKN, all employees must download and register the MySejahtera application into their respective mobile phones for confirmation of close contact.
8. All employees MUST follow the following procedures when entering work and returning to work / leaving the factory:
   a. When entering work:
      - The vehicle must stop in front of the main entrance to sanitise the outside of the vehicle.
      - Employees should park their vehicles in the parking lot and pick up items and go to safety huts for hand sanitation, temperature records, scan employee cards and change new face mask.
   b. On the way back to work / leaving the factory:
      - Employees must sanitise hands, record temperatures, scan employee cards, remove face mask and take new facemask.
      - Take their respective vehicles and exit the factory area.
   c. Employees who disobey this procedure will be subject to disciplinary action as follows:
      - First - First Warning Letter
      - Second - Final Warning Letter
      - Third - Termination of Service

Please take care of your safety together and your cooperation is greatly appreciated. At the same time, we are also waiting for the Government to announce and update any new notices related to COVID-19.

Thank you.

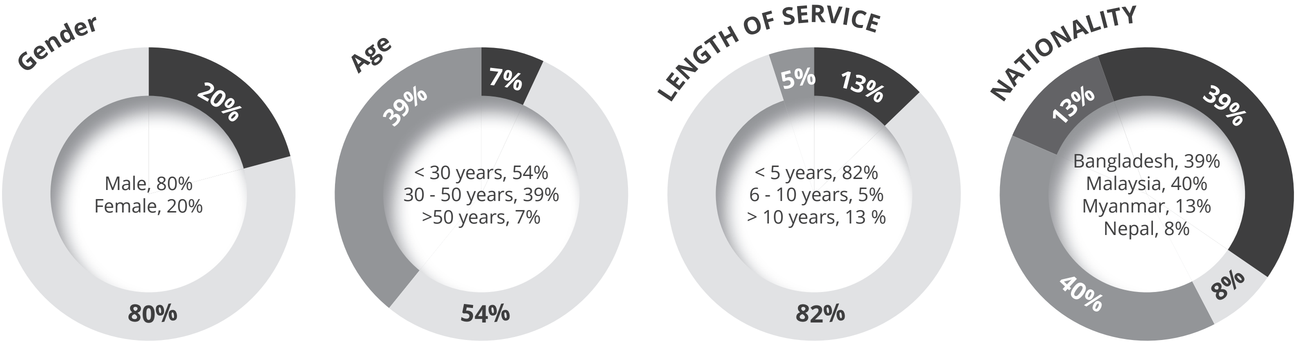
SUSTAINABILITY REPORT

Diversity and Equal Opportunity

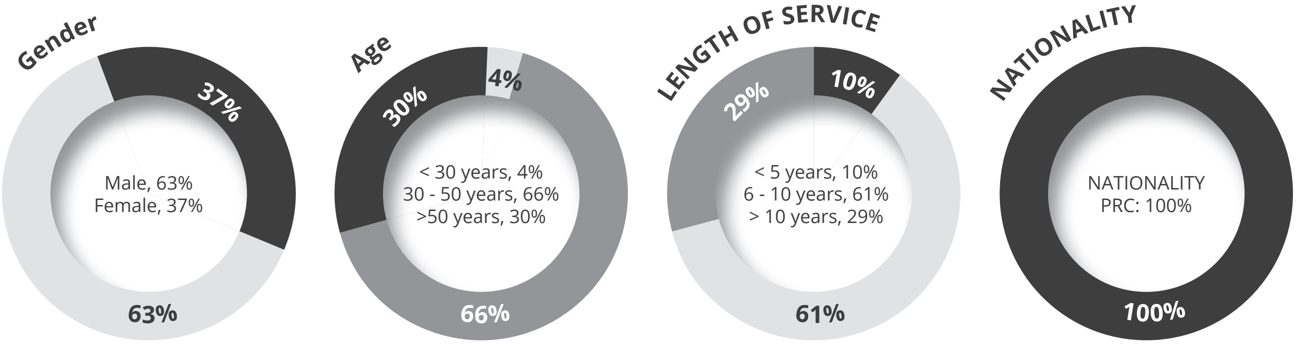
KLW does not discriminate according to their race, age, gender, religion, ethnicity, facial attractiveness, physical impairments, sexual preference, political viewpoints or nationality. Based on the group's human resource records, we have a total of 358 (FY2019: 328) employees in the Malaysia plant and 161 (FY2019: 223) employees in the China plant as of FY2020. During the year, there have been no cases (FY2019: nil) concerning any discrimination or unfair employment practices. We will continue to uphold the principle of equal opportunities and respect the rights of our people.

The Group considers its employees the most valuable asset and offers them fair and competitive remuneration packages. Discretionary incentives are granted to eligible employees based on the performance of the Group and contribution of individual employees. Contributions to retirement benefit schemes are offered as part of the remuneration package. Remuneration policies and packages are reviewed regularly to ensure that compensation and benefits are in line with the market, thus helping the recruitment and retention of talents.

Malaysia



China



15% of our employees in Malaysia are subject to an agreement between our subsidiary, KLW Wood Products (M) Sdn Bhd and the Timber Employee Union of Malaysia.

Throughout the year, our Human Resource department has organised events for the Group. These celebrations has allowed everyone a chance to take a break from work and serves as a platform for them to bond with each other. In FY2020, three employees were awarded 'Best Performance' in our Malaysia Plant. 'Best Performance' are given to employees who have not taken Sick Leave, Accident Leave, Absent, No Pay Leave, No Pay Holiday Leave, Time-off, Early out and have been punctual. We will continue to recognise the Best Performance award in our Malaysia Plant.

In our Malaysia plant, activities were held to promote cohesiveness and inclusiveness within the workplace such as Annual Dinner and Dance, and celebration of Hari Raya Aidilfitri and Deepavali.

In our China plant, the Company had provided birthday gifts, Chinese New Year red packets and Women's Day gifts to the employees. KLW China plant also organised activities like Company annual Dinner and Dance and celebration for Women's Day.

In FY2020, we have achieved the goal set in FY2019 of zero incident of complaint on discrimination and we will continuously aim to maintain zero incident of complaint on discrimination in FY2021.

Socioeconomic Compliance

We pride ourselves in having good corporate governance and observing compliance with applicable laws and regulations. The Group is committed to conduct the business with integrity and to safeguard the interest of all our stakeholders, both internal and external.

The Group complies with and puts in every effort in complying with the relevant laws and regulations that include the Occupational Safety and Health Act 1994, Factory and Machinery Act 1957, Employment Act 1955 and Recovery Movement Control Order ("**RMCO**").

We have achieved the target we set last year, which was to record no significant fines and non-monetary sanctions for non-compliance with the applicable laws and regulations reported in FY2020 for both Malaysia and China plants. We aim to maintain zero incidence of non-compliance with the applicable laws and regulations in the relevant jurisdictions of operations in FY2021.

Membership

- Malaysian Wood Moulding & Joinery Council
- Forest Stewardship Council (FSC)
- Malaysian Timber Council
- Lembaga Perindustrian Kayu Malaysia Perakuan Pendaftaran

GOVERNANCE

Corporate and Sustainability Governance

At KLW, we believe that strong governance is the key to a sustainable business. Throughout FY2020, we continue to comply with the Code of Corporate Governance and achieved the target we set last year. Please refer to the "Report on Corporate Governance" section of this Annual Report for more information on the governance structure of the Group, including committees of the Board of Directors and their roles and responsibilities.

SUSTAINABILITY REPORT

It is a continual challenge to successfully manage the environmental and social issues. KLW has incorporated this into our business model and implemented sustainable and responsible practices throughout the Group. Our products and services meet relevant safety and environmental requirements demanded by our customers and the regulatory bodies.

KLW pays strict attention to enforce good labour practices in all our operations. The Group provides various training opportunities for continued employee development and this is reflected in the quality and delivery of our products and services. We value our relationships with our clients and the wider community in which we operate and these relationships have helped us through the challenging times in the past. KLW strongly believes that in the long run, these efforts will have a positive impact on our economic performance.

Similar in the past, we will continue to comply with the Code of Corporate Governance and meet all requirements that are expected of us by our stakeholders in FY2021.

Risk Management

Risk Management ("**RM**") is an integral part of good corporate governance as well as resource management. KLW has a thorough and comprehensive RM framework to identify and manage its risks and exposures in an integrated, systematic and consistent manner. For detailed disclosure on RM, please refer to the "Report on Corporate Governance" section in this Annual Report.

In FY2020, we reviewed the RM policies to ensure all relevant risks are identified, communicated and addressed timely and accomplished our target last year. We will perform the same review in FY2021.

Business Ethics and Compliance

In respect of hiring personnel, we take any possibility of conflict of interest into serious consideration. Our code of conduct clearly spells out KLW's expectations from our staff and consequences if any of the rules are violated or standards are not met. In addition, we also have clear and fair grievance procedures.

All of our staff are reminded of the importance of upholding the highest standards when it comes to business ethics. We have posters and memos reminding everyone on the importance of ethics clearly displayed in public areas so that employees from all level are fully aware that compliance with rules and regulations is a key part of running a responsible business.

The Group regularly updates relevant staff with development in international and local regulations. KLW complied fully, in all material aspects, with all environmental rules and regulations, anti-competitive behaviour laws and all requirements on health and safety.

Cybersecurity and data privacy are important not just for compliance, but in safeguarding both our data and that of our customers. KLW takes measures to guard against cyber risks and protecting the confidential information for both our internal and external stakeholders. This also applies to our employment process where the privacy of all applicants is safeguarded and access to personal data is restricted to authorised persons on a need-to-know basis.

For FY2020, we have achieved the target we set last year. There were no (FY2019: nil) significant fines or non-monetary sanctions for non-compliance with laws and regulations. Our target in FY2021 is to ensure that all allegations received are promptly addressed and to maintain zero incidents of non-compliance in the upcoming years.

GRI CONTENT INDEX

GRI Standard	Disclosure		Page reference / Description
GRI 101: Foundation 2016			
GENERAL DISCLOSURE			
GRI 102: General Disclosures 2016	102-1	Name of organisation	KLW Holdings Limited
	102-2	Activities, brands, products and services	Our Businesses pages 2 to 3
	102-3	Location of headquarters	Corporate Information
	102-4	Location of operations	Our Businesses pages 2 to 3
	102-5	Ownership and legal form	Corporate Information
	102-6	Markets served	Our Businesses pages 2 to 3
	102-7	Scale of the organisation	Chairman's Statement and operational and financial review section; pages 5 to 9 Diversity and Equal Opportunity, pages 52 to 53
	102-8	Information on employees and other workers	Diversity and Equal Opportunity, pages 52 to 53
	102-9	Supply chain	Supplier Environmental Assessment, pages 49 to 50
	102-10	Significant changes to the organisation and its supply chain	Reporting period, Scope and Framework, page 43
	102-11	Precautionary Principle or approach	KLW supports the intent of the Precautionary Principle, but has not expressed a specific commitment
	102-12	External initiatives	Sustainability Approach, page 45
	102-13	Membership of associations	Membership, page 53
	102-14	Statement from senior decision maker	Board Statement, page 43
	102-16	Values, principles, standards and norms of behaviour	Business Ethics and Compliance, page 54
	102-18	Governance structure	Report on Corporate Governance, pages 14 to 42
	102-40	List of stakeholder groups	Sustainability Approach, pages 44 to 45
	102-41	Collective bargaining agreements	Diversity and Equal Opportunity, pages 52 to 53
	102-42	Identifying and selecting stakeholders	Sustainability Approach, pages 44 to 45
	102-43	Approach to stakeholder engagement	Sustainability Approach, pages 44 to 45
	102-44	Key topics and concerns raised	Sustainability Approach, pages 44 to 45
	102-45	Entities included in the consolidated financial statements	Notes to the financial statement, pages 99 to 101

GRI CONTENT INDEX

GRI Standard	Disclosure		Page reference / Description
	102-46	Defining report content and topic boundaries	Reporting period, Scope and Framework, page 43
	102-47	List of material topics	Sustainability Approach, page 46
	102-48	Restatement of information	There are no restatements made in respect of information given in previous reports.
	102-49	Changes in reporting	There have been no significant changes from previous reporting periods in the list of material EESG factors and boundaries.
	102-50	Reporting period	Reporting period, Scope and Framework, page 43
	102-51	Date of most recent previous report	31 August 2019
	102-52	Reporting cycle	Annually
	102-53	Contact point for questions about the report	Feedback, page 43
	102-54	Claims if reporting in accordance with the GRI Standards	Reporting period, Scope and Framework, page 43
	102-55	GRI content index	GRI Content Index, pages 55 to 56
	102-56	External Assurance	We may seek external assurance in the future.
MATERIAL TOPICS			
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	Economic, page 47
GRI 205 Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Anti-corruption, page 47
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	Disposal and Management of Waste, page 48
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	Environmental Compliance, page 47
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	Supplier Environmental Assessment, pages 49 to 50
GRI 403: Occupational health and safety 2018	403-1 403-5	Occupational health and safety management system Worker training on occupational health and safety	Occupational Health and Safety, pages 50 to 51
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunity, pages 52 to 53
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Socioeconomic Compliance, page 53

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 2020.

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 65 to 136, 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 2020, 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 Kwan	(Executive Director)
Lim Han Siang Peter	(Independent Director)
Chan Ka Kin Kevin	(Independent Director)
Mark Leong Kei Wei	(Independent Director)
Vivien Goo Bee Yen	(Independent Director) (Appointed on 30 March 2020)

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 1.4.2019**	**At 31.3.2020**	**At 1.4.2019**	**At 31.3.2020**
The Company				
Ordinary shares				
Pengiran Muda Abdul Qawi	–	–	500,000,000	500,000,000
Vivien Goo Bee Yen	–	–	–	8,825,000

The directors' interest in the ordinary shares of the Company as at 21 April 2020 were the same as those as at 31 March 2020.

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
Vivien Goo Bee Yen	-	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.

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 Kwan Director

2 September 2020

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 65 to 136, which comprise the balance sheets of the Group and of the Company as at 31 March 2020 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 2020 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 Entitie*s (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 2020, the Group's development properties amounted to $38,793,850, representing 45% of Group's total assets, and are measured at the lower of cost and net realisable value ("NRV"). The Group's development properties are located outside of Singapore.

The development properties relate to projects that have not been launched or completed as at 31 March 2020. In ascertaining NRV, this involves significant estimation uncertainties and the application of significant judgement and use of subjective assumptions by management. Management has estimated the expected NRV (taking into account estimated cost to complete construction based on the future property market and economic conditions including the consideration on the outbreak of coronavirus disease ("COVID-19"), and the use of an independent professional valuer to support their determination of the expected selling price, discount rate, timing of cash flows, market prices, estimated development costs where applicable, and take-up rates.

In estimating the expected selling prices of development properties, the independent professional valuers have used the Direct Comparison Approach to derive a value for each property. In relying on the valuation reports, management has evaluated and be satisfied that the independent professional valuers have the appropriate recognised professional qualifications, are competent, used appropriate valuation methodology and have provided estimates which are reflective of current and future property market and economic conditions at the balance sheet date.

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

Key Audit Matters (cont'd)

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

Given the magnitude of these assets and the significant estimation uncertainties involved in determining the NRV of development properties, we have identified the assessment of carrying values of development properties as a key audit matter.

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:

- we have considered the competence, qualifications and objectivity of the independent professional valuers engaged by management;
- we have obtained an understanding of the valuation methodologies and key assumptions used;
- we have assessed the reasonableness of the estimated selling prices, taking into account market prices for similar properties in the respective markets. The management used the independent professional valuers to support its determination of estimated selling prices and the estimated costs of completing the development properties;
- we have assessed the appropriateness of the disclosures made in the financial statements; and
- we have assessed that developed properties are stated at the lower of cost or net realisable values.

Impairment assessment of investment in subsidiaries and loan due from subsidiary (which forms part of investment in subsidiaries) - Company level
(Refer to Notes 2(c), 2(j), 4 and 14 to the financial statements)

The carrying amount of investment in subsidiaries and loan due from subsidiary (which forms part of investment in subsidiaries) amounting to $40,383,649 represents 55% of the Company's total assets as at 31 March 2020 and is stated after impairment losses of $24,122,540. During the year, the Company recorded impairment loss on loan due from subsidiary of $3,165,821.

The assessment of the total recoverable amount of the Company's investments in subsidiaries and loan due from subsidiary (which forms part of investment in subsidiaries) are considered to be significant to our audit as the carrying value are material to the Company's financial statements and the assessment requires application of significant judgement and use of subjective assumptions by management.

Management has assessed the recoverable amount of the Company's investment in subsidiaries based on value-in-use ("VIU") of the investment in subsidiaries using the discounted cash flow ("DCF") method. The determination of value-in-use involves estimation of the underlying net realisable value of development property held by the subsidiary, taking into account future projected cash flows and assumptions that are affected by future market and economic conditions including the consideration on the outbreak of COVID-19. The DCF model also include assumptions on weighted average cost of capital ("WACC"), budgeted revenue, budgeted construction and selling costs and related other expenditures provided by the independent professional valuer which is engaged by the management. A small change in the assumptions can affect the recoverable amount of investment in subsidiaries determined based on value-in-use.

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)

Impairment assessment of investment in subsidiaries and loan due from subsidiary (which forms part of investment in subsidiaries) - Company level (cont'd)
(Refer to Notes 2(c), 2(j), 4 and 14 to the financial statements) (cont'd)

Management has also measured the estimated credit loss ("ECL") on loan due from subsidiary which is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account the assumptions and forecasts of the future economic condition, including the consideration on the outbreak of COVID-19. A lifetime expected credit losses ("lifetime ECL") is recognised over the remaining life of the exposure, irrespective of the timing of the default when the credit risk of the financial instrument has significantly increased since initial recognition.

Our procedures to address the key audit matter

- we have obtained an understanding of management's impairment policy on investment in subsidiary and impairment assessment process for their assessment of the recoverable amount of the Company's investment in subsidiaries and the carrying value of the loan due from subsidiary (which forms part of investment in subsidiaries);

- we have obtained management's assessment of the VIU and the key inputs to the DCF model which includes budgeted revenue, budgeted construction and selling costs and related other expenditures and discount rate, and evaluated management's assessment for reasonableness;

- where the management had engaged an independent professional valuer to assist them with their assessment of VIU, we have considered the competence, qualifications and objectivity of the independent professional valuer engaged by management;

- we have obtained management's ECL assessment and assessed the reasonableness of the assumptions made by the management in their assessment such as probability of default and the loss given default; and

- we have assessed the appropriateness of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2020, 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.

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

Responsibilities of Management and Directors for the Financial Statements (cont'd)

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- 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.

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 Tiang Yii.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

2 September 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2020

	Note	Group 2020 $	Group 2019 $
Revenue	5	**26,462,024**	30,294,949
Cost of sales		**(25,227,799)**	(25,203,619)
Gross profit		**1,234,225**	5,091,330
Interest income		**165,392**	184,946
Other income	6	**154,378**	230,344
Reversal of impairment loss on trade and other receivables		**143,537**	3,750,000
Selling and distribution expenses		**(760,264)**	(731,329)
Administrative expenses		**(9,939,730)**	(9,284,483)
Finance costs	7	**(252,396)**	(213,877)
Loss before tax	8	**(9,254,858)**	(973,069)
Tax expense	10	**(221,982)**	(513,021)
Loss for the financial year		**(9,476,840)**	(1,486,090)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(2,014,443)**	(130,576)
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(1,047,477)**	(28,818)
Other comprehensive loss for the year, net of tax		**(3,061,920)**	(159,394)
Total comprehensive loss for the financial year		**(12,538,760)**	(1,645,484)
Loss attributable to:			
Equity holders of the Company		**(9,410,224)**	(1,378,724)
Non-controlling interest		**(66,616)**	(107,366)
		(9,476,840)	(1,486,090)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(11,424,667)**	(1,509,300)
Non-controlling interest	14	**(1,114,093)**	(136,184)
		(12,538,760)	(1,645,484)
Loss per share ***(cents per share)***	11		
Basic		**(0.175)**	(0.026)
Diluted		**(0.175)**	(0.026)

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

BALANCE SHEETS

As at 31 March 2020

	Note	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
Non-current assets					
Property, plant and equipment	12	**8,393,057**	17,545,331	**127,389**	2,414,544
Right-of-use assets	13	**7,855,367**	–	**2,170,000**	–
Subsidiaries	14	**–**	–	**40,383,649**	54,919,215
Financial assets at fair value through profit or loss	15	**223**	392	**–**	–
Contract assets	16	**96,828**	51,694	**–**	–
Total non-current assets		**16,345,475**	17,597,417	**42,681,038**	57,333,759
Current assets					
Development properties	17	**38,793,850**	41,180,679	**–**	–
Prepayments, trade and other receivables	18	**5,469,117**	7,757,109	**22,542,073**	21,860,503
Contract assets	16	**373,893**	1,046,595	**–**	–
Inventories	19	**6,336,608**	5,388,127	**–**	–
Cash and cash equivalents	20	**12,666,931**	15,795,045	**8,246,295**	3,806,755
		63,640,399	71,167,555	**30,788,368**	25,667,258
Property held-for-sale	21	–	–	**–**	–
Disposal group assets classified as held-for-sale	22	**6,494,260**	6,965,474	**–**	–
Total current assets		**70,134,659**	78,133,029	**30,788,368**	25,667,258
Total assets		**86,480,134**	95,730,446	**73,469,406**	83,001,017
Non-current liabilities					
Borrowings	23	**3,095,396**	3,118,305	**–**	–
Deferred income		**–**	14,445	**–**	–
Deferred tax liabilities	24	**1,597,209**	1,377,471	**–**	–
Total non-current liabilities		**4,692,605**	4,510,221	**–**	–
Current liabilities					
Trade and other payables	25	**6,674,054**	6,413,432	**168,645**	11,948,227
Borrowings	23	**1,628,907**	974,237	**–**	–
Provision for restructuring	26	**2,218,889**	–	**–**	–
Income tax payable		**904**	–	**–**	–
		10,522,754	7,387,669	**168,645**	11,948,227
Liabilities directly associated with disposal group classified as held-for-sale	22	**56,120**	85,141	**–**	–
Total current liabilities		**10,578,874**	7,472,810	**168,645**	11,948,227
Total liabilities		**15,271,479**	11,983,031	**168,645**	11,948,227
Net assets		**71,208,655**	83,747,415	**73,300,761**	71,052,790
Equity					
Share capital	27	**103,170,633**	103,170,633	**103,170,633**	103,170,633
Revaluation and other reserves	28	**(7,050,298)**	(4,863,656)	**–**	–
Reserve of disposal group classified as held-for-sale	22	**162,945**	(9,254)	**–**	–
Accumulated losses		**(33,640,442)**	(24,230,218)	**(29,869,872)**	(32,117,843)
Equity holders of the Group and Company		**62,642,838**	74,067,505	**73,300,761**	71,052,790
Non-controlling interest	14	**8,565,817**	9,679,910	**–**	–
Total equity		**71,208,655**	83,747,415	**73,300,761**	71,052,790

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

	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 $	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 financial year	–	–	–	–	(1,378,724)	(1,378,724)	(107,366)	(1,486,090)
Other comprehensive loss for the financial year, net of tax	–	–	(130,576)	–	–	(130,576)	(28,818)	(159,394)
Total comprehensive loss for the financial 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)	–	–	–	–
Balance 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 2020

	Attributable to equity holders of the Company						
	Share capital	**Foreign currency translation reserve**	**Reserve of disposal group classified as held-for-sale**	**Accumulated losses**	**Subtotal**	**Non-controlling interest**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Group							
Balance at 1 April 2019	103,170,633	(4,863,656)	(9,254)	(24,230,218)	74,067,505	9,679,910	83,747,415
Loss for the financial year	–	–	–	(9,410,224)	(9,410,224)	(66,616)	(9,476,840)
Other comprehensive loss for the financial year, net of tax	–	(2,014,443)	–	–	(2,014,443)	(1,047,477)	(3,061,920)
Total comprehensive loss for the financial year	–	(2,014,443)	–	(9,410,224)	(11,424,667)	(1,114,093)	(12,538,760)
Reserve attributable to disposal group classified as held for sale	–	(172,199)	172,199	–	–	–	–
Balance at 31 March 2020	**103,170,633**	**(7,050,298)**	**162,945**	**(33,640,442)**	**62,642,838**	**8,565,817**	**71,208,655**

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2020

	Share capital $	Accumulated losses $	Total equity $
Balance at 1 April 2018	103,170,633	(31,351,661)	71,818,972
Loss and total comprehensive loss for the financial year	–	(766,182)	(766,182)
Balance at 31 March 2019	103,170,633	(32,117,843)	71,052,790
Profit and total comprehensive income for the financial year	–	2,247,971	2,247,971
Balance at 31 March 2020	**103,170,633**	**(29,869,872)**	**73,300,761**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2020

	Group	
	2020	2019
	$	$
Cash flows from operating activities		
Loss before tax	**(9,254,858)**	(973,069)
Adjustments for:		
Depreciation of property, plant and equipment	**796,292**	1,064,570
Depreciation of right-of-use assets	**558,725**	–
Loss on disposal of property, plant and equipment	**1,352**	90,425
Interest expense	**252,396**	213,877
Interest income	**(165,392)**	(184,946)
Impairment loss on property, plant and equipment	**509,267**	–
Impairment loss on right-of-use assets	**209,958**	–
Fair value loss on financial asset at fair value through profit or loss	**169**	69
Reversal of impairment loss on trade and other receivables	**(143,537)**	(3,750,000)
Provision for restructuring	**2,218,889**	–
Operating loss before working capital changes	**(5,016,739)**	(3,539,074)
Changes in operating assets and liabilities:		
Development properties	**(1,783,985)**	(21,480)
Inventories	**(1,018,386)**	1,019,726
Trade and other receivables and contract assets	**(87,863)**	2,363,490
Trade and other payables	**330,369**	(192,886)
Currency translation adjustments	**977,530**	546,926
Cash (used in)/generated from operations	**(6,599,074)**	176,702
Interest income received	**165,392**	184,946
Tax paid, net	**(294,315)**	(65,804)
Net cash (used in)/generated from operating activities	**(6,727,997)**	295,844
Cash flows from investing activities		
Deposit received relating to disposal group held-for-sale	**–**	1,365,675
Proceeds from disposal of property, plant and equipment	**138,631**	393,921
Purchase of property, plant and equipment	**(254,281)**	(680,104)
Purchase of right-of-use assets (Note 13(d))	**(3,982)**	–
Other receivables - commitment fees	**3,500,000**	250,000
Net cash generated from investing activities	**3,380,368**	1,329,492

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2020

	Group	
	2020	2019
	$	$
Cash flows from financing activities		
Proceeds from borrowings	**3,516,939**	3,017,946
Repayment of borrowings	**(3,710,644)**	(3,631,600)
Loan from non-controlling interest	**–**	44,894
Interest paid	**(252,396)**	(213,877)
Net cash used in financing activities	**(446,101)**	(782,637)
Net (decrease)/increase in cash and cash equivalents	**(3,793,730)**	842,699
Cash and cash equivalents at the beginning of the financial year	**16,465,759**	15,471,010
Effect of exchange rate changes on cash and cash equivalents	**24,895**	152,050
Cash and cash equivalents at the end of the financial year (Note A)	**12,696,924**	16,465,759

Note A

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

	Group	
	2020	2019
	$	$
Cash and bank balances	**4,528,170**	11,821,569
Fixed deposits	**8,138,761**	3,973,476
Cash and cash equivalents as per consolidated balance sheet	**12,666,931**	15,795,045
Cash and cash equivalents		
- Continuing operations (Note 20)	**12,666,931**	15,795,045
- Disposal group assets classified as held-for-sale (Note 22)	**29,993**	670,714
Cash and cash equivalents as per consolidated statement of cash flows	**12,696,924**	16,465,759

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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 14.

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.

New and revised standards

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

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company except as disclosed in Note 3.

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

a) Basis of preparation (cont'd)

New and revised standards (cont'd)

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 2020 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.

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.

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.

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.

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

c) Subsidiaries (cont'd)

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.

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.

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

d) Basis of consolidation (cont'd)

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 accumulated losses 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.

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. 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)
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.

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

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

Depreciation (cont'd)

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

f) Development properties

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.

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

i) Leases

The accounting policy for leases before 1 April 2019 are as follows:

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.

The accounting policy for leases after 1 April 2019 are as follows:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee:

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

i) Leases (cont'd)

The accounting policy for leases after 1 April 2019 are as follows (cont'd):

When a Group entity is the lessee: (cont'd)

Lease liabilities (cont'd)

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liabilities is presented within "borrowings" in the balance sheets.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification such as a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the balance sheets.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(g).

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

j) Financial assets

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.

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 and advance payments to suppliers).

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.

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

j) Financial assets (cont'd)

Subsequent measurement (cont'd)

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".

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 sheets 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) 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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 for other liabilities

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.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has commenced. Provision are not recognised for future operating losses.

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.

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 ("CPF") 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.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

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 sheets 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.

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

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.

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 amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 and the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

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.

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.

3. Interpretations and amendments to published standard effective in 2019

SFRS(I) 16 replaces the existing SFRS(I) 1-17 *Leases* and related interpretations. The adoption of this new Standard has resulted in the Group and the Company recognising all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability) except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. 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 on right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

At the date of initial application on 1 April 2019, the Group and the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of initial application.

In applying SFRS(I) 16 for the first time, the Group and the Company has used the following practical expedients permitted by the standard:

- for all the contracts entered into before 1 April 2019 and that were previously identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, the Group and the Company has not reassessed if such contracts contain leases under SFRS(I) 16;
- rely on previous assessment of whether leases are onerous as an alternative to performing an impairment review;
- account for operating leases with remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- exclude initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The effect of adoption of SFRS(I) 16 on the Group's and the Company's financial statements as at 1 April 2019 are as follows:

	Carrying amount at 31 March 2019 $	Remeasurement $	SFRS(I) 16 carrying amount at 1 April 2019 $
Group			
Right-of-use asset	–	8,513,278	8,513,278
Property, plant and equipment	17,545,331	(7,870,093)	9,675,238
Lease liabilities	(58,953)	(638,536)	(697,489)
Total	17,486,378	4,649	17,491,027
Company			
Right-of-use asset	–	2,226,683	2,226,683
Property, plant and equipment	2,414,544	(2,226,683)	187,861
Total	2,414,544	–	2,414,544

3. Interpretations and amendments to published standard effective in 2019 (cont'd)

When measuring lease liability for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate as at 1 April 2019. The weighted average rate applied to lease liabilities recognised under SFRS(I) 16 was 3.38%.

	Group $
Total operating lease commitments disclosed as at 31 March 2019	1,372,226
Less: Short term leases recognised on a straight-line basis as an expense	(20,163)
Less: Modification of lease term during year	(600,968)
Discounted using incremental borrowing rate	(107,910)
Currency translation differences	(4,649)
Total lease liabilty recognised under SFRS(I) 16 at 1 April 2019	638,536

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 and right-of-use assets

The Group reviews the useful lives and residual values of property, plant and equipment and right-of-use assets at each reporting date in accordance with the accounting policy in Notes 2(e) and 2(i). 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 and right-of use assets at 31 March 2020 and the annual depreciation charge for the financial year ended 31 March 2020 are disclosed in Note 12 and Note 13. Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment and right-of-use assets, 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.

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).

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

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 2020 and 31 March 2019 are disclosed in Note 19.

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 $904 (2019: $Nil) and $1,597,209 (2019: $1,377,471) 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

As at 31 March 2020, the Group's development properties amounted to $38,793,850 (2019: $41,180,679) representing 45% of Group's total assets, and are measured at the lower of cost and net realisable value ("NRV"). The Group's development properties are located outside of Singapore.

The development properties relate to projects that have not been launched or completed as at 31 March 2020. In ascertaining NRV, this involves significant estimation uncertainties and the application of significant judgement and use of subjective assumptions by management. Management has estimated the expected NRV (taking into account estimated cost to complete construction based on the future property market and economic conditions including the consideration on the outbreak of coronavirus disease ("COVID-19"), and the use of an independent professional valuer to support their determination of the expected selling price, discount rate, timing of cash flows, market prices, estimated development costs where applicable, and take-up rates.

In estimating the expected selling prices of development properties, the independent professional valuers have used the Direct Comparison Approach to derive a value for each property. In relying on the valuation reports, management has evaluated and be satisfied that the independent professional valuers have the appropriate recognised professional qualifications, are competent, used appropriate valuation methodology and have provided estimates which are reflective of current and future property market and economic conditions at the balance sheet date. The valuation technique used to determine the fair values of development properties are further explained in Note 17.

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

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

- If any leasehold improvements are expected to have a significant remaining value, the Group typically includes the extension option in lease liabilities;

- If there are significant penalties to terminate the lease, the Group will typically reasonably certain not to terminate the lease; and

- Otherwise, the Group considers other factors including its historical lease periods and the costs and business disruption required to replace the leased asset.

The assessment of reasonably certainly to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control the lessee.

Impairment assessment of investment in subsidiaries and loan due from subsidiary (which forms part of investment in subsidiaries) - Company level

The Company reviews the investments in subsidiaries and loan due from subsidiary (which forms part of investment in subsidiaries) at the balance sheet date to determine whether there is any indication of impairment.

Management has assessed the recoverable amount of the Company's investment in subsidiaries based on value-in-use of the investment in subsidiaries using the discounted cash flow ("DCF") method. The determination of value-in-use involves estimation of the net realisable value of the development property held by the subsidiary taking into account future projected cash flows and assumptions that are affected by future market and economic conditions including the consideration on the outbreak of COVID-19. The DCF model also include assumptions on weighted average cost of capital ("WACC"), budgeted revenue, budgeted construction and selling costs and related other expenditures provided by the independent professional valuer which is engaged by the management. A small change in the assumptions can affect the recoverable amount of investment in subsidiaries determined based on value-in-use.

Management has also measured the estimated credit loss ("ECL") on loan due from subsidiary which is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account the assumptions and forecasts of the future economic condition, including the outbreak of COVID-19. A lifetime expected credit losses ("lifetime ECL") is recognised over the remaining life of the exposure, irrespective of the timing of the default when the credit risk of the financial instrument has significantly increased since initial recognition.

The carrying amount of the Company's investments in subsidiaries and loan due from subsidiary (which forms part of investment in subsidiaries) as at 31 March 2020 are disclosed in Note 14.

5. Revenue

	Group	
	2020	2019
	$	$
Sale of goods [1]	**26,049,493**	29,211,322
Revenue from installation services [2]	**412,531**	1,083,627
	26,462,024	30,294,949

(1) Recognised at a point in time

(2) Recognised over time

In 2019, the aggregate amount of transaction price allocated to the remaining performance obligation for revenue from installation services was $753,801, and the Group will recognise this revenue over the next 12 months.

6. Other income

	Group	
	2020	2019
	$	$
Government grants	**21,648**	16,155
Sale of scraps	**101,434**	163,826
Others	**31,296**	50,363
	154,378	230,344

7. Finance costs

	Group	
	2020	2019
	$	$
Bankers' acceptance and foreign currency loan against import	**44,589**	49,830
Interest expense on lease liabilities	**24,935**	4,494
Term loans	**182,872**	159,553
	252,396	213,877

8. Loss before tax

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

	Group	
	2020	2019
	$	$
Cost of inventories sold (Note 19)	**15,714,946**	14,214,617
Depreciation of property, plant and equipment (Note 12)	**796,292**	1,064,570
Depreciation of right-of-use assets (Note 13)	**558,725**	–
Directors' fees:		
- Directors of the Company	**211,000**	211,000
- Directors of a subsidiary	**119,778**	135,064
Fair value loss with respect to financial assets at FVTPL (Note 15)	**169**	69
Fees on audit services paid/payable to:		
- auditor of the Company	**102,000**	105,000
- other auditors*	**83,419**	54,314
- non-audit fees	–	–
Foreign currency exchange losses, net	**963,621**	780,878
Impairment loss on property, plant and equipment (Note 12)	**509,267**	–
Impairment loss on right-of-use assets (Note 13)	**209,958**	–
Impairment loss on trade receivables (Note 18)	**–**	146,640
Inventories written down/(back) (Note 19)	**283,232**	(404,528)
Loss on disposal of property, plant and equipment	**1,352**	90,425
Rental expense	**28,559**	620,220
Reversal of impairment loss on trade and other receivables (Note 18)	**(143,537)**	(3,750,000)
Staff costs (Note 9)	**10,799,359**	10,699,867
Utility expenses	**640,587**	704,406

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

9. Staff costs

	Group	
	2020	2019
	$	$
Staff costs (including directors):		
Salaries, bonuses and others	**9,061,685**	10,433,823
Contributions to defined contribution plans	**249,513**	266,044
Termination benefits	**1,488,161**	–
	10,799,359	10,699,867
Representing staff costs charged to:		
Cost of sales	**6,422,271**	6,129,814
Administrative expenses	**4,377,088**	4,570,053
	10,799,359	10,699,867

10. Tax expense

	Group	
	2020	2019
	$	$
Current income tax		
- Current year	**3,454**	9,551
- (Over)/under provision in prior years	**(16,430)**	9,183
	(12,976)	18,734
Deferred tax (Note 24)		
- Current year	**126,359**	223,284
- Under provision in prior years	**108,599**	271,003
	234,958	494,287
Income tax expense	**221,982**	513,021

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

	Group	
	2020	2019
	$	$
Loss before tax	**(9,254,858)**	(973,069)
Tax calculated at statutory rate of 17%	**(1,573,326)**	(165,442)
Effect of different tax rates in foreign jurisdictions	**70,143**	(550,797)
Income not subject to tax	**(57,199)**	(834,736)
Expenses not deductible for income tax purposes	**468,040**	577,825
Deferred tax assets not recognised	**1,245,305**	1,230,534
Crystallisation of deferred tax liabilities	**(25,700)**	–
(Over)/under provision of income tax in prior years	**(16,430)**	9,183
Under provision of deferred tax in prior years	**108,599**	271,003
Others	**2,550**	(24,549)
	221,982	513,021

The Group has unabsorbed tax losses of approximately $49,611,000 (2019: $42,595,000) 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.

Deferred tax assets of approximately $8,288,000 (2019: $7,075,000) 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	
	2020	2019
Loss attributable to equity holders of the Company ($)	**(9,410,224)**	(1,378,724)
Number of shares		
Weighted average number of ordinary shares	**5,380,556,316**	5,380,556,316
Basic and diluted loss per share (cents)	**(0.175)**	(0.026)

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 2020 and 31 March 2019, the Company does not have any outstanding dilutive instruments.

12. Property, plant and equipment

	Leasehold land and buildings	Plant and equipment	Motor vehicles	Office equipment	Renovation	Construction in progress	Total
	$	$	$	$	$	$	$
Group							
Cost or deemed cost							
At 1 April 2018	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
Effects of adoption of SFRS(I) 16 (Note 13)	(8,943,529)	–	(86,133)	–	–	–	(9,029,662)
Additions	26,204	184,407	–	18,525	25,145	–	254,281
Disposals/write off	–	(386,871)	–	(3,986)	–	–	(390,857)
Currency translation differences	(52,104)	(89,735)	(650)	430	(1,852)	–	(143,911)
At 31 March 2020	**5,042,582**	**10,387,403**	**334,282**	**342,730**	**442,630**	–	**16,549,627**
Accumulated depreciation and impairment losses							
At 1 April 2018	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
Effects of adoption of SFRS(I) 16 (Note 13)	(1,107,324)	–	(52,245)	–	–	–	(1,159,569)
Additions	114,407	549,652	42,977	34,767	54,489	–	796,292
Disposals/write off	–	(246,921)	–	(3,953)	–	–	(250,874)
Impairment loss during the financial year	55,993	433,861	–	19,413	–	–	509,267
Currency translation differences	(8,196)	(43,926)	(629)	1,242	(1,482)	–	(52,991)
At 31 March 2020	**397,563**	**6,869,073**	**263,040**	**306,832**	**320,062**	–	**8,156,570**
Representing:							
Accumulated depreciation	341,570	6,435,212	263,040	287,419	320,062	–	7,647,303
Accumulated impairment losses	55,993	433,861	–	19,413	–	–	509,267
	397,563	**6,869,073**	**263,040**	**306,832**	**320,062**	–	**8,156,570**
Net carrying amount							
At 31 March 2020	**4,645,019**	**3,518,330**	**71,242**	**35,898**	**122,568**	–	**8,393,057**
At 31 March 2019	12,669,328	4,503,195	148,128	72,398	152,282	–	17,545,331

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

	Leasehold building $	Office equipment $	Motor vehicles $	Renovation $	Total $
Company					
Cost or deemed cost					
At 1 April 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
Effects of adoption of SFRS(I) 16	(2,339,679)	–	–	–	(2,339,679)
Additions	–	7,008	–	–	7,008
At 31 March 2020	**–**	**16,666**	**128,000**	**219,430**	**364,096**
Accumulated depreciation					
At 1 April 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
Effects of adoption of SFRS(I) 16	(112,996)	–	–	–	(112,996)
Additions	–	2,260	21,334	43,886	67,480
At 31 March 2020	**–**	**7,573**	**80,000**	**149,134**	**236,707**
Net carrying amount					
At 31 March 2020	**–**	**9,093**	**48,000**	**70,296**	**127,389**
At 31 March 2019	2,226,683	4,345	69,334	114,182	2,414,544

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

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

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

* The property was reclassified as disposal group assets classified as held-for-sale as at 31 March 2020 and as at 31 March 2019 (Note 21).

^ These factories and office were reclassified to right-of-use assets on 1 April 2019 upon initial adoption of SFRS(I) 16 (Note 13).

Included in property, plant and equipment are costs of self-constructed buildings on the leasehold land. The leasehold land was reclassified to right-of-use assets on 1 April 2019 upon adoption of SFRS (I) 16 (Note 13).

In current financial year, the Group committed to a plan to restructure its manufacturing subsidiary in People's Republic of China, as a result of a deterioration in economic conditions and the management has assessed the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. Accordingly, the management has impaired the assets without resaleable value in full, and the remaining assets will be transferred to the related party subsequent to year end at net book value as at 31 March 2020 and made an impairment loss of $509,267 in profit or loss for the financial year.

13. Right-of-use assets

(i) The Group leases motor vehicles with lease terms of five to ten years.

(ii) The Group leases various staff hostels with lease terms of one to three years.

(iii) The leasehold buildings located in Singapore and Malaysia have lease terms of sixty and ninety-nine years and were reclassified from property, plant and equipment on 1 April 2019 upon initial adoption of SFRS(I) 16 (Note 12).

	Leasehold buildings $	Hostel $	Motor vehicles $	Total $
Group				
Cost or deemed cost				
At 1 April 2019	–	–	–	–
Reclassification from property, plant and equipment in accordance with SFRS(I) 16 (Note 12)	8,943,529	–	86,133	9,029,662
Effects of adoption of SFRS(I) 16	–	643,185	–	643,185
At 1 April 2019 (restated)	8,943,529	643,185	86,133	9,672,847
Additions	–	93,779	39,579	133,358
Currency translation differences	(17,700)	(5,983)	(72)	(23,755)
At 31 March 2020	**8,925,829**	**730,981**	**125,640**	**9,782,450**
Accumulated depreciation				
At 1 April 2019	–	–	–	–
Reclassification from property, plant and equipment in accordance with SFRS(I) 16 (Note 12)	1,107,324	–	52,245	1,159,569
At 1 April 2019 (restated)	1,107,324	–	52,245	1,159,569
Depreciation charge	188,838	351,622	18,265	558,725
Impairment loss during the financial year	209,958	–	–	209,958
Currency translation differences	(525)	(640)	(4)	(1,169)
At 31 March 2020	**1,505,595**	**350,982**	**70,506**	**1,927,083**
Representing:				
Accumulated depreciation	847,930	350,982	70,506	1,269,418
Accumulated impairment losses	657,665	–	–	657,665
At 31 March 2020	**1,505,595**	**350,982**	**70,506**	**1,927,083**
Net carrying amount				
At 31 March 2020	**7,420,234**	**379,999**	**55,134**	**7,855,367**
At 31 March 2019	–	–	–	–

13. Right-of-use assets (cont'd)

	Leasehold building $
Company	
Cost or deemed cost	
At 1 April 2019	–
Effects of adoption of SFRS(I) 16	2,339,679
At 1 April 2019 (restated) and 31 March 2020	**2,339,679**
Accumulated depreciation	
At 1 April 2019	–
Effects of adoption of SFRS(I) 16	112,996
At 1 April 2019 (restated)	112,996
Depreciation charge	39,881
Impairment loss during the financial year	16,802
At 31 March 2020	**169,679**
Representing:	
Accumulated depreciation	152,877
Accumulated impairment losses	16,802
	169,679
Net carrying amount	
At 31 March 2020	**2,170,000**
At 31 March 2019	–

Amounts recognised in the statement of comprehensive income

	Group 2020 $	Company 2020 $
Depreciation charge for the financial year		
- Right-of-use assets	**558,725**	**39,881**
Impairment loss on right-of-use assets	**209,958**	**16,802**
Lease expense not included in the measurement of lease liabilities		
- Lease expense - short term / low value leases	**28,559**	**2,640**
Interest expense on lease liabilities	**24,935**	**–**

Total cash flows for leases amounted to $738,301.

13. Right-of-use assets (cont'd)

The Group and the Company's leasing activities comprise the following:

(a) The Group's leased motor vehicle with carrying amount of $55,134 as at the balance sheet date was pledged as security for the related lease liabilities (Note 23).

(b) In addition to motor vehicle held under lease, the Group's leasehold building with a carrying amount of $7,063,418 was pledged to a financial institution to secure the Group's borrowing (Note 23).

(c) Impairment of leasehold land and building - Group and Company

The Group has performed the impairment test when there are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of normal use and the subsidiary had been persistently making losses. 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 $3,400,000 (2019: $3,800,000) (before deducting for estimated selling expenses) while the carrying value is $3,500,000 (2019: $3,696,569). 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 $865 to $952 (2019: $955 to $1,097) 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/lower price per square foot will result in a higher/lower fair value measurement. The fair value measurement is categorised under Level 3 (2019: Level 3) of the fair value hierarchy. As a result of the valuation, an impairment loss of $193,156 (2019: $40,991) was recognised in "administrative expenses" for the financial year ended 31 March 2020 based on the estimated recoverable amount, net of estimated selling expenses.

The Group has performed the impairment test when there are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of normal use. At the balance sheet date, the fair value of a leasehold building of the Company located at CT Hub, Singapore is valued at $2,170,000 while the carrying value is $2,186,802. 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. The fair value measurement is categorised under Level 3 (2019: Level 3) of the fair value hierarchy. As a result of the valuation, an impairment loss of $16,802 (2019: $Nil) was recognised in "administrative expenses" for the financial year ended 31 March 2020.

(d) Right-of-use assets financed through lease

The Group's addition of right-of-use assets for the financial year is settled by cash payment of $3,982 and lease financing of $129,376.

14. Subsidiaries

	Company	
	2020	2019
	$	$
Unquoted equity shares, at cost		
At beginning of the financial year	**53,153,774**	53,153,774
Capital reduction (Note A)	**(10,684,102)**	–
At end of the financial year	**42,469,672**	53,153,774
Less: Impairment losses on investment in subsidiary	**(20,956,719)**	(20,956,719)
	21,512,953	32,197,055
Loan due from subsidiary (Note B)		
At the beginning of the financial year	**22,722,160**	21,311,617
Additions during the financial year	**–**	1,410,543
Fund transfer during the financial year, net	**(685,643)**	–
At the end of the financial year	**22,036,517**	22,722,160
Less: Impairment losses of loan due from subsidiary (Note C)	**(3,165,821)**	–
	18,870,696	22,722,160
	40,383,649	54,919,215

Note A

The cost of investment in subsidiary Ambertree Vic-Mel (Flinders) Pty Ltd was reduced from $10,684,104 as at 31 March 2019 to $2 as at 31 March 2020, after the Board approved the proposed buy back of 9,440,000 ordinary shares from the Company for $10,684,102 as part of the capital reduction exercise. This amount was offset against the amount payable by the Company to the subsidiary (Note 25). Ambertree Vic-Mel (Flinders) Pty Ltd remains as a wholly owned subsidiary as at 31 March 2020 and the subsidiary was strike-off in May 2020.

Note B

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 paid up capital of US$21.75 million. PTADJ was incorporated 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 quasi-equity loan to finance the subsidiary's investment in another subsidiary and settlement neither planned or likely to occur in the foreseeable future as the loans are intended to be a long term source of additional capital for the subsidiary. As a result, management considers the loan to be in substance part of the Company's net investment in the subsidiary.

Note C

A lifetime ECL of $3,165,821 was recognised for the financial year ended 31 March 2020 to write down the loan due from subsidiary after the management has performed an assessment of the subsidiary's ability to repay, and estimated the probability of the default and loss given default experience and considering current conditions of the property development and property investment business in which the subsidiary operates in.

14. Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Effective equity interest 2020 %	Effective equity interest 2019 %
Held by the Company				
Ambertree Pte. Ltd.[(1)]	Singapore	Rental of premises	**100**	100
KLW Resources Sdn. Bhd. ("KLWR")[(2)]	Malaysia	Investment holding	**100**	100
Ambertree Vic-Mel (Flinders) Pty Ltd[(3)]	Australia	Investment holding ^	**100**	100
Ambertree Vic Mel (Lincoln) Pty Ltd[(3)]	Australia	Dormant	**100**	100
Ambertree Indonesia Ventures Pte. Ltd.[(1)]	Singapore	Investment holding	**100**	100
Held through Ambertree Pte. Ltd.				
Ambertree Development (Singapore) Pte. Ltd.	Singapore	Dormant #	**–**	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
Dongguan Lebex Door Co. Ltd.[(5)]	People's Republic of China	Manufacture and supply of doors, mouldings and wood floorings	**100**	100
KLW Joinery Pte. Ltd.[(1)]	Singapore	Supply and installation of doors, mouldings and wood floorings	**100**	100
KLW (HK) Limited[(4)]	Hong Kong	Trading of doors, mouldings, floorings and related products	**100**	100
Key Bay Furniture Co., Ltd ("Key Bay")[(6)]	Vietnam	Manufacturing, processing all kinds of artificial boards, thin veneer boards, flooring boards, high quality furniture and all kinds of wooden doors	**100**	100

14. Subsidiaries (cont'd)

\# The subsidiary was struck off on 8 June 2020.

^ The subsidiary was struck off on 20 May 2020.

(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

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	
		2020	2019
		%	%
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

	2020	2019
	$	$
Non-current assets	**1,504**	–
Current assets	**28,230,896**	31,573,087
Current liabilities	**(3,758,636)**	(3,916,202)
Net assets	**24,473,764**	27,656,885
Net assets attributable to NCI	**8,565,817**	9,679,910

Summarised Income Statement

	2020	2019
	$	$
Loss before tax	**(190,331)**	(306,760)
Income tax expense	**–**	–
Loss after tax	**(190,331)**	(306,760)
Other comprehensive loss	**(2,992,790)**	(82,338)
Total comprehensive loss	**(3,183,121)**	(389,098)
Loss allocated to NCI	**(1,114,093)**	(136,184)

14. Subsidiaries (cont'd)

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

Summarised Cash Flows

	2020	2019
	$	$
Cash flows (used in)/from operating activities	**(2,049,530)**	2,111,297
Cash flows used in investing activities	**(712)**	–
Cash flows from financing activities	**–**	523,971
Net (decrease)/increase in cash and cash equivalents	**(2,050,242)**	2,635,268

15. Financial assets at fair value through profit or loss

	Group	
	2020	2019
	$	$
Financial assets measured at FVTPL		
At beginning of the financial year	**392**	461
Less: Fair value loss with respect to financial asset at FVTPL	**(169)**	(69)
At end of the financial year	**223**	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.

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.

		Group	
	2020	2019	1.4.2018
	$	$	$
Contract assets:			
Non-current	**96,828**	51,694	120,526
Current	**373,893**	1,046,595	1,560,670
Included in contract assets is retention sum amounting to:			
Non-current	**96,828**	51,694	120,526
Current	**34,615**	413,804	321,211

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 2020 $	Group 2019 $
Property held for redevelopment		
At beginning of the financial year	**12,814,146**	13,358,581
Currency translation differences	**(1,248,217)**	(544,435)
At end of the financial year	**11,565,929**	12,814,146
Land held for development		
At beginning of the financial year	**28,366,533**	28,415,549
Additions during the financial year	**1,783,985**	21,480
Currency translation differences	**(2,922,597)**	(70,496)
At end of the financial year	**27,227,921**	28,366,533
	38,793,850	41,180,679

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 2020 and 2019	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 each balance sheet date, the Group will assess whether the developed properties are measured at lower of cost and net realisable value. The fair value of the property held for redevelopment of the Group located in Australia is valued at $16,549,000 (2019: $18,335,000). The fair value of the land held for development of the Group located in Indonesia is valued at $27,227,000 (2019: $29,110,000). The valuations were 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 properties was categorised under Level 3 of the fair value hierarchy.

The COVID-19 pandemic has resulted in significant economic uncertainty in the current and future economic environment and there is heightened uncertainty inherent in estimating the impact of the pandemic to future selling prices of the properties. These uncertainties may affect the fair value of the properties to decrease subsequent to the reporting period.

18. Prepayments, trade and other receivables

	Group			Company		
	2020	2019	1.4.2018	**2020**	2019	1.4.2018
	$	$	$	**$**	$	$
Current						
Trade receivables						
- third parties	**3,152,604**	2,331,380	1,657,601	**–**	–	–
- related party	**–**	144,134	180,347	**–**	–	–
- subsidiaries	**–**	–	–	**299,529**	299,529	299,529
	3,152,604	2,475,514	1,837,948	**299,529**	299,529	299,529
Less: Impairment loss of trade receivables	**(2,150)**	(146,304)	**–**	**(299,529)**	(299,529)	(299,529)
Trade receivables, net	**3,150,454**	2,329,210	1,837,948	**–**	–	–
Other receivables						
- commitment fees (Note A)	**3,450,000**	6,950,000	7,200,000	**–**	–	–
- sundry receivables	**227,938**	549,450	625,126	**9,914**	11,984	14,491
- subsidiaries (non-trade) (Note B)	**–**	–	–	**28,051,073**	30,020,393	29,192,985
- deposits	**126,560**	159,592	118,055	**10,742**	10,742	33,102
	3,804,498	7,659,042	7,943,181	**28,071,729**	30,043,119	29,240,578
Less: Impairment loss of other receivables	**(3,473,375)**	(3,473,526)	(7,224,086)	**(5,592,133)**	(8,248,101)	(8,414,680)
Other receivables, net	**331,123**	4,185,516	719,095	**22,479,596**	21,795,018	20,825,898
Prepayments	**1,507,911**	882,598	678,382	**62,477**	65,485	79,097
VAT receivables	**479,629**	359,785	3,155,595	**–**	–	–
Other receivables and prepayments, net	**2,318,663**	5,427,899	4,553,072	**22,542,073**	21,860,503	20,904,995
Total	**5,469,117**	7,757,109	6,391,020	**22,542,073**	21,860,503	20,904,995

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.

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.

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.

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

Note A - Commitment fees (cont'd)

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 2020 and as at 31 March 2019.

Note B - Due from subsidiaries (non-trade)

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

Note C - Credit term for trade receivables

The Group's normal credit terms are 0 to 60 days (2019: 0 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

Movement in the allowances for impairment loss

	Group		Company	
	2020	2019	**2020**	2019
	$	$	**$**	$
Trade receivables				
At beginning of the financial year	**146,304**	–	**299,529**	299,529
Additional impairment loss (Note 8)	**–**	146,640	**–**	–
Reversal of impairment loss (Note 8)	**(143,537)**	–	**–**	–
Currency translation differences	**(617)**	(336)	**–**	–
At end of the financial year	**2,150**	146,304	**299,529**	299,529
Other receivables				
At beginning of the financial year	**3,473,526**	7,224,086	**8,248,101**	8,414,680
Additional impairment loss	**–**	–	**920,797**	83,421
Reversal of impairment loss (Note 8)	**–**	(3,750,000)	**(3,576,765)**	(250,000)
Currency translation differences	**(151)**	(560)	**–**	–
At end of the financial year	**3,473,375**	3,473,526	**5,592,133**	8,248,101

19. Inventories

	Group	
	2020	2019
	$	$
Finished goods	**361,796**	1,037,015
Work-in-progress	**2,334,609**	2,010,504
Raw materials	**3,640,203**	2,340,608
	6,336,608	5,388,127

The cost of inventories recognised as expense and included in "cost of sales" amounted to $15,714,946 (2019: $14,214,617).

In 2020, inventories write-down of $283,232 was recognised as an expense in "cost of sales". 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.

20. Cash and cash equivalents

	Group		Company	
	2020	2019	**2020**	2019
	$	$	**$**	$
Cash and bank balances	**4,528,170**	11,821,569	**620,346**	290,563
Fixed deposits	**8,138,761**	3,973,476	**7,625,949**	3,516,192
Cash and cash equivalents	**12,666,931**	15,795,045	**8,246,295**	3,806,755

Fixed deposits of the Group and the Company bear interest rates ranging from 0.77% to 2.44% (2019: 0.80% to 2.38%) per annum and have a maturity period of 1 to 8 months (2019: 1 to 8 months) from the balance sheet date.

Included in cash and cash equivalents are amounting to $73,262 (2019: $343,929) which are not freely remissible to overseas because of currency exchange restrictions.

21. Property held-for-sale

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

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.

On 9 October 2019, KLW Resources Sdn. Bhd. had entered into a Side Agreement with the Purchaser for the extension of the Long Stop Date up to (and including) 9 January 2020. On 9 May 2020, the Group had completed the Proposed Disposal.

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).

Significant inputs used in this valuation are prices per square metre of comparable properties in the vicinity. Significant unobservable inputs are adjustments made by the professional valuer, for any differences in nature or location of the developed properties for sale. A significant increase/ (decrease) in premium adjustments would result in a significantly (lower)/higher fair value adjustment.

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

	Group	
	2020	2019
	$	$
Property plant and equipment (Note A)	**6,043,771**	5,891,984
Trade and other receivables	**420,496**	402,776
Cash and cash equivalents	**29,993**	670,714
	6,494,260	6,965,474

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

Trade and other payables	**7,329**	38,239
Income tax payable	**48,791**	46,902
	56,120	85,141
Reserve		
Current translation reserve (Note 28)	**162,945**	(9,254)

Note A

At beginning of the financial year	**5,891,984**	–
Reclassified from property held-for-sale (Note 21)	**–**	5,815,120
Capitalisation of VAT receivables during the financial year	**–**	76,864
Currency translation differences	**151,787**	–
At end of the financial year	**6,043,771**	5,891,984

23. Borrowings

	Group 2020	Group 2019
	$	$
Current		
Lease liabilities	**374,500**	16,138
Bankers' acceptance	**83,895**	41,832
Foreign currency loan against import	**1,089,146**	828,361
Term loan I	**81,366**	87,906
	1,628,907	974,237
Non-current		
Lease liabilities	**90,676**	42,815
Term loan I	**3,004,720**	3,075,490
	3,095,396	3,118,305
Total borrowings		
Lease liabilities	**465,176**	58,953
Bankers' acceptance	**83,895**	41,832
Foreign currency loan against import	**1,089,146**	828,361
Term loan I	**3,086,086**	3,163,396
	4,724,303	4,092,542

Lease liabilities

The lease liabilities are secured by a charge over the leased motor vehicles of the Group (Note 13) for financial year ended 31 March 2020 (2019: refer to Note 12). The weighted average effective interest rate of leases of the Group ranges from 4.42% to 6.21% (2019: 5.56% to 6.05%) respectively per annum.

	Group 2019 Minimum lease payments	Group 2019 Present value
	$	$
Not later than one financial year	16,669	16,138
Later than one financial year but not later than five financial years	48,980	42,815
Total minimum lease payments	65,649	58,953
Less: Future finance charges	(6,696)	–
Present value of finance lease liabilities	58,953	58,953
Representing:		
Current	16,138	
Non-current	42,815	
	58,953	

23. Borrowings (cont'd)

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 13).

(ii) Foreign currency loan against import is drawn down for a period of up to 120 days (2019: 120 days) which is renewable on maturity. Interest is charged at rates ranging from 2.99% to 4.88% (2019: 3.80% to 5.14%) per annum.

Banker's acceptance

(i) Interest is charged for banker's acceptance at rates ranging from 3.11% - 5.09% (2019: 3.67% - 5.27%) per annum. The banker's acceptances of the Group are secured by way of:

(a) corporate guarantee from the Company;

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

(c) legal charges over certain procedures of the Group as disclosed in the Notes 12 and 13 to the financial statements.

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 (Notes 12 and 13); 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 6.50% (2019: 5.25%) per annum at the balance sheet date.

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 (2019: Level 3) of the fair value hierarchy.

23. Borrowings (cont'd)

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

	Lease liabilities $	Foreign currency loan against import $	Term loan I $	Loan from non-controlling interest (Note 25) $	Bankers' acceptance $	Total $
Group						
2020						
At beginning of the financial year	58,953	828,361	3,163,396	1,167,736	41,832	5,260,278
Effects of adoption of SFRS(I) 16	638,536	–	–	–	–	638,536
Addition during the year	129,376	–	–	–	–	129,376
Changes from financing cash flows:						
- Proceeds	–	2,657,013	–	–	859,926	3,516,939
- Repayments	(360,895)	(2,455,024)	(77,317)	–	(817,408)	(3,710,644)
- Interest paid	(24,935)	(37,719)	(182,872)	–	(6,870)	(252,396)
Non-cash changes:						
- Interest expense	24,935	37,719	182,872	–	6,870	252,396
Currency translation differences	(794)	58,796	7	(112,058)	(455)	(54,504)
At end of the financial year	**465,176**	**1,089,146**	**3,086,086**	**1,055,678**	**83,895**	**5,779,981**
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

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	
	2020	2019
	$	$
At beginning of the financial year	**1,377,471**	909,093
Recognised in profit or loss (Note 10)	**234,958**	494,287
Currency translation differences	**(15,220)**	(25,909)
At end of the financial year	**1,597,209**	1,377,471

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**	**Others**	**Total**
	$	**$**	**$**	**$**
Group				
2020				
At beginning of the financial year	928,420	868,464	(48,617)	1,748,267
Recognised in the profit or loss	41,103	(25,700)	235,147	250,550
Currency translation differences	(9,064)	(10,145)	11	(19,198)
At end of the financial year	**960,459**	**832,619**	**186,541**	**1,979,619**
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

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: (cont'd)

	Unutilised tax losses and capital allowances	Right-of-use assets	Total
	$	$	$
Deferred tax assets			
Group			
2020			
At beginning of the financial year	(370,796)	–	(370,796)
Recognised in the profit or loss	(15,491)	(101)	(15,592)
Currency translation differences	3,978	–	3,978
At end of the financial year	**(382,309)**	**(101)**	**(382,410)**
2019			
At beginning of the financial year	(708,818)	–	(708,818)
Recognised in the profit or loss	324,555	–	324,555
Currency translation differences	13,467	–	13,467
At end of the financial year	(370,796)	–	(370,796)

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 $11 million (2019: $23 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.

25. Trade and other payables

	Group		Company	
	2020	2019	**2020**	2019
	$	$	**$**	$
Trade payables				
- third parties	**2,310,327**	1,931,046	**–**	–
Other payables				
- third parties	**829,723**	515,941	**43,332**	78,264
Rental deposits received	**104,356**	117,449	**–**	–
Accrued operating expenses	**1,025,510**	1,320,504	**125,313**	98,170
Deposit received from disposal group classified as held for sale	**1,348,460**	1,360,756	**–**	–
Loan from non-controlling shareholder	**1,055,678**	1,167,736	**–**	–
Due to subsidiary	**–**	–	**–**	11,771,793
	4,363,727	4,482,386	**168,645**	11,948,227
Total	**6,674,054**	6,413,432	**168,645**	11,948,227

25. Trade and other payables (cont'd)

Company

In 2019, the amount due to subsidiary was unsecured, interest-free and repayable on demand. During the financial year, the balance was offset against the proceeds from the subsidiary's capital reduction exercise (Note 14, Note A).

Group

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

26. Provision for restructuring

In current financial year, the Group committed to a plan to restructure its manufacturing subsidiary in People's Republic of China, as a result of deterioration in economic conditions. The Group recognised a provision for restructuring comprising estimated termination benefits of $1,515,965 and other estimated restructuring expenses of $702,924 as at 31 March 2020.

The restructuring is targeted to be completed within the next twelve months after the year end.

27. Share capital

	Group and Company	
	2020	2019
	$	$
Issued and paid up capital		
5,380,556,316 ordinary shares fully paid with no par value	**103,170,633**	103,170,633

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

28. Revaluation and other reserves

	Reserve of disposal group classified as held-for-sale	**Foreign currency translation reserve**	**Total**
	$	**$**	**$**
Group			
2020			
At beginning of the financial year	(9,254)	(4,863,656)	(4,872,910)
Reserve attributable to disposal group classified as held-for-sale	172,199	(172,199)	–
Net exchange differences on translation of financial statements of foreign subsidiaries	–	(2,014,443)	(2,014,443)
At end of the financial year	**162,945**	**(7,050,298)**	**(6,887,353)**

28. Revaluation and other reserves (cont'd)

	Asset revaluation reserve	Reserve of disposal group classified as held-for-sale	Foreign currency translation reserve	Total
	$	$	$	$
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)

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.

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

29. Contingent liabilities

	Company	
	2020	2019
	$	$
Corporate guarantee		
Guarantee issued for bank facilities granted to subsidiaries	**4,862,200**	5,205,600
Amounts utilised by subsidiaries	**4,175,232**	3,991,757

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 2020 and 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. As at 31 March 2019, the future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities were as follows:

	Group
	2019
	$
Not later than one year	378,040
Later than one year but not later than five years	994,186
	1,372,226

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

As disclosed in Note 3, the Group has adopted SFRS(I) 16 on 1 April 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheets as at 1 April 2019, except for short-term and low value assets leases.

b) Capital commitments

Capital commitment not provided for in the financial statements:

	Group	
	2020	2019
	$	$
Capital commitments in respect of property, plant and equipment	–	1,074,895

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	
	2020	2019
	$	$
With related party		
Sales of goods	–	24,170

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	
	2020	2019
	$	$
Key management personnel compensation		
Directors of the Company		
- Salaries and related costs	**688,575**	740,207
- Directors' fees	**211,000**	211,000
Directors of subsidiaries		
- Salaries and related costs	**244,194**	126,510
- Employer's contribution to defined contribution plans	**29,606**	14,193
- Directors' fees	**119,778**	135,064
Other key management personnel		
- Salaries and related costs	**926,178**	1,035,073
- Employer's contribution to defined contribution plans	**21,419**	43,993
	2,240,750	2,306,040

Total key management personnel compensation:

	Group	
	2020	2019
	$	$
Salaries and related costs	**2,189,725**	2,247,854
Employer's contribution to defined contribution plans	**51,025**	58,186
	2,240,750	2,306,040

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.

(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.

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

(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, financial assets at fair value through profit or loss, development properties, prepayments, trade and other receivables, contract assets, inventories, property held-for-sale, disposal group assets classified as held-for-sale, and cash and cash equivalents. Segment liabilities comprise operating liabilities and exclude items such as income tax payable, deferred tax liabilities and borrowings. Capital expenditure comprises additions to property, plant and equipment (Note 12) and right-of-use assets (Note 13).

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 2020				
Segment revenue				
Sales - external	–	26,462,024	–	26,462,024
Segment loss	(2,033,308)	(4,939,270)	(2,493,191)	(9,465,769)
Other income				154,378
Interest income				165,392
Reversal of impairment loss on trade and other receivables				143,537
Finance costs				(252,396)
Loss before tax				(9,254,858)
Income tax expense				(221,982)
Loss for the financial year				(9,476,840)
Assets				
Segment and consolidated total assets	10,626,817	35,624,054	40,229,263	86,480,134
Liabilities				
Segment liabilities	168,645	7,376,194	1,404,224	8,949,063
Borrowings				4,724,303
Income tax payable				904
Deferred tax liabilities				1,597,209
Consolidated total liabilities				15,271,479
Other segment items				
Capital expenditure	7,008	285,961	891	293,860
Depreciation of property, plant and equipment	67,479	727,846	967	796,292
Depreciation on right-of-use assets	39,881	518,844	–	558,725
Inventories written down	–	283,232	–	283,232
Loss on disposal of property, plant and equipment	–	1,352	–	1,352
Impairment loss on property, plant and equipment	–	509,267	–	509,267
Impairment loss on right-of-use assets	16,802	193,156	–	209,958
Reversal of impairment loss on trade and other receivables	–	(143,537)	–	(143,537)

32. Segment information (cont'd)

Business segments (cont'd)

	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 trade and other receivables				3,750,000
Finance costs				(213,877)
Loss before tax				(973,069)
Income tax expense				(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 on trade and other receivables	–	–	(3,750,000)	(3,750,000)

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.

32. Segment information (cont'd)

Geographical information (cont'd)

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 follows:

	Group Revenues		Group Non-current assets	
	2020	2019	**2020**	2019
	$	$	**$**	$
Singapore	**446,437** [(1)]	1,083,627 [(1)]	**4,871,980**	5,256,260
Malaysia	**–**	–	**10,711,054**	11,192,271
China	**–**	–	**761,506**	1,148,494
United Kingdom	**23,815,826**	26,068,457	**–**	–
Brunei	**–**	24,171	**–**	–
Ireland	**1,839,329**	2,918,699	**–**	–
United States of America	**360,432**	199,995	**–**	–
Indonesia	**–**	–	**712**	–
	26,462,024	30,294,949	**16,345,252**	17,597,025

[(1)] Revenues generated from Singapore comprise of revenue from installation services of $412,531 (2019: $1,083,627).

Non-current assets presented above excludes financial assets at fair value through profit or loss.

Information about major customers

Revenue of approximately $18,117,012 (2019: $24,249,265) are derived from 3 (2019: 3) external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

		Group	
		2020	2019
		$	$
Customer	Attributable segments		
Customer 1	Door Business	**8,278,366**	9,088,256
Customer 2	Door Business	**5,140,346**	8,295,500
Customer 3	Door Business	**4,698,300**	6,865,509
		18,117,012	24,249,265

33. Financial instruments

a) Financial instruments by category

	Group		Company	
	2020	2019	**2020**	2019
	$	$	**$**	$
Financial assets at fair value through profit or loss	**223**	392	**–**	–
Financial assets at amortised costs	**16,148,508**	22,309,771	**30,720,750**	25,593,757
Financial assets	**16,148,731**	22,310,163	**30,720,750**	25,593,757
Financial liabilities at amortised cost	**13,612,697**	10,046,090	**168,645**	11,948,227

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.

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"), 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	**AUD**
	$	**$**
Group		
31.3.2020		
Financial assets		
Trade and other receivables	1,694,658	–
Cash and cash equivalents	6,216,046	2,709,953
	7,910,704	2,709,953
Less: Financial liabilities		
Trade and other payables	1,361,173	–
Borrowings	1,089,146	–
	2,450,319	–
Net financial assets denominated in foreign currency exposure	**5,460,385**	**2,709,953**

33. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Foreign currency risk (cont'd)

	USD $	AUD $
Group		
31.3.2019		
Financial assets		
Trade and other receivables	967,189	–
Cash and cash equivalents	6,120,815	50,100
	7,088,004	50,100
Less: Financial liabilities		
Trade and other payables	250,557	–
Borrowings	828,361	–
	1,078,918	–
Net financial assets denominated in foreign currency exposure	6,009,086	50,100
Company		
31.3.2020		
Financial assets		
Cash and bank balances, representing net financial assets denominated in foreign currency exposure	4,270,297	2,709,953
Less: Financial liabilities		
Trade and other payables	–	–
Net financial assets denominated in foreign currency exposure	**4,270,297**	**2,709,953**
31.3.2019		
Financial assets		
Cash and bank balances, representing net financial assets denominated in foreign currency exposure	3,521,913	50,100
Less: Financial liabilities		
Trade and other payables	–	11,771,793
Net financial assets/(liabilities) denominated in foreign currency exposure	3,521,913	(11,721,693)

Foreign currency risk sensitivity

A 10% (2019: 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.

33. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Foreign currency risk (cont'd)

Foreign currency risk sensitivity (cont'd)

	Increase/(decrease) in loss after tax	
	2020	2019
	$	$
Group		
USD/SGD	**(355,026)**	(364,840)
AUD/SGD	**224,926**	4,158
Company		
USD/SGD	**(354,435)**	(292,319)
AUD/SGD	**(224,925)**	972,902

A 10% (2019: 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.

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 2020, 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 (2019: 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 (2019: 100) basis points higher or lower and all other variables were held constant, the Group's loss for the financial year ended 31 March 2020 would increase/decrease $35,227 and loss for the financial year ended 31 March 2019 would increase /decrease $33,217. This was mainly attributable to the Group's exposure to interest rates on its floating rates borrowings (Note 23).

33. Financial instruments (cont'd)

b) Financial risk management (cont'd)

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 the Company is required to pay.

	On demand or within 1 year $	**Within 2 to 5 years $**	**More than 5 years $**	**Total $**
Group				
31.3.2020				
Trade and other payables	8,888,394	–	–	8,888,394
Interest bearing borrowings				
- Banker's acceptance (Floating rates)	83,895	–	–	83,895
- Foreign currency loan against import (Floating rates)	1,100,062	–	–	1,100,062
- Term loan I (Floating rates)	278,080	1,390,402	3,755,907	5,424,389
Lease liabilities (Fixed rates)	385,999	95,159	–	481,158
	10,736,430	**1,485,561**	**3,755,907**	**15,977,898**
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)	842,482	–	–	842,482
- Term loan I (Floating rates)	251,188	1,255,939	3,644,355	5,151,482
Lease liabilities (Fixed rates)	16,669	48,980	–	65,649
	7,555,719	1,304,919	3,644,355	12,504,993

	On demand or within 1 year $
Company	
31.3.2020	
Trade and other payables	**168,645**
31.3.2019	
Trade and other payables	11,948,227

33. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Liquidity risk (cont'd)

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.

	2020	2019
	$	$
Company		
On demand or not later than 1 year		
Financial guarantees	**4,862,200**	5,205,600

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 2020 and 31 March 2019.

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 the 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 sheets and including the corporate guarantees issued by the Company to bank as disclosed in Note 29.

33. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

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

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;

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and

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

33. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

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.

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, $2,759,643 (2019: $1,731,760) of the Group's trade receivables were due from 3 (2019: 3) major customers in door business segment, which supply building materials in the United Kingdom. 62% (2019: 87%) of the Company's other receivables were balances with 2 (2019: 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 sheets.

33. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Estimation techniques and significant assumptions

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
Loss allowance measured/(reversed):			
Lifetime ECL - credit-impaired	(143,537)	–	(143,537)
Currency translation differences	(617)	(151)	(768)
	(144,154)	(151)	(144,305)
Balance at 31 March 2020	**2,150**	**3,473,375**	**3,475,525**

	Amounts due from subsidiaries $	Loan due from subsidiary $	Total $
Company			
Balance at 1 April 2018, under FRS 39 and SFRS(I) 9	8,714,209	–	8,714,209
Loss allowance reversed:			
Lifetime ECL - credit-impaired	(166,579)	–	(166,579)
Balance at 31 March 2019	8,547,630	–	8,547,630
Loss allowance (reversed)/provided:			
Lifetime ECL - credit-impaired	(2,655,968)	3,165,821	509,853
Balance at 31 March 2020	**5,891,662**	**3,165,821**	**9,057,483**

Credit risk exposure in relation to financial assets at amortised cost (other than trade receivables and other receivables) as at 31 March 2020 and 31 March 2019 is insignificant, and accordingly no credit loss allowance is recognised as at 31 March 2020 and 31 March 2019.

33. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

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 receivable 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 2020 is insignificant, and accordingly no credit loss allowance is recognised as at 31 March 2020.

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:

31 March 2020	**12-month or lifetime ECL**	**Gross carrying amount $**	**Loss allowance $**	**Net carrying amount $**
Trade receivables	Lifetime ECL - credit-impaired	**3,152,604**	**(2,150)**	**3,150,454**
Other receivables				
- commitment fees	Lifetime ECL - credit-impaired	**3,450,000**	**(3,450,000)**	**–**
- sundry receivables	12-month ECL	**204,563**	**–**	**204,563**
	Lifetime ECL - credit-impaired	**23,375**	**(23,375)**	**–**
- deposits	N.A. Exposure Limited	**126,560**	**–**	**126,560**
Contract assets	Lifetime ECL	**470,721**	**–**	**470,721**
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	**12,666,931**	**–**	**12,666,931**

31 March 2019	12-month or lifetime ECL	Gross carrying amount $	Loss allowance $	Net carrying amount $
Trade receivables	Lifetime ECL - credit-impaired	2,475,514	(146,304)	2,329,210
Other receivables				
- commitment fees	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
Contract assets	Lifetime ECL	1,098,289	–	1,098,289
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	15,795,045	–	15,795,045

33. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Other financial assets at amortised cost (cont'd)

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:

31 March 2020	12-month or lifetime ECL	Gross carrying amount $	Loss allowance $	Net carrying amount $
Trade receivables	Lifetime ECL - credit-impaired	**299,529**	**(299,529)**	**–**
Due from subsidiaries	12-month ECL	**22,458,940**	**–**	**22,458,940**
	Lifetime ECL - credit-impaired	**5,592,133**	**(5,592,133)**	**–**
Loan due from subsidiary	12-month ECL	**18,870,696**	**–**	**18,870,696**
	Lifetime ECL - credit-impaired	**3,165,821**	**(3,165,821)**	**–**
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	**8,246,295**	**–**	**8,246,295**
Other receivables	N.A. Exposure Limited	**15,515**	**–**	**15,515**

31 March 2019	12-month or lifetime ECL	Gross carrying amount $	Loss allowance $	Net carrying amount $
Trade receivables	Lifetime ECL - credit-impaired	299,529	(299,529)	–
Due from subsidiaries	12-month ECL	21,772,292	–	21,772,292
	Lifetime ECL - credit-impaired	8,248,101	(8,248,101)	–
Loan due from subsidiary	12-month ECL	22,722,160	–	22,722,160
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

33. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Amounts due from subsidiaries and loan to subsidiary

For the loan due from subsidiary (which forms part of the investment in subsidiary) of $22,036,517 (2019: $22,722,160) where the Company has assessed the contractual cash flows, adjusted for the future outlook of the industry in which the subsidiary operate, including the consideration on the outbreak of COVID-19, and concluded that there has been a significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using lifetime ECL of $3,165,821 (2019: $Nil).

For amounts due from subsidiaries of $28,350,602 (2019: $30,319,922) where 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, including the consideration on the outbreak of COVID-19, and concluded that there has been significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using lifetime ECL of $5,891,662 (2019: $8,547,630).

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.

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 financial assets at fair value through profit or loss (Note 15).

34. Fair values of assets and liabilities (cont'd)

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

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			
31.3.2020			
Financial assets at fair value through profit or loss	**223**	**–**	**223**
31.3.2019			
Financial assets at fair value through profit or loss	392	–	392

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 sheets 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.

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	
	2020 **$**	2019 $	**2020** **$**	2019 $
Total borrowings and payables	**13,617,246**	10,505,974	**168,645**	11,948,227
Cash and cash equivalents	**(12,666,931)**	(15,795,045)	**(8,246,295)**	(3,806,755)
Net debt/(surplus)	**950,315**	(5,289,071)	**(8,077,650)**	8,141,472
Total equity	**62,642,838**	74,067,505	**73,300,761**	71,052,790
Total capital	**63,593,153**	68,778,434	**65,223,111**	79,194,262
Gearing ratio	**0.015**	N.M	**N.M**	**0.103**

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 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.

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.

The Company has received $250,000 from Mr Chan on behalf of the Group during the financial year ended 31 March 2019, and $3,5000,0000 was also subsequently received in April and May 2019 respectively. A reversal of impairment loss of other receivables amounting to $3,750,000 was made in the during the financial year ended 31 March 2019.

Mr. Chan has failed to pay the Company the sum of $1,350,000 on 7 October 2019. On 2 April 2020, the Assistant Registrar has granted the Company to strike off Mr. Chan's remaining commission claim of $500,000 in his counterclaim against the Company.

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.

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). The Company co-operated and complied with CAD's investigation and their request of access to documents & information for the period beginning 1 January 2012 until the date when the notice was served. Certain then members of staff including the then managing director and then Group Financial Controller were interviewed by CAD officers in relation to its investigation.

37. Investigation by the Commercial Affairs Department (cont'd)

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 conducted. 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 or impeded by the investigation and continue to function normally. To its best knowledge, the Board of Directors of the Company is not aware that the investigation would have any material impact on the Group and Company.

38. Significant events during the financial year

In addition to the continued adverse effects of weakened demand due to the exit of the United Kingdom from the European Union and the continued escalation of the trade war between the United States of America and the People's Republic of China, the unprecedented COVID-19 outbreak and the measures taken to contain the spread of the pandemic have and continue to create a high level of uncertainty to global economic prospects and this has impacted the Group's operations and its financial performance in Singapore, Malaysia, Australia, Indonesia and China subsequent to the financial year end. While the Group and the Company is unable to reasonably estimate the full financial impact of the COVID-19 outbreak, given the continued uncertainty, the Group and the Company is monitoring the situation closely and will continue to manage and mitigate the financial impact by conscientiously managing its cost by adopting an operating cost reduction strategy, conserving liquidity, preserve assets and improving receivable collections.

39. Subsequent events after the financial year

(i) The Group had struck off its subsidiary, Ambertree Vic-Mel (Flinders) Pty Ltd on 20 May 2020 after its capital reduction in February 2020 and the disposal of the building in Melbourne, Australia.

(ii) On 9 July 2019, the KLWR Group entered into a capital assignment agreement with BJTJ Industrial Co., Limited in respect of the sale of its entire paid-up capital contribution in Key Bay Furniture Company Limited ("Key Bay") for a total consideration of $9.98 million (equivalent US$7.02 million, before deducting expenses, taxation and others). The assets, liabilities and reserve related to Key Bay have been presented as disposal group assets and liabilities held-for-sale (Note 22). On 9 May 2020, the Group had completed the Proposed Disposal. There is a subsequent payment received of $8.01 million (equivalent to US$5.68 million).

(iii) In current financial year, the Group committed to a plan to restructure its manufacturing subsidiary in People's Republic of China, as result of a deterioration in economic conditions. The restructuring is targeted to be completed within the next twelve months after the year end.

40. Authorisation of financial statements

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors dated 2 September 2020.

STATISTICS OF SHAREHOLDINGS

As at 19 August 2020

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 19 August 2020, approximately 66% 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.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	50	1.77	734	0.00
100 - 1,000	129	4.55	110,527	0.00
1,001 - 10,000	464	16.38	2,843,605	0.05
10,001 - 1,000,000	1,837	64.84	427,184,784	7.94
1,000,001 AND ABOVE	353	12.46	4,950,416,666	92.01
TOTAL	**2,833**	**100.00**	**5,380,556,316**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	PHILLIP SECURITIES PTE LTD	670,083,397	12.45
2	LEE HAN PENG	665,276,300	12.36
3	UOB KAY HIAN PRIVATE LIMITED	636,505,300	11.83
4	HSBC (SINGAPORE) NOMINEES PTE LTD	371,871,175	6.91
5	CITIBANK NOMINEES SINGAPORE PTE LTD	170,707,200	3.17
6	MAYBANK KIM ENG SECURITIES PTE. LTD.	97,661,100	1.82
7	NG HIAN WOON	88,229,800	1.64
8	DBS NOMINEES (PRIVATE) LIMITED	86,012,300	1.60
9	KOH KOW TEE MICHAEL	77,289,000	1.44
10	TAN MENG CHIANG	62,205,000	1.16
11	OCBC SECURITIES PRIVATE LIMITED	52,300,700	0.97
12	TAN POH GEOK	48,000,000	0.89
13	LIEW WING ONN	47,452,900	0.88
14	HENG YONG SENG	43,000,000	0.80
15	WONG LEH ING	40,000,000	0.74
16	IFAST FINANCIAL PTE. LTD.	35,652,700	0.66
17	LAU SONG CHIN	34,947,500	0.65
18	TAN GUAN YU, DARREL	34,046,100	0.63
19	TAN SOO CHONG	33,000,000	0.61
20	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	31,516,000	0.59
	TOTAL	**3,325,756,472**	**61.80**

STATISTICS OF SHAREHOLDINGS

As at 19 August 2020

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	665,276,300	–

[#] Interest registered under UOB Kay Hian Pte Ltd.

[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 Securities Pte Ltd; and (ii) 522,092,500 shares held by Sunny Wealth Limited, which sole shareholder is Mr Wong Ben Koon.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of KLW HOLDINGS LIMITED will be held by way of electronic means on Tuesday, 29 September 2020 at 10 a.m., for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31 March ("**FY**") 2020 and the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$219 for FY2020. [See Explanatory Note (a)] **(Resolution 2)**

3. To approve the payment of Directors' fees of S$243,000 for FY2021 (FY2020: S$211,000). **(Resolution 3)**

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

   a. Ms Wong Gloria [See Explanatory Note (b)] **(Resolution 4)**
   b. Mr Lim Han Siang Peter [See Explanatory Note (c)] **(Resolution 5)**

5. To re-elect Ms Vivien Goo Ben Yen, a director retiring under Article 119 of the Company's Constitution. [See Explanatory Note (d)] **(Resolution 6)**

6. 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 7)**

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

AS SPECIAL BUSINESS:

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

8. **"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

   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 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,

provided that the adjustments in accordance with sub-paragraphs (1) and (2) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(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 (e)] **(Resolution 8)**

9. **"PROPOSED RENEWAL OF SHARE PURCHASE MANDATE**

That:–

a. for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 of Singapore ("**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to but not exceeding the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchase(s) ("**On-Market Share Purchase(s)**") transacted on the SGX-ST through the SGX-ST's ready market trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted (the "**Other Exchange**"), through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchase(s) (“**Off-Market Share Purchase(s)**”) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, the Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

b. unless revoked or varied by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law or the Constitution to be held (whereupon it will lapse, unless renewed at such meeting);

(ii) the date on which the purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company at general meeting (if so varied or revoked prior to the next annual general meeting);

c. in this Resolution:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase by the Company or, as the case may be, the day of the making of an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Days’ period and the day on which the Share Purchases were made;

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

“Market Day” means a day on which the SGX-ST is open for trading in securities;

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

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

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price;

in either case, excluding related expenses of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate;

"**Relevant Period**" means the period commencing from the date of the general meeting at which the renewal of the Share Purchase Mandate is approved and expiring on the date the next annual general meeting is held or required by law to be held, whichever is earlier;

d. the Directors of the Company be and are hereby authorised to deal with the Shares purchased or acquired by the Company, pursuant to the Share Purchase Mandate, in any manner as they think fit, which is permitted under the Companies Act; and

e. the Directors and/or any of them be and are and/or is hereby authorised and empowered to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution." [See Explanatory Note (f)] **(Resolution 9)**

To consider and, if thought fit, to pass the following resolution as a Special Resolution, with or without modifications:

10. **"PROPOSED CHANGE OF NAME**

That:–

a. approval be and is hereby given for the name of the Company to be changed from "KLW Holdings Limited" to "HS Optimus Holdings Limited" and that the name "HS Optimus Holdings Limited" be substituted for "KLW Holdings Limited" wherever the latter name appears in the Constitution; and

b. the Directors and/or any of them be and are and/or is hereby authorised and empowered to take such steps, approve all matters, implement, execute, perfect or give effect to complete and do all such acts and things (including to approve, modify, ratify, sign, seal, execute and deliver all such documents as may be required) as they or he may consider expedient, desirable, necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution."[See Explanatory Note (g)] **(Resolution 10)**

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

Singapore, 7 September 2020

EXPLANATORY NOTES:

(a) **Resolution 2** is in relation to the payment of pro-rated director's fee for FY2020 to Ms Vivien Goo Bee Yen following her appointment as an Independent Director on 30 March 2020.

(b) **Resolution 4** is to re-elect Ms Wong Gloria as a Director of the Company. Ms Wong Gloria will, upon re-election, remain as Executive Director of the Company. Certain key information on Ms Wong Gloria can be found in the sections entitled "Board of Directors" and "Report on Corporate Governance" of the Annual Report 2020.

(c) **Resolution 5** is to re-elect Mr Lim Han Siang Peter as a Director of the Company. Mr Lim Han Siang Peter will, upon re-election, remain as an Independent Director and the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company. Certain key information on Mr Lim Han Siang Peter can be found in the sections entitled "Board of Directors" and "Report on Corporate Governance" of the Annual Report 2020. The Board considers Mr Lim Han Siang Peter to be independent for the purposes of Rule 704(7) of the Catalist Rules.

(d) **Resolution 6** is to re-elect Ms Vivien Goo Ben Yen as a Director of the Company. Ms Vivien Goo Ben Yen will, upon re-election, remain as an Independent Director and a member of the Audit Committee, Nominating Committee and Remuneration Committee of the Company. Certain key information on Ms Vivien Goo Ben Yen can be found in the sections entitled "Board of Directors" and "Report on Corporate Governance" of the Annual Report 2020. The Board considers Ms Vivien Goo Ben Yen to be independent for the purposes of Rule 704(7) of the Catalist Rules.

(e) **Resolution 8** proposed in item 8. 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 8) 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%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

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 8, 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 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. The adjustments in accordance with (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of Resolution 8.

(f) **Resolution 9,** proposed in item 9 above, if passed, will empower the Directors of the Company from the date of the Annual General Meeting until the date of the next Annual General Meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of On-Market Share Purchases or Off-Market Share Purchases on an equal access scheme) from time to time of up to ten per cent (10%) of the total number of Shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the source of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Appendix accompanying this Notice of Annual General Meeting.

(g) **Resolution 10**, if passed, will approve the change of the name of the Company from "KLW Holdings Limited" to "HS Optimus Holdings Limited". The rationale for the change of name is set out in the Appendix accompanying this Notice of Annual General Meeting.

Notes:

1. The Annual General Meeting of the Company (the "**AGM**" or the "**Meeting**") to be held on Tuesday, 29 September 2020 at 10 a.m. is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Printed copies of this Notice of AGM, the Appendix accompanying this Notice of AGM and the accompanying proxy form for the Meeting will not be sent to members of the Company**. Instead, this Notice of AGM, the Appendix accompanying this Notice of AGM and the accompanying proxy form for the Meeting will be published on (i) the SGX-ST's website at the URL https://www.sgx.com/securities/company-announcements; and (ii) the Company's corporate website at the URL www.klw.com.sg/investor-relations/agm-2020/.

2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Meeting, are set out in the Company's accompanying Letter to Shareholders dated 7 September 2020 (the "**Announcement**"), which has been uploaded together with this Notice of AGM on SGXNet on the same day. The Announcement may also be accessed at the Company's corporate website at the URL www.klw.com.sg/investor-relations/agm-2020/. For the avoidance of doubt, the Announcement is circulated together with and forms part of this Notice of AGM in respect of the Meeting.

   In particular, the Meeting will be held by way of electronic means and a member of the Company will be able to observe the proceedings of the Meeting through a "live" webcast ("**LIVE WEBCAST**") via his/her/its smart phones, tablets or computers. In order to do so, a member of the Company who wishes to watch the LIVE WEBCAST must register **by 10 a.m. on 26 September 2020 ("Registration Deadline")** (being not less than seventy-two (72) hours before the time appointed for holding the Meeting), at the URL https://sg.conveneagm.com/klwholdings. Following authentication of his/her/its status as members of the Company, authenticated members of the Company will receive an email on their authentication status **by 28 September 2020**. Members who do not receive any email by 10.00 a.m. on 28 September 2020, but have registered by the Registration Deadline, should contact the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at +65 6536 5355 (Mondays to Fridays, excluding Public Holidays, from 9.00 a.m. to 5.30 p.m.) or by email at srs.teamc@boardroomlimited.com.

   Persons who hold the shares of the Company through relevant intermediaries, including Supplementary Retirement Scheme ("**SRS**") investors, should contact the relevant intermediary (which would include, in the case of SRS investors, their respective SRS Operators) through which they hold such shares of the Company as soon as possible in order for the necessary arrangements to be made for their participation at the AGM.

3. **Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. If a member of the Company (whether individual or corporate and including a Relevant Intermediary*) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting**. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:

   (a) if sent by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or

   (b) if submitted by email, be received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.teamc@boardroomlimited.com,

   in either case, **by 10 a.m. on 27 September 2020** (being not less than forty-eight (48) hours before the time appointed for holding the Meeting or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   A member of the Company who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.

   SRS investors who wish to appoint the Chairman of the AGM to act as their proxy should approach their respective SRS Operators to submit their votes to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., by post at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or by email at srs.teamc@boardroomlimited.com at least seven (7) working days before the AGM **(i.e. by 10 a.m. on 18 September 2020).**

6. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

7. Members will not be able to ask questions "live" during the broadcast of this AGM. All members may submit questions relating to the business of this AGM no later than 10 a.m. on 26 September 2020:

   a. via the pre-registration website at https://sg.conveneagm.com/klwholdings;

   b. by email to klwagm2020@klw.com.sg; or

   c. by post to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

   In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult to submit questions by post, members and Investors are strongly encouraged to submit their questions via the pre-registration web-site or by email. The Company will endeavour to answer all substantial and relevant questions prior to, or at, this AGM.

8. All documents (including the Annual Report 2020, the proxy form, this Notice of AGM and the Appendix accompanying this Notice of AGM) or information relating to the business of this AGM have been, or will be, published on SGXNet and/or the Company's website at www.klw.com.sg/investor-relations/agm-2020/. **Printed copies of these documents will not be despatched to members.** Members and SRS investors are advised to check SGXNet and/or the Company's website regularly for updates.

9. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.

10. 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, Chapter 50 of Singapore.

* 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.

Personal Data Privacy:

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Meeting and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the Meeting via LIVE WEBCAST, or (c) submitting any question prior to the Meeting in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof);

(ii) processing of the registration for purpose of granting access to members of the Company (or their corporate representatives in the case of members of the Company which are legal entities) to the LIVE WEBCAST to observe the proceedings of the Meeting and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members of the Company received before the Meeting and if necessary, following up with the relevant members of the Company in relation to such questions; and

(iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

This notice has been prepared by the Company and its contents have 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 notice including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed.

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

The contact person for the Sponsor is Mr Howard Cheam Heng Haw (Telephone: +65 6232 0685) at R & T Corporate Services Pte. Ltd., 9 Straits View, Marina One West Tower, #06-07, Singapore 018937.

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

IMPORTANT:

1. The Annual General Meeting of the Company to be held on Tuesday, 29 September 2020 at 10:00 am (and any adjournment thereof) (the "**AGM**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM, the Appendix accompanying the Notice of AGM and this Proxy Form will not be sent to members. Instead, the Notice of AGM, the Appendix accompanying the Notice of AGM and this Proxy Form will be sent to members by electronic means via publication on the Company's website at www.klw.com.sg/investor-relations/agm-2020/ and the SGXNet.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM, are set out in the accompanying Company's letter to shareholders dated 7 September 2020 (the "**Announcement**"), **which has been uploaded together with the Notice of AGM dated 7 September 2020** on SGXNet on the same day. The Announcement may also be accessed at the Company's corporate website at the URL www.klw.com.sg/investor-relations/agm-2020/. For the avoidance of doubt, the Announcement is circulated together with and forms part of the Notice of AGM dated 7 September 2020 in respect of the AGM.
3. **Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM**. If a member of the Company (whether individual or corporate and including a Relevant Intermediary*) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their SRS Operators to submit their votes by 10:00 a.m. on 18 September 2020.

By submitting an instrument appointing the Chairman of the AGM as proxy, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 7 September 2020.

Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

PROXY FORM
(Please see notes overleaf before completing this Form)

*I/We, ______________________ (Name) ______________ (NRIC/Passport No. Co./Registration No.)

of ____ (Address)

being a member/members of KLW HOLDINGS LIMITED (the "**Company**"), hereby appoints the Chairman of the annual general meeting of the Company (the "**AGM**"), as *my/our proxy to vote for *me/us on *my/our behalf at the AGM to be held by way of electronic means on Tuesday, 29 September 2020 at 10 a.m. and at any adjournment thereof. *I/We direct the Chairman of the AGM, being *my/our proxy, to vote for or against, or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the AGM as *my/our proxy will be treated as invalid.

All Resolutions put to the vote at the AGM shall be decided by way of poll.

** If you wish to exercise all your votes "For" or "Against", or "Abstain" from voting the relevant Resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" each Resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular Resolution, you are directing your proxy, who is the Chairman of the AGM, not to vote on that Resolution. In the absence of specific directions, the appointment of the Chairman as your proxy will be treated as invalid.

No.	Resolutions relating to:	For **	Against **	Abstain **
	ORDINARY BUSINESS			
1.	Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 31 March 2020 and the Auditors' Report thereon **(Resolution 1)**			
2.	Approval of Directors' fees of S$219 for the financial year ended 31 March 2020 **(Resolution 2)**			
3.	Approval of Directors' fees of S$243,000 for the financial year ending 31 March 2021 **(Resolution 3)**			
4.	Re-election of Ms Wong Gloria as a Director retiring under Article 109 of the Company's Constitution **(Resolution 4)**			
5.	Re-election of Mr Lim Han Siang Peter as a Director retiring under Article 109 of the Company's Constitution **(Resolution 5)**			
6.	Re-election of Ms Vivien Goo Ben Yen as a Director retiring under Article 119 of the Company's Constitution **(Resolution 6)**			
7.	Re-appointment of Messrs Baker Tilly TFW LLP as auditors **(Resolution 7)**			
	SPECIAL BUSINESS			
8.	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Cap. 50 **(Resolution 8)**			
9.	To approve the renewal of the Share Purchase Mandate **(Resolution 9)**			
10.	To approve the change of name of the Company to "HS Optimus Holdings Limited" **(Resolution 10)**			

Dated this __________ day of ______________ 2020

Total number of Shares 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. **Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. This proxy form may be accessed at the Company's website at www.klw.com.sg/investor-relations/agm-2020/ and the SGXNet.** If a member of the Company (whether individual or corporate and including a Relevant Intermediary*) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The instrument for the appointment of proxy may be accessed at the Company's website at www.klw.com.sg/investor-relations/agm-2020/ or the SGXNet.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.

4. The instrument appointing the Chairman of the Meeting as proxy must:

   (a) if sent by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or

   (b) if submitted by email, be received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.teamc@boardroomlimited.com,

   in either case, by **10 a.m. on 27 September 2020** (being not less than forty-eight (48) hours before the time appointed for holding the AGM or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   A member of the Company who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.

5. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. (i) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised. (ii) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.

6. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, 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.

7. This proxy form is not valid for use by an investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") and shall be ineffective for all intents and purposes if used or purported to be used by him/her. An SRS Investor who wishes to appoint the Chairman of the AGM as proxy should approach his/her respective SRS Operators to submit his/her votes at least seven (7) working days before the AGM (i.e. by 10:00 a.m. on 18 September 2020).

* 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 this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting this proxy form appointing the Chairman of the AGM as proxy, the member of the Company accepts and agrees to the personal data privacy terms as set out in the Notice of AGM dated 7 September 2020.

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 Vivien Goo Bee Yen
Independent Director

Ms Wong Gloria
Executive Director

Ms Lam Kwan Linda
Executive Director

COMPANY SECRETARY

Mr Abdul Jabbar Bin Karam Din
Rajah & Tann Singapore LLP
120 Robinson Road #08-01
Singapore 068913

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: Ms Tiang Yii
(Date of appointment: Financial year ended 31 March 2020)

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 Straits View #06-07
Marina One West Tower
Singapore 018937

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

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