NEW WAVE HOLDINGS LTD.

ANNUAL REPORT 2020

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CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

The financial year ended 31 March 2020 ("FY2020") was marked by a series of challenges characterised by unresolved trade disputes among the larger economies and COVID-19 pandemic outbreak in late FY2020. These unforeseen developments impacted the Group's plans to grow our business and revenues from the Malaysia and People's Republic of China ("PRC") markets.

As a result, we experienced lower project sales in the PRC and reduced manufacturing activities in Malaysia. Furthermore, with COVID-19 becoming increasingly widespread, many countries went into lockdown at various points in time and for differing periods, aggravating the already challenging business environment.

As countries start to gain better control of the outbreak, global economies are slowly opening up. With this, we will leverage on our PRC network and newly established service centre in Penang as we actively seize any opportunity that may arise to stabilise our growth.

For the financial year under review, the Group reported a 17.8% year-on-year decrease in revenue to S$14.14 million in FY2020 due to intensifying global tensions, while gross margins dipped from 22.6% in the previous year to 21.1% during FY2020. The reduction in gross margins was part of the Group's effort to maintain sales volume in the prevailing depressed economic conditions in FY2020. As such, gross profit decreased by 23.3% during the year against FY2019.

Concurrently, other income increased by 22.8% to S$0.16 million in FY2020 on the back of S$0.03 million write-back of doubtful receivables, which were impaired in the previous financial year and collected during FY2020.

As a result of our lower sales volume, all the Group expenses were reduced across the board except for other operating expenses. Distribution costs fell by 29.9% as sales commission, travel expenses and freight decreased.

Meanwhile, other operating expenses included a S$0.19 million impairment of goodwill arising from the acquisition of Alutech Metals Asiatic Pte. Ltd. and its subsidiary Alutech Metals Co., Ltd. (the "Alutech Group") in FY2019, which was absent in FY2019. The Group was of the view that an impairment of goodwill was necessary to realise the deterioration in the capabilities of the underlying assets to produce the expected returns under the current challenging macroeconomic circumstances.

In view of the above, the Group registered a loss before income tax of S$2.23 million as compared to a loss before income tax of S$1.41 million in the previous year.

As a result of lower sales, inventories were reduced due to decreased purchases made during the year.

The Group had a positive working capital of S$8.97 million as at the end of FY2020.

SEGMENTAL REVIEW

As a result of the escalating import tariffs that were imposed due to trade disputes amongst larger economies, the Group's aluminium products distribution business has been adversely affected since mid-FY2019 due to dampened demand for aluminium products. The tariffs caused production costs in many industries to increase and affected many of our customers. Consequently, revenue of our aluminium products distribution business dipped 20.2% year-on-year.

Separately, the Group's components distribution division managed to maintain its revenue during the year, recording a marginal increase of 0.2% in FY2020.

Geographically, the Group's revenue from all regions fell except for a slight increase of 0.6% to S$6.63 million for the Malaysian segment, as a result of the full year contributions from the metal service centre in Penang which commenced operations during the second half of FY2019.

Specifically, sales in the PRC segment were the worst affected with a 36% drop in revenue to S$3.12 million. Various projects previously envisioned by our customers were held back due to the uncertain economic conditions. In line with the depressed market conditions, sales in the Singapore segment also decreased by 23.7% to S$4.20 million.

FUTURE PROSPECTS

As trade tensions between China and the US remain unresolved, coupled with the continuing outbreak of the COVID-19 pandemic, we expect customer demand for our products to remain sluggish and recovery in the coming year to be slow.

With the high tariffs imposed leading to higher costs for our ultimate customers in the PRC, there was a consequent shift towards the usage of locally produced materials by our PRC customers. In view of this development, the Group had already taken steps to meet this shift in demand by sourcing from local mills. We are currently in the process of readjusting our products portfolio and supply sources to achieve sustainable growth for the Group's business.

We will also continue to implement more cost-cutting measures to stem our operating losses, while closely monitoring credit risk function to be more stringent and prudent with our finances.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to express my appreciation to our staff and management for their commitment and perseverance in managing the evolving challenges during this difficult period, whilst having to work from home. I would also like to thank our shareholders and business partners for their continual trust and support towards the Group. We look forward to brighter prospects as we journey together.

TITO SHANE ISAAC
Independent Non-Executive Chairman

FINANCIAL REVIEW

TURNOVER

Group revenue decreased by 17.8% from S$17.20 million in the financial year ended 31 March 2019 ("**FY2019**") to S$14.14 million in the financial year ended 31 March 2020 ("**FY2020**"). From around mid-year of FY2019, the Group's aluminium products distribution business was adversely affected by dampened demand for aluminium products due to trade disputes among the larger economies, where import tariffs imposed raised production costs across many industries and affected many of our customers. In FY2020, the longstanding disputes have continued to impact our business. Accordingly, sales of the aluminium products distribution division recorded a decrease of 20.2% year on year.

The Group's components distribution division however maintained its sales in FY2020, recording a marginal increase of 0.2% compared to FY2019.

The Group's geographical segment report showed that revenue from all geographical segments fell with the exception of a slight increase of 0.6% for the Malaysian segment. Revenue from all segments fell due to the depressed demand for aluminium products resulting from the continued global trade tensions as elaborated above. In particular, the People's Republic of China ("**PRC**") segment was the worst hit, recording a decrease of 36.0% as customers in the PRC are turning to domestically sourced aluminium products. The Malaysian segment likewise was hit by slower demand, however there was an overall increase of 0.6% attributable to the full year contributions from the metal service centre in Penang, which commenced operations during the second half of FY2019. Please refer to Note 20 of the Notes to the Financial Statements for further information on the movements in revenue contribution by geographical segment.

GROSS PROFIT, INCOME AND EXPENSES

Gross margins decreased from 22.6% for FY2019 to 21.1% for FY2020, further aggravating the gross profits, which decreased 23.3% in FY2020 when compared to FY2019. Gross margins and gross profits have recorded year-on-year decreases as the Group lowered its gross margins as part of its efforts to maintain sales in the depressed economic conditions prevailing during FY2020.

Other income increased mainly due to S$0.03 million write-back of doubtful receivables previously impaired and were collected during FY2020.

With the exception of other expenses, all other Group expenses consisting of distribution expenses, administrative expenses and finance costs decreased across the board in tandem with decreased sales. Distribution costs decreased by 29.9% as sales commission paid, travel expenses and freight outwards decreased as a direct result of the lower sales volume.

Administrative expenses decreased mainly due to the recognition of right-of-use assets instead of rental expenses of leased premises, as the treatment of leases was revised upon the adoption of SFRS(I) 16 *Leases* from 1 April 2019. Please refer to Note 2 of the Notes to the Financial Statements.

Finance costs decreased due to reduced usage of bank facilities used to finance purchases, the volume of which had declined in proportion to the decline in sales volume.

Upon the adoption of SFRS(I) 16 *Leases*, the Group recognized right-of-use assets in relation to the operating leases of relevant office, hostel and factory premises, and accordingly recorded depreciation of such right-of-use assets during the financial year, which contributed a S$0.27 million increase under other expenses.

Included under other expenses in FY2020 was also an impairment of goodwill of S$0.19 million that was absent in FY2019 and contributed to the overall increase of other expenses. The goodwill in question arose from the acquisition of Alutech Metals Asiatic Pte. Ltd. and its subsidiary Alutech Metals Co., Ltd. (the "**Alutech Group**") in FY2019. The Group deemed it appropriate to make an impairment of goodwill to recognize the deterioration in the capabilities of the underlying assets to produce the expected returns in view of the challenges presented by the global trade disputes and the COVID-19 pandemic.

Depreciation of property, plant and equipment decreased mainly due to the reclassification of S$0.08 million to amortisation of right-of-use assets upon the adoption of SFRS(I) 16 *Leases*.

FINANCIAL POSITION

Property, plant and equipment decreased due to the reclassification of S$0.20 million of leased plant and equipment to right-of-use assets under SFRS(I) *Leases*. The depreciation charge of S$0.18 million also exceeded the addition of new assets of S$0.04 million, which comprised mainly computers and other office equipment.

In accordance with SFRS(I) 16 *Leases*, the Group recognized right-of-use assets and their corresponding lease liabilities, both current and non-current, in the statement of financial position, in relation to the relevant operating leases for office, hostel and factory premises. Plant and equipment under finance leases were reclassified out of "Property, plant and equipment" to "Right-of-use assets" and the corresponding finance leases were likewise reclassified to "Lease liabilities" for both the current and non-current categories. Included under right-of-use assets were new assets costing S$0.14 million purchased under finance leases during FY2020 and included two cutting machines and a lorry for the aluminium products distribution division in Malaysia.

There is no change in valuation of the Group's investment properties.

Intangible assets decreased due to an amortisation charge of S$0.38 million and an impairment of goodwill of S$0.19 million. Intangible assets comprised goodwill and customer relationships arising from the acquisition of MSC Aluminium Holdings Pte. Ltd. and its subsidiaries (the "**MSC Group**") and the acquisition of the Alutech Group.

Inventories decreased due to lesser purchases made during the year in line with the lower level of sales.

Trade receivables as at 31 March 2020 increased marginally by 5.0% as compared to the amount as at 31 March 2019. This was in line with the fairly similar sales volume over the second half year of both years under review, except that collections from customers was slower during FY2020. Other receivables as at 31 March 2020 compared to as at 31 March 2019 also increased 4.5% mainly due to the recognition of the Jobs Support Scheme grants receivable for the Company and its Singapore subsidiaries, offset by a decrease in VAT recoverable for the PRC subsidiaries as purchase volume declined.

The increase in prepayments was due to prepaid local purchases made by the PRC subsidiaries. More local purchases were made in the current year due to an increase in demand for local goods by the PRC customers as a reaction to the high trade tariffs imposed on imports.

Trade payables increased by 24.5% as at 31 March 2020 compared to the balance as at 31 March 2019 mainly due to two consignments that arrived at port near the year end. The increased local purchases made by the PRC subsidiaries also contributed to the increase. Other payables on the other hand decreased 5.0% as accruals and expense creditors decreased in line with the decrease in administrative, distribution and interest expenses.

FINANCIAL REVIEW

Current interest-bearing liabilities comprised trust receipts owing to banks as well as the current portion of a term loan taken up in the last quarter of the year for working capital purposes. Trust receipts decreased as lesser purchases were made in line with the decrease in sales.

Non-current interest-bearing liabilities increased mainly due to the addition of the new term loan as mentioned above.

The Group had a positive working capital of S$8.97 million as at the end of FY2020.

CASH FLOW AND WORKING CAPITAL

Net cash from operating activities arose mainly from working capital inflow from reduction of inventories, offset by the amount used in operations.

Net cash used in investing activities were mainly for purchases of new property, plant and equipment.

Net cash used in financing activities arose from proceeds of a new term loan and from trust receipts that were used for purchases of goods, offset by payments made towards matured trust receipts, term loans and lease obligations.

BOARD OF DIRECTORS

TITO SHANE ISAAC

Non-Executive Chairman and Independent Director

Mr Tito Shane Isaac was first appointed to the Board on 30 August 2006 and last re-elected on 30 July 2019. Mr Isaac was appointed as the Non-Executive Chairman of the Company on 23 September 2010. He is a practicing advocate and solicitor with 25 years of experience in legal practice. He is the Managing Partner of Tito Isaac & Co LLP, a firm that provides a range of legal services including Commercial and Corporate Law, Intellectual Property Law, Civil and Criminal Litigation, Property, Family and Insurance Law. In 2006, Mr Isaac was admitted as a Fellow of the Singapore Institute of Arbitrators and in December 2008, he received the Minister for Law Appreciation Award. Mr Isaac is also an Independent Director of CPH Ltd. and Hiap Tong Corporation Ltd.

ONG KIAN SOON

Chief Executive Officer

Mr Ong Kian Soon was appointed as the Chief Executive Officer of the Company on 1 July 2011 and his directorship was approved at the following annual general meeting of the Company held on 29 July 2011. Mr Ong was last re-elected on 27 July 2017. He has more than 15 years of experience in the areas of accounting, finance, administration and sales. He served as an Executive Director of CPH Ltd. from 29 December 1998 till 30 June 2011, after which he was re-designated as Non-Executive Director.

Mr Ong is responsible for strategic planning and business development and oversees the business operations of the Group.

TAN BON TAN

Executive Director

Mr Tan Bon Tan was first appointed to the Board on 20 August 2009 and was last re-elected on 30 July 2019. He has more than 15 years' experience in the installation and maintenance of computer network systems and telecommunication systems. He holds a Diploma in Electronics & Communications Engineering from the Singapore Polytechnic and a Postgraduate Certificate in Network Engineering from the Information Communication Institute of Singapore of Nanyang Technological University. Mr Tan obtained his RCDD (Registered Communication Distribution Designer) accreditation from BICSI (Building Industry Consulting Service International, Inc.), a global telecommunication association in February 2001 and is also a member of IEEE (Institute of Electrical and Electronics Engineers, Inc.). Mr Tan oversees the sales and operations of the Group's Components Distribution Division.

CHEA CHIA CHAN

Executive Director

Mr Chea Chia Chan was first appointed to the Board on 23 September 2010 and was last re-elected on 30 July 2018. He joined the Group in 2007 and was instrumental in setting up the Group's first metal service centre in Malaysia. Before joining the Group, he was the production manager of Circuits Plus (M) Sdn. Bhd. and has more than 20 years of experience in the management of a business operation. He is responsible for the day-to-day functioning of the service centre and oversees the sales and marketing operations within Malaysia.

BOARD OF DIRECTORS

CHOO TUNG KHENG

Non-Executive Director

Mdm Choo Tung Kheng was first appointed to the Board on 19 November 1999 and was last re-elected on 30 July 2018. She has more than 15 years of experience in finance and accounting with local and multi-national companies prior to her appointment as Executive Director on 21 June 2002. Mdm Choo was redesignated as the Non-Executive Director of the Company with effect from 1 July 2011. She is the Managing Director of CPH Ltd.

LEE TEONG SANG

Independent Non-Executive Director

Mr Lee Teong Sang was first appointed to the Board on 27 March 2003 and was last re-elected on 27 July 2017. He holds a Bachelor of Pharmacy Degree from the University of London and a Master of Business Administration Degree from the University of Sheffield, UK. Mr Lee has more than 30 years of working experience in banking, equity research and investor relations. He is currently the principal consultant of Cyrus Capital Consulting. Mr Lee is also the Independent Non-Executive Chairman of CPH Ltd. and a director of Cyrus Corporation Pte Ltd, Kyrus Investment Pte. Ltd. and Scent Loft Pte. Ltd.

KEY MANAGEMENT

SIM PUAY HWANG

Financial Controller

Ms Sim Puay Hwang is a member of the Institute of Singapore Chartered Accountants and a member of the Association of Chartered Certified Accountants and has more than 30 years of working experience in finance and administration. Ms Sim is responsible for the areas of financial planning and reporting and corporate services of the Group and works closely with the Company Secretaries on secretarial matters.

ONG SIEW KIM

Accounts Manager

Ms Ong Siew Kim has 30 years of working experience in the Company's subsidiary, General Electronics & Instrumentation Corporation Pte Ltd, handling accounts and administrative matters. She holds a London Chamber of Commerce and Industry higher stage group diploma in Accounting.

TAN YEAT CHEONG

Business Development Manager

Mr Tan Yeat Cheong holds a Bachelor of Science Degree from SIM University. He first joined the Group in October 2006 and underwent training in various areas of the Group's operations, including sales and corporate services. He was promoted to his current position on 18 January 2012. He is responsible for the development of the aluminium products distribution business in Malaysia and China.

Mr Tan is the son of Mdm Choo Tung Kheng, a Non-Executive Director of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Tito Shane Isaac
(Non-Executive Chairman and Independent Director)

Ong Kian Soon
(Chief Executive Officer)

Tan Bon Tan
(Executive Director)

Chea Chia Chan
(Executive Director)

Choo Tung Kheng
(Non-Executive Director)

Lee Teong Sang
(Independent Non-Executive Director)

AUDIT COMMITTEE
Tito Shane Isaac
(Chairman)
Lee Teong Sang
Choo Tung Kheng

NOMINATING COMMITTEE
Lee Teong Sang
(Chairman)
Tito Shane Isaac
Choo Tung Kheng

REMUNERATION COMMITTEE
Tito Shane Isaac
(Chairman)
Lee Teong Sang
Choo Tung Kheng

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INDEPENDENT AUDITOR
BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
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Singapore 188778
Partner-in-Charge: Ng Kian Hui
(Appointed since the financial year ended 31 March 2016)

PRINCIPAL BANKERS
United Overseas Bank Limited
Malayan Banking Berhad

SPONSOR
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16 Collyer Quay
#10-00 Income at Raffles
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COMPANY SECRETARIES
Koh Ee Koon
Koh Geok Hoon, Judy

CORPORATE GOVERNANCE REPORT

New Wave Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") recognises the importance of maintaining good corporate governance to protect the interest of shareholders and promote investors' confidence. This report describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance 2018 (the "**Code**"), and the relevant provisions in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"). The Company is substantially in compliance with the principles and provisions of the Code and any deviations are explained in this report.

BOARD MATTERS

The Board's Conduct of its Affairs

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

The principal functions of the Board, apart from its statutory responsibilities, include:

- providing entrepreneurial leadership, approving policies, setting strategies and financial objectives and monitoring the performance of Management;
- overseeing the processes for evaluating the adequacy of internal controls and the risk management system;
- approving nominations to the Board or Board committees;
- approving annual budgets, funding requirements, expansion programmes, capital investments, major acquisitions and divestments proposals, dividend policies and any substantial transactions which have a material effect on the Group;
- approving half yearly and full yearly financial results announcements, the Annual Report and other announcements;
- setting the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- considering sustainability issues as part of the Company's strategic formulation.

All Directors discharge their duties and responsibilities objectively at all times as fiduciaries in the interest of the Company. Each Director must promptly disclose any conflicts of interest, direct or indirect, in relation to any transaction or proposed transaction with the Group or with any matters discussed by the Board. Directors facing conflicts of interest must recuse themselves from further discussions and decisions involving the issue in question.

To improve management efficiency, certain functions have been delegated to the Board Committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee. Each of these Board Committees has its own terms of reference which are regularly reviewed, and its actions are reported regularly to and monitored by the Board.

Directors are provided with regular updates on changes in the relevant laws and regulations that impact the Group's operations. They are encouraged to attend workshops and seminars to enhance their skills and knowledge. In the event that new Directors are appointed, they will receive comprehensive orientation and briefings on the Group's history, business operations, policies and strategies. Newly appointed Directors will also receive formal appointment letters setting out their duties and obligations. The Company will also provide training for first-time Directors in areas such as accounting, legal and industry specific knowledge as appropriate and as prescribed under the Catalist Rules. The training of Directors will be arranged and funded by the Company. There were no new Directors appointed to the Board of Directors of the Company in the financial year ended 31 March 2020 ("**FY2020**").

CORPORATE GOVERNANCE REPORT

During FY2020, the Directors were briefed by the external auditors, BDO LLP, on the developments in financial reporting and corporate governance standards at both the half-yearly financial review meetings. The Corporate Secretaries also disseminated briefing notes and explanations on the Code of Corporate Governance (2018) and changes in the Catalist Rules.

The Board conducts regular meetings to oversee the business affairs of the Group and approve the Group's financial results announcements. There will be a minimum of two meetings each year, but ad-hoc meetings are arranged as and when necessary. The Company's Constitution also provides for telephonic and videoconference meetings.

The Board is provided with adequate and timely information to enable it to fulfil its responsibilities. Where a decision has to be made before a Board meeting, the necessary information including but not limited to financial reports are provided to the Directors in advance to enable them to make informed decisions.

At each meeting, the Directors are updated on the Group's results of operations with explanations provided for variances. They are also updated for any major changes in the environment and the markets within which the Group operates. The Directors are provided with Board papers with explanatory information where necessary, as well as an updated report of the enterprise risk management framework.

The Directors have separate and independent access to the Group's Management and the Company Secretaries at all times. At least one Company Secretary is present at all Board meetings to ensure that they are conducted in accordance with the Constitution of the Company and that the requirements of the Companies Act and the Catalist Rules have been complied with. The Company Secretaries also ensure information flows well within the Board and its Board Committees and between Management and Independent Directors. The appointment and removal of a Company Secretary is a matter for the Board as a whole. Should the Directors, whether individually or as a group, require independent professional advice, such professionals will be selected with the approval of the Board and will be appointed at the Company's expense.

The attendance of the Directors at meetings of the Board and Board Committees held in FY2020 is set out as follows:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Directors	**No. of meetings held**[1]	**No. of meetings attended**	**No. of meetings held**[1]	**No. of meetings attended**	**No. of meetings held**[1]	**No. of meetings attended**	**No. of meetings held**[1]	**No. of meetings attended**
Tito Shane Isaac	2	2	2	2	1	1	1	1
Ong Kian Soon	2	2	2	2[2]	1	1[2]	1	1[2]
Choo Tung Kheng	2	2	2	2	1	1	1	1
Tan Bon Tan	2	2	2	2[2]	1	1[2]	1	1[2]
Chea Chia Chan	2	2	2	2[2]	1	1[2]	1	1[2]
Lee Teong Sang	2	2	2	2	1	1	1	1

Notes:
(1) The number of meetings held as applicable to each individual Director.
(2) Attendance at meetings was on a "By Invitation" basis.

CORPORATE GOVERNANCE REPORT

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.

The Board currently comprises three Executive Directors, a Non-executive Director and two Independent Non-executive Directors:

Executive Directors
Ong Kian Soon – Chief Executive Officer ("CEO")
Tan Bon Tan
Chea Chia Chan

Non-executive Director
Choo Tung Kheng

Independent Non-executive Directors
Tito Shane Isaac – Chairman of the Board
Lee Teong Sang

When identifying director nominees, the Board would like to ensure a balanced combination of core competencies, knowledge, skills and experience. The current Board composition provides the following diversity of skills, experience, gender and knowledge:

Balance and Diversity of the Board

	Number of Directors	Proportion of Board (%)
Core Competencies		
– Business management or accounting	6	100
– Legal	1	17
– Industry knowledge and experience	4	67
– Investor relations	1	17
Gender		
– Male	5	83
– Female	1	17

To maintain or enhance its balance and diversity, the Nominating Committee ("**NC**") conducts an annual review to assess if the existing attributes and core competencies of the Board are complementary and contribute to the efficacy of the Board. The review also explores any possible areas of expertise that may be lacking by the Board, with a view to using such results when recommending the appointment of new Directors.

CORPORATE GOVERNANCE REPORT

Currently, the Board and its committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, and knowledge of the Company and the Group required for an effective Board. At Board and committee meetings, key issues and strategies, as well as challenges arising from the changes in the evolving competitive environment are critically examined, taking into consideration the long-term interests of the Group and its shareholders.

In light of the foregoing, although the Company does not have a written policy on board diversity, the Board nevertheless has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company. The NC will continue to assess on an annual basis the diversity of the Board and ensure that the diversity would be relevant to the business of the Group. The Board believes that the practices adopted above are consistent with the intent of Provision 2 of the Code.

There are two Independent Directors who provide the necessary balance to the Board to ensure that strategies and plans proposed by the Management of the Company are fully discussed and examined, taking into account the long-term interests of the Group. As such, the requirement of the Code (i.e. Guideline 2.1 of the Code of Corporate Governance 2012 which is still applicable until 31 December 2021) that at least one third of the Board comprises Independent Directors when the Chairman of the Board is independent, is satisfied.

The Board has three Executive Directors and three Non-executive Directors so we do not have a clear majority of Non-executive Directors as required under provision 2.3 of the Code. Nevertheless, two of our three Non-executive Directors are also Independent Directors, and this enables the Board to exercise independent judgement on corporate affairs and provide Management with a diverse and objective perspective on various issues.

The NC conducted rigorous reviews when considering the independence of each Independent Director, and took into account the examples of relationships as set out in the Code and the Catalist Rules, whether the Director has any business relationships with the Group, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement. The NC also reviews annually the independence of the Independent Directors based on Catalist Rule 406(3)(d) and the Code's definition of what constitutes an independent director and has affirmed that Mr Tito Shane Isaac and Mr Lee Teong Sang are independent, notwithstanding both Directors have served as Independent Directors for more than nine years, as explained below.

Mr Tito Shane Isaac and Mr Lee Teong Sang have served on the Board as Independent Directors for more than nine years. Both Directors concerned had sought clarification and amplification when deemed necessary, contributed constructively and demonstrated strong independence both in character and in judgement over the years when discharging their duties and responsibilities as Independent Directors of the Company and upholding the interest of the non-controlling shareholders. In arriving at the assessment above, the NC has considered specifically their length of service, contributions at Board meetings, the evaluations conducted as well as their independence declaration.

The Board is of the view that each of these two Directors, Mr Tito Shane Isaac and Mr Lee Teong Sang, brings invaluable expertise, experience and knowledge to the Board and resolved that they are independent, notwithstanding they have served on the Board for more than nine years from the date of their first appointment.

CORPORATE GOVERNANCE REPORT

The Independent Directors had met once in the absence of Executive Directors, the Non-independent Non-executive Director and key management personnel in FY2020. Where appropriate, the chairman of such meetings will provide feedback to the Board and/or Chairman.

Chairman and Chief Executive Officer ("CEO")
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.

The roles of the Chairman and the CEO are separate and distinct, with a clear division of responsibilities between the two Directors to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

As the Chairman of the Board, Mr Tito Shane Isaac is responsible for, among others, ensuring the effectiveness of the Board on all aspects of its role, ensuring that all the Directors receive complete, adequate and timely information, encourage constructive relations within the Board and between the Board and the Management, and promoting a high standard of corporate governance.

As CEO, Mr Ong Kian Soon assumes full executive responsibilities for the operational decisions of the Group.

The Chairman and the CEO are not related to each other. All the Board Committees are chaired by Independent Directors and the Code's requirement that at least one third of the Board is made up of independent directors (i.e. Guideline 2.1 of the Code of Corporate Governance 2012 which is still applicable until 31 December 2021) is also satisfied. There are, therefore, adequate accountability and safeguards to ensure an appropriate balance of power and authority for good corporate governance.

As the Chairman is a separate independent individual, there is no need for a lead independent director to be appointed.

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

The NC comprises the following Directors, the majority of whom, including the Chairman, are independent:

Lee Teong Sang – Chairman
Tito Shane Isaac – Member
Choo Tung Kheng – Member

The NC has adopted specific written terms of reference and is scheduled to meet at least once a year.

The key terms of reference which set out the role of the NC include, amongst others, the following:

- establishes an objective and transparent process for the appointment or re-election of members of the Board and of the various Board Committees (including alternate directors, if any);

CORPORATE GOVERNANCE REPORT

- evaluates and assesses the performance of the Board, Board Committees and the contribution of each Director to their performance and effectiveness;
- reviews succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- determines the independence of Directors, and
- reviews training and professional development programs for the Board.

In the event that any member of the NC has an interest in a matter being deliberated upon by the NC, he or she will abstain from participating in the review and approval process relating to that matter.

For new appointment of Directors, the NC will take into consideration the current Board size and its mix and determine if the candidate's background, knowledge, expertise and business experience will bolster the core competencies of the Board. The selected candidate must also be a person of integrity and be prepared to commit time and attention to the Company's affairs, especially if he or she is serving on multiple boards.

In identifying suitable candidates, the NC may:

1. Advertise or use the services of external consultants to facilitate the search;
2. Approach alternative sources such as the Singapore Institute of Directors; and
3. Consider candidates from a wide range of backgrounds from internal or external sources.

After shortlisting the candidates, the NC shall:

(a) consider and interview all candidates on merit against objective criteria, taking into consideration that the appointees will have sufficient time to devote to the position; and
(b) evaluate and agree on a preferred candidate for recommendation to and appointment by the Board.

The Board does not deem it necessary at present to fix a maximum number of board representations that a Director may hold as long as each of the Board member is able to commit his or her time and attention to the affairs of the Group. The Board believes that each individual Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a Director of the Company, bearing in mind his or her other commitments. The Board takes into consideration the number of other board representations, other principal commitments that these Board members hold, the size and composition of the Board and the nature, scope and size of the Group's operations to assess the capacity of the Directors. Although some of the Board members have board representations in other listed companies, the NC is satisfied that sufficient time and attention had been given by these Directors to the Group.

The Board considers the existence of relationships or circumstances, including those identified by the Code and Catalist Rules, that are relevant to determine whether a Director is independent. In addition, the NC reviews the individual Director's declaration in their assessment of independence. The NC has reviewed and confirmed that the independence of the Independent Directors is in accordance with the Code, Practice Guidance of the Code and the Catalist Rules. The Independent Directors have also confirmed their independence in accordance with the Code, Practice Guidance and Catalist Rules.

CORPORATE GOVERNANCE REPORT

All Directors are required under Article 89 of the Company's Constitution and the Catalist Rules to submit themselves for re-nomination and re-election at least once every three years. New Directors who were appointed by the Board during the year would hold office until the next annual general meeting and would be eligible for re-election. The NC reviews and recommends to the Board the re-nomination and re-election of the retiring directors. In its review, the NC will take into consideration the time and effort that each respective Director devotes to the Group's business and affairs, his/her contribution in terms of experience, business perspective, management skills, individual expertise, pro-activeness in participation at meetings and his independence, where applicable.

The NC has reviewed the Directors due for retirement and re-election and has recommended to the Board that the following Directors be nominated for re-election under the provisions of Article 89 of the Company's Constitution at the forthcoming annual general meeting:

Lee Teong Sang
Ong Kian Soon

Mr Lee Teong Sang will upon his re-appointment, remain as the Independent, Non-executive Director of the Company, the Chairman of the NC and a member of the Remuneration and Audit Committees. Mr Lee Teong Sang is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Ong Kian Soon will upon his re-appointment remain as an Executive Director and the CEO of the Company. There are no relationships (including immediate family relationships) between each of Mr Lee Teong Sang and Mr Ong Kian Soon and the other Directors, the Company and its 10% shareholders. The disclosure of information on the Directors seeking re-election can be found on pages 28 to 30 of this Annual Report.

In making the recommendation, the NC had considered the Directors' overall contribution and performance. The NC had also reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that both the Directors have adequately discharged their duties.

Key information regarding the Directors is set out below and can also be found on pages 7 and 8 of this Annual Report.

Directors	**Board Membership**	**Date of initial appointment**	**Date of last re-election**	**Directorships in other listed companies**		**Principal commitments**
				Current	**Past 3 Years**	**Current**
Tito Shane Isaac	Non-executive Chairman and Independent Director	30 August 2006	30 July 2019	CPH Ltd. and Hiap Tong Corporation Ltd.	Nil	Managing Partner at Tito Isaac & Co LLP
Ong Kian Soon	Executive Director/ Chief Executive Officer	1 July 2011	27 July 2017	CPH Ltd.	Nil	Nil
Tan Bon Tan	Executive Director	20 August 2009	30 July 2019	Nil	Nil	Nil
Chea Chia Chan	Executive Director	23 September 2010	30 July 2018	Nil	Nil	Nil
Choo Tung Kheng	Non-executive Director	19 November 1999	30 July 2018	CPH Ltd.	Nil	Managing Director of CPH Ltd.

CORPORATE GOVERNANCE REPORT

Directors	Board Membership	Date of initial appointment	Date of last re-election	Directorships in other listed companies		Principal commitments
				Current	Past 3 Years	Current
Lee Teong Sang	Independent Non-executive Director	27 March 2003	27 July 2017	CPH Ltd.	Nil	Non-executive Chairman of CPH Ltd., Principal Consultant at Cyrus Capital Consulting, Director of Cyrus Corporation Pte Ltd, Kyrus Investment Pte. Ltd. and Scent Loft Pte. Ltd.

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 Company did not use an external facilitator to perform the assessment of the Board, the Board Committees and each Director for the financial year in review. Instead, the Company has established an annual assessment procedure to evaluate the effectiveness of the Board as a whole, the Board Committees and the contribution by each Director to the effectiveness of the Board. The NC has proposed a set of performance criteria, approved by the Board, against which actual performances are measured.

The performance criteria for the Board's evaluation as a whole and the Board Committees include, *inter alia*, the Board structure, conduct of meetings, corporate strategy and planning, risk management and internal controls, recruitment and evaluation, compensation, succession planning, financial reporting and communication with shareholders.

The assessment criteria for each individual Director include, *inter alia*, attendance at board meetings and related activities, adequacy of preparation for board meetings, generation of constructive debates, maintenance of independence (where applicable), contributions to strategic or business decisions or in other areas, for instance, in finance, legal or risk management.

For the purpose of evaluating the Board's overall performance, and the performance of each of the Board Committee, each Director will complete an appraisal form for the Board and for each Board Committee, and submit these appraisals to the Chairman of the NC who will have these compiled and thereafter reports its review and findings to the Board. Each Director will also complete a self-appraisal form and submit it to the NC for its evaluation and assessment of the individual Director's contribution to the effectiveness of the Board. The results of the evaluation process will be used by the NC, in consultation with the Chairman of the Board, to effect continuing improvements on Board processes.

The NC has assessed the current Board and each Board Committee's performance to-date, as well as the performance of each individual Director and is of the view that the performance of the Board as a whole, each Board Committee, and each individual Director has been satisfactory. The Board has met its performance objectives for FY2020.

The Company does not have any alternate Directors and none of the Directors hold shares in the subsidiaries of the Company.

CORPORATE GOVERNANCE REPORT

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.

The Remuneration Committee ("RC") comprises the following Non-executive Directors, the majority of whom, including the Chairman, are independent:

Tito Shane Isaac – Chairman
Lee Teong Sang – Member
Choo Tung Kheng – Member

The RC has adopted specific written terms of reference and is scheduled to meet at least once a year.

The key terms of reference which set out the responsibilities of the RC include:

- Review and recommends to the Board a framework of remuneration and determine the appropriateness and fairness of specific remuneration packages awarded to attract, retain and motivate Executive and Non-executive Directors, the CEO and key management personnel. The recommendations should cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind;
- Consider the terms of compensation in the Directors' and the CEO's service contracts, if any, in the event of early termination with a view to be fair and avoid rewarding poor performance in the case of service contracts;
- Consider whether the Directors, CEO and key management personnel should be eligible for benefits under share-based incentives and such other long-term incentive schemes as may from time to time be implemented; and
- Consider the disclosure requirements for Directors' and top 5 key management personnel remuneration as required by the Code.

As part of its review, the RC ensures that the remuneration packages are comparable within the industry and with companies with similar business activities to ensure that the Directors and key management personnel are adequately but not excessively remunerated. The RC has also taken into consideration the Group's relative performance and the performance of individual Directors.

All revisions to the remuneration packages for Directors and key management personnel are subject to the review and approval of the Board. No Director is involved in deciding his/her own remuneration package. Directors' fees will be paid only after approval by shareholders at the annual general meeting. Where necessary, the RC will consult human resource experts on remuneration matters of Directors and key management personnel. No such remuneration consultants were engaged by the Company in FY2020.

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.

CORPORATE GOVERNANCE REPORT

The remuneration package for Executive Directors and key management personnel comprises a basic salary, allowances and a performance-related bonus linked to their respective contributions. The performance-related element of remuneration is designed to align the interests of the Executive Directors and key management personnel with those of shareholders and links rewards to corporate and individual performance. The performance related bonus is payable on the achievement of individual and corporate performance targets, such as sales targets. The RC has reviewed and is satisfied that the corporate performance targets have been met for FY2020.

Non-executive Directors receive a basic fee for their services as Directors of the Company. The RC also ensures that the remuneration of Non-executive Directors is appropriate to their level of contribution.

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

The breakdown of the remuneration packages of Directors and key management personnel for FY2020 is as follows:

	Salary	Bonus	Others	Fees	Total
	%	%	%	%	%
Directors					
Below $250,000					
Ong Kian Soon	84	7	9	–	100
Tan Bon Tan	92	8	–	–	100
Chea Chia Chan	92	8	–	–	100
Choo Tung Kheng	–	–	–	100	100
Lee Teong Sang	–	–	–	100	100
Tito Shane Isaac	–	–	–	100	100
Key management personnel					
Below $250,000					
Sim Puay Hwang	87	13	–	-	100
Ong Siew Kim	92	8	-	-	100
Tan Yeat Cheong(1)	92	8	-	-	100

Notes:
(1) Mr Tan Yeat Cheong is the son of Mdm Choo Tung Kheng, the Non-Executive Director of the Company. His aggregate remuneration was within the S$100,000 to S$200,000 band.

There were only three top key management personnel for FY2020. The Board is of the view that it would not be in the best interest of the Group to disclose the specific remuneration of each individual Director on a named basis or the aggregate total remuneration of the three top key management personnel (as recommended under

CORPORATE GOVERNANCE REPORT

Provision 8.1 of the Code) due to competitive hiring issues and the need to maintain the Group's talent pool. The Board believes that the above disclosure of the remuneration in bands of S$250,000 would provide a sufficient overview of remuneration matters.

For FY2020, there were no termination, retirement or post-employment benefits granted to Directors and key management personnel.

The Board members did not receive any share-based incentives or other long-term incentives in FY2020.

Further information on the Directors and key management personnel can be found on pages 7 and 8 of this Annual Report.

Employees who are substantial shareholders or are immediate family members of a Director, the CEO and substantial shareholder of the Company

Other than Mr Tan Yeat Cheong whose remuneration is as disclosed in the table above, Mr Tan Yeat Chun and Tan Yeat Bei, son and daughter respectively of Mdm Choo Tung Kheng, the Non-Executive Director of the Company, had each an aggregate remuneration below the S$100,000 band during FY2020.

Save as disclosed above, there were no other employees who are substantial shareholders or are immediate family members of a Director, the CEO and substantial shareholders of the Company.

Share option scheme

The Company does not have any employee share option schemes.

ACCOUNTABILITY AND AUDIT

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

The Board had assessed and decided that it would not be necessary to establish a separate Risk Management Committee to oversee the Group's risk management framework and policies. Instead, this responsibility would be assumed by the Audit Committee. The Group has established an enterprise-wide risk management framework ("ERM Framework") which is embedded in the internal controls system of the Group so as to enhance its risk management capabilities. The key risks of the Group have been identified and action plans are in place to mitigate these risks. Management will regularly review the key risks and improve the controls on the key risks and will take necessary measures to address and mitigate these risks.

On a half-yearly basis, the Audit Committee reviews the adequacy and effectiveness of the Company's internal control systems, including financial, operational, compliance and information technology controls as well as the risk management policies and systems established by the management.

CORPORATE GOVERNANCE REPORT

The Group has in place a system of internal controls and a risk management framework that addresses financial, operational, compliance and information technology risks to safeguard shareholders' investment and the Group's assets. The internal controls and the risk management framework maintained by the management are in place throughout the financial year to provide reasonable assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, compliance with appropriate legislation, regulations and best practices, and the identification and containment of business risks. The Company's external auditors had conducted a review of the effectiveness and adequacy of the Company's internal controls and risk management policies and systems and had reported to the Audit Committee of any material non-compliance or failures in internal controls, with recommendations for improvements where necessary. The Audit Committee had also reviewed the effectiveness of the actions taken by the management on the recommendations made by the external auditors.

The Board has received assurance ("**Assurance**") from:

(i) the CEO and the Financial Controller that the financial records have been properly maintained and the financial statements for the financial year ended 31 March 2020 give a true and fair view of the Company's operations and finances; and

(ii) the CEO, Financial Controller and the RO in charge of the risk management and internal control framework that in FY2020, the Company's risk management and internal control systems in place are adequate and effective in addressing the material risks in the Company in its current business environment including material financial, operational, compliance and information technology controls, and risk management systems.

Based on the Group's risk management framework and internal controls established and maintained by the Group, the assurance from the management and the work undertaken by the external auditors as part of their statutory audit, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls and risk management system is adequate and effective and that there are adequate internal controls in place to address financial, operational, compliance and information technology risks of the Group as at 31 March 2020.

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

The Audit Committee ("AC") currently comprises the following three Directors, all non-executive, the majority of whom, including the Chairman, are independent:

Tito Shane Isaac – Chairman
Lee Teong Sang – Member
Choo Tung Kheng – Member

One of the members has accounting and financial management training while the other members, being heads of their own enterprises, have many years of experience in financial management. As such, the Board considers that the AC members are appropriately qualified to discharge the responsibilities of the AC. None of the AC members were previous partners or directors of the Company's external audit firm and none of the AC members hold any financial interest in the external audit firm.

CORPORATE GOVERNANCE REPORT

The AC meets at least twice each year and plays a key role in assisting the Board to ensure the quality and integrity of the accounting reports, audit procedures, internal controls and financial practices of the Group. The external auditors are in attendance at each of these meetings and update the AC on changes to accounting standards and other issues which may have a direct impact on the financial statements. The AC has explicit authority to investigate any matter within its terms of reference, full access to management and full discretion to invite any Director or key management personnel to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC has received full co-operation from the Group's officers and management in the course of carrying out its duties.

The key terms of reference which set out the main functions of the AC include the following:

- To review the overall scope of examination of the external auditors, the audit plan and their evaluation of the Group's system of internal accounting controls;
- To review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the issuer and any announcements relating to the issuer's financial performance;
- To review on an annual basis the independence of the external auditors, recommend the appointment of the external auditors and their level of audit fees;
- To review the assurance from the CEO and Financial Controller on the financial records and financial statements.
- To review on an annual basis the adequacy and effectiveness of the Company's internal controls and risk management systems;
- To review the assistance given by management to the external auditors, and discuss problems and concerns, if any, arising from the final audits;
- To review the Group's half year and full year results announcements prior to the Board's approval;
- To review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;
- To review and comment on the independence, adequacy, effectiveness, scope and results of the external audit and the Company's internal audit function;
- To recommend to the Board on (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- To undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- 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; and
- To undertake such other functions and duties as may be required by statute or the Catalist Rules, or by such amendments as may be made thereto from time to time.

The AC, having reviewed the scope and value of the non-audit services provided to the Group by the external auditors, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC is also satisfied with the level of co-operation rendered by Management to the external auditors and the adequacy of the scope and quality of their audits.

The AC has met with the external auditors without the presence of the Management in FY2020.

CORPORATE GOVERNANCE REPORT

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

The breakdown of audit and non-audit fees paid or payable to the external auditors of the Company, BDO LLP, for their services rendered to the Group for FY2020 is as follows:

Description	Amount	Percentage (%)
Statutory audit fees	S$88,875	84.6
Non-audit fees payable in respect of tax advisory services rendered to the Group	S$16,117	15.4
Total	S$104,992	100.0

The Company is in compliance with Catalist Rules 712 and 715.

Internal Audit

The Board is of the opinion that the size of the Group's operations does not warrant the Group having a separate full-time internal audit function. Nevertheless, the Company has in place a system of internal controls that has been approved and endorsed by the AC and the Board. The Company has appointed a Risk Officer ("RO") to provide executive oversight and co-ordination of the Group's enterprise-wide risk management framework which encompasses the internal audit function. The RO reports to the Board and the AC in this role, and is independent of the operations of the Group on which he is performing his assessment of its internal control systems. The RO in its performance of the internal audit function of the Group, has unfettered access to all the issuer's documents, records, properties and personnel, including the AC, and has appropriate standing within the Group. The role of the RO is to:

- design, implement and monitor the risk management and internal control systems of the Group in accordance with Board policies on risks and controls, using effective processes and procedures;
- identify the risks relevant to the businesses of the Group and manage the risks in accordance with the risk policies and directions from the Board;
- identify changes to risks or emerging risks and promptly bring these to the attention of the Board where appropriate; and
- ensure the quality, adequacy and timeliness of the information that goes to the Board.

The AC has reviewed and is satisfied with the independence, adequacy and effectiveness of the RO's scope and the internal audit function of the Group for FY2020. The AC also ensures that the internal audit function is adequately resourced and that the RO has the appropriate standing within the Group to perform his function effectively. The AC has met with the RO without the presence of the Management in FY2020.

The AC and the Board will assess the adequacy of internal control systems maintained by the Management on a periodic basis and may commission an independent audit if it is not satisfied with the effectiveness of these internal controls.

CORPORATE GOVERNANCE REPORT

Whistle-blowing policy

The Company has formulated the guidelines for a whistle-blowing policy to provide a channel for employees of the Group to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting and other matters. The objective of the policy is to ensure that there is independent investigation of such matters and that appropriate follow up actions will be taken. The whistle-blowing policy is also extended to external parties who may voice their concerns or lodge any complaint of improprieties conducted by the staff or officers of the Company to the AC via the email address (auditcom@newwave.com.sg) indicated on the Company's website. For FY2020, no correspondences relating to the whistle-blowing reports were received.

SHAREHOLDER RIGHTS AND ENGAGEMENT

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

In line with the continuing obligations of the Group pursuant to the Catalist Rules and the Companies Act, the Board's policy is to treat all shareholders fairly and equitably and to provide them with timely information on the Group's financial performance and material developments. The Group does not practise selective disclosure. Shareholders are provided with information on the Company through public announcements via SGXNET, publications in the press where appropriate, circulars to shareholders and the annual reports.

At the annual general meeting, separate resolutions are proposed for each separate issue, unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company would include an explanation for the proposed resolution where appropriate in the notice of the general meetings.

The Board and Management together with the external auditors are present at each annual general meeting to address any queries of the attending shareholders or their proxies in respect of the conduct of audit and the preparation and content of the auditors' report. Shareholders are encouraged to attend and participate actively at these meetings and to raise questions, air their views and put in their votes for each of the resolutions tabled at the meetings. All the Directors of the Company were present at the last annual general meeting held in July 2019.

To facilitate voting by shareholders, the Company's Constitution allows a shareholder, who is not a relevant intermediary (as defined by Section 181(6) of the Companies Act), to appoint one or two proxies to attend and vote on his/her behalf at all general meetings. There is no limit imposed on the number of proxy votes for relevant intermediaries, which include entities holding capital markets services licence to provide custodial services for securities, banking corporation licensed under the Banking Act (Chapter 19) and the Central Provident Fund Board.

At its general meetings, the Company will conduct voting by poll for all resolutions. The detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced immediately after the meeting through the SGXNET.

CORPORATE GOVERNANCE REPORT

The attending Company Secretary will prepare minutes of general meetings that include relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. In the past, such minutes were made available to shareholders upon their request. The Company will also be publishing the minutes of general meetings on its corporate website and on the SGXNET as soon as practicable and within one (1) month from the date of the Company's annual general meeting for FY2020.

The Company currently does not have a fixed dividend policy. The declaration and payment of future dividends will depend upon the Group's operating results, cash flows projections and investment plans. The Company did not propose any dividend payment as the Company did not have any distributable profits for FY2020.

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 Board is mindful of the obligation, in accordance with the Catalist Rules, to keep shareholders informed of all major developments that affect the Company. Price sensitive information is publicly released via SGXNET.

Information is communicated to shareholders on a timely and non-selective basis through:

- annual reports that are prepared and issued to all shareholders within the mandatory period;
- half-year and full-year financial statements containing a summary of the financial information, analysis and detailed explanations of the performance and assessment of the Group's financial position and prospects, released via SGXNET;
- public announcements via SGXNET;
- press releases on major developments via SGXNET;
- Company's corporate website at www.newwave.com.sg at which shareholders can access information on the Group; and
- notices of shareholders' meetings advertised in a newspaper in Singapore

Shareholders may also communicate with the Company through our email address NW_IR@newwave.com.sg should they have queries or wish to convey their viewpoint.

In compliance with the Catalist Rules, the Board also provides a negative assurance statement to the shareholders in its half yearly results announcement, confirming to the best of its knowledge that nothing has come to the attention of the Board which may render the interim financial statements to be false or misleading in any material aspect.

Shareholders are encouraged to attend the annual general meetings of the Company, as part of the Company's efforts to ensure a high level of accountability to shareholders and allow shareholders to stay informed of the Company's strategies and goals. Shareholders are encouraged to put forth any questions they may have prior to or during the annual general meetings.

CORPORATE GOVERNANCE REPORT

The Company acknowledges that voting by poll in all its general meetings is integral to the enhancement of corporate governance. To ensure greater transparency, all resolutions at the Company's general meetings are put to vote by poll and the detailed results of each resolution showing the number of votes cast for and against each resolution and the respective percentages will be announced via SGXNET after the general meetings.

The Company does not have a dedicated investors' relations team and a formal investor relations policy. Instead the CEO and the corporate secretaries are responsible for the Company's communications with shareholders. However, if the need arises, the Company may engage the assistance of an external investor relations company to facilitate communications with the public. This may take the form of press releases or media briefings to allow the public to have more in-depth understanding of the Company's performance and developments. Such briefings will also act as platforms to interact with investors and analysts and to solicit their views.

MANAGING STAKEHOLDERS RELATIONSHIPS

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.

The Company has identified the key stakeholders through an annual assessment of their significance and relative impact to or by the Group's business operations. The stakeholders who could have an impact on the company's long-term sustainability and its service standards are our shareholders, employees, customers, suppliers, regulators as well as the community. In FY2020, the Company regularly engaged its the stakeholders through various formal and informal means and through different communication channels including regular meetings, telephonic discussions, induction programmes and training for employees, participation at seminars and trade shows. The Company believes that its interests are best served if the Company could carefully consider and balance the needs and interests of the material stakeholders. Information regarding the Group is also available at the corporate website at www.newwave.com.sg.

More details on the Company's approach to stakeholder engagement will be provided in the Sustainability Report which the Company will release within a month from its AGM date, i.e. by 29 October 2020, as per the automatic extension of time granted by the Singapore Exchange Regulation announced by the Company on 5 August 2020.

Dealings in Securities

In line with Catalist Rule 1204(19), the Group has adopted an internal code of conduct to provide guidance to its officers with regard to dealings in the Company's securities. The code prohibits dealing in the Company's securities by the Company, Directors and employees of the Group while in possession of unpublished price-sensitive information and during the period commencing one (1) month before the announcement of the Company's half year and full year financial results and ending on the date of the announcement of the results. Directors and officers of the Company are also not allowed to deal in the Company's securities on short-term considerations. The Directors and officers are also required to adhere to the provisions of the Companies Act and any other relevant regulations with regard to their securities transactions. Directors and officers are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading periods.

CORPORATE GOVERNANCE REPORT

The Board confirms that for FY2020, the Group has complied with Catalist Rule 1204(19).

Material Contracts

There were no material contracts of the Company or its subsidiaries involving the interest of the CEO, any Director or controlling shareholder, either still subsisting as at 31 March 2020 or if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions

The Company does not have a general shareholders' mandate for interested person transactions pursuant to Catalist Rule 920. The Board confirms that there were no interested person transactions conducted during FY2020 (excluding transactions less than S$100,000).

Non-sponsorship Fees

In compliance with Catalist Rule 1204(21), there were no non-sponsorship fees paid or payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2020.

Update on Use of Placement Proceeds

On 21 December 2015, the Company issued 150 million shares by way of a private placement and the net proceeds after deducting share issue expenses amounted to approximately S$1.34 million ("Placement Proceeds").

As announced in its Full Year Results announcement, all Placement Proceeds have been fully utilised during FY2020.

Sustainability Report

The Company acknowledges the importance of sustainability risks in today's business environment and is in the process of implementing appropriate policies and procedures to address such risks. The Group has identified its material environment, social and governance (ESG) factors and they are economic performance, procurement practices, anti-corruption, energy conservation, waste management, diversity and equal opportunity for its employment practices, occupational health and safety, corporate governance, enterprise risk management and business ethics. The Company will publish its Sustainability Report for FY2020 by 29 October 2020.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Lee Teong Sang and Mr Ong Kian Soon are the Directors seeking re-election at the Company's forthcoming Annual General Meeting ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the following is the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules:

	MR LEE TEONG SANG	MR ONG KIAN SOON
Date of Appointment	27 March 2003	1 July 2011
Date of Last Re-appointment (if applicable)	27 July 2017	27 July 2017
Age	61 years	65 years
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company having considered, among others, the recommendation of the Nominating Committee ("**NC**") and having reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Lee Teong Sang ("**Mr Lee**") for re-appointment as Independent Non-Executive Director. The Board has reviewed and concluded that Mr Lee possesses the experience, expertise, knowledge and skills to continue to contribute towards the core competencies of the Board.	The Board of Directors of the Company having considered, among others, the recommendation of the NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Ong Kian Soon ("**Mr Ong**") for re-appointment as an Executive Director of the Company. The Board has reviewed and concluded that Mr Ong possesses the experience, expertise, knowledge and skills to continue to contribute towards the business operations of the Group.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees	Executive Director/Chief Executive Officer of the Company

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR LEE TEONG SANG	MR ONG KIAN SOON
Professional qualifications	Master of Business Administration Degree from the University of Sheffield, UK Bachelor of Pharmacy Degree from the University of London	Bachelor of Commerce (Accountancy) Degree from Nanyang University, Singapore
Working experience and occupation(s) during the past 10 years	April 1999 to Present: Principal Consultant of Cyrus Capital Consulting May 2011 to Present: Director of Kyrus Investment Pte. Ltd.	Dec 1998 to June 2011: Executive Director of CPH Ltd. July 2011 to Present: Chief Executive Officer of New Wave Holdings Ltd.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Direct Interest: 31,180,000 shares (1.8%)
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	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR LEE TEONG SANG	MR ONG KIAN SOON
Other Principal Commitments Including Directorships		
Other Directorships for the past 5 years	Nil	Circuits Plus (Asiatic) Pte Ltd
Other Present Directorships	CPH Ltd. Cyrus Corporation Pte Ltd Kyrus Investment Pte. Ltd. Scent Loft Pte. Ltd.	CPH Ltd. Circuits Plus Pte Ltd Circuits Plus (M) Sdn Bhd CP Lifestyle Pte. Ltd. Joy Garden Restaurant Pte Ltd Eplus Technologies Pte Ltd Eplus Technologies Sdn. Bhd. General Electronics & Instrumentation Corporation Private Limited Manufacturing Network Pte Ltd MNPL Aluminium Centre Sdn Bhd MNPL Investments Pte. Ltd. MNPL Metals Co., Ltd. MSC Aluminium Holdings Pte. Ltd. Twin Metal Service Centre Sdn. Bhd. Twin Metal (Penang) Sdn. Bhd. Alutech Metals Asiatic Pte. Ltd. Alutech Metals Co., Ltd.
Other Principal Commitments	Principal Consultant at Cyrus Capital Consulting	–

Mr Lee Teong Sang and Mr Ong Kian Soon have provided negative confirmation on items (a) to (k) of Appendix 7F to the Catalist Rules.

DIRECTORS' STATEMENT

The Directors of New Wave Holdings Ltd. (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2020 and the statement of financial position of the Company as at 31 March 2020 and the statement of changes in equity of the Company for the financial year ended 31 March 2020.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the 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; and

(b) 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.

2. Directors

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

Chea Chia Chan
Choo Tung Kheng
Lee Teong Sang
Ong Kian Soon
Tan Bon Tan
Tito Shane Isaac

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporation 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 Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance as at 1.4.2019	Balance as at 31.3.2020	Balance as at 1.4.2019	Balance as at 31.3.2020
The Company	Number of ordinary shares			
Chea Chia Chan	19,500,000	**19,500,000**	–	**–**
Choo Tung Kheng	196,314,197	**196,314,197**	176,378,000	**176,378,000**
Ong Kian Soon	31,180,000	**31,180,000**	–	**–**
Tan Bon Tan	23,175,000	**23,175,000**	2,500	**2,500**

By virtue of Section 7 of the Act, Mdm Choo Tung Kheng is deemed to have an interest in all related corporations of the Company. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 April 2020 in the shares of the Company have not changed from those disclosed as at 31 March 2020.

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

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

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

DIRECTORS' STATEMENT

6. Audit committee

The audit committee of the Company is chaired by Tito Shane Isaac, an Independent Director, and includes Lee Teong Sang, an Independent Director, and Choo Tung Kheng, a Non-Executive Director. The audit committee has met twice since the last Annual General Meeting ("AGM") and has carried out its functions in accordance with Section 201B(5) of the Companies Act, Chapter 50, including reviewing the following, where relevant, with the executive Directors and external auditor of the Company:

(a) the audit plan of the external auditor and the results of the auditor's examination and evaluation of the Group's systems of internal accounting controls relevant to the preparation of the Group's financial statements;

(b) the Company's and the Group's financial and operating results and accounting policies;

(c) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;

(d) the half-yearly and annual announcements of the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by the management to the Company's external auditor; and

(f) the re-appointment of the external auditor of the Company.

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external auditor has unrestricted access to the audit committee.

The audit committee has recommended to the Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

DIRECTORS' STATEMENT

7. Independent auditor

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

On behalf of the Board of Directors

Ong Kian Soon
Director

Choo Tung Kheng
Director

Singapore
4 September 2020

TO THE MEMBERS OF NEW WAVE HOLDINGS LTD.

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of New Wave Holdings Ltd (the "Company") and its subsidiaries (the "Group"), as set out on pages 41 to 113, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2020;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows of the Group, and statement of changes in equity of the Company for the 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 the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2020, and of its consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

TO THE MEMBERS OF NEW WAVE HOLDINGS LTD.

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements (Continued)

1 Net realisable value of inventories

Key Audit Matter

As at 31 March 2020, the inventories of the Group amounted to $8,291,259, which represents 33% of the total assets of the Group, and is one of the significant balances on the consolidated statement of financial position.

Inventories of the Group, which comprise aluminium products and component parts, are carried at lower of cost and net realisable value. Inventories may be written down to net realisable value if they are slow-moving, became obsolete, or if their selling prices have declined. As the aluminium market conditions continue to be challenging and competitive, there is a risk that net realisable values of the Group's inventories may be below cost, resulting in the overstatement of inventories.

During the financial year, the Group has written down inventories of $79,227 pursuant to a review of the net realisable value of the inventories.

We determined the net realisable value of inventories as a key audit matter as the carrying amount of the Group's inventories are of a significant amount and significant management judgement is involved in identifying inventories that may be carried above their realisable value and estimating their net realisable values, including management's assessment of the selling prices and demand of the Group's inventories.

Related Disclosures

Refer to notes 2.8, 3.2(ii) and 10 of the accompanying financial statements.

Audit Response

Our procedures included, amongst others, the following:

- We evaluated the process undertaken by management to identify inventories that may have to be written down to net realisable value, including obsolete and slow-moving inventories.

- We held discussions with management to understand the basis surrounding the write down of inventories.

- We assessed the appropriateness of management's estimation of the net realisable value of the inventories by checking, on a sample-basis, to actual sales subsequent to the financial year.

- For aged inventories with no recent sales activity, we evaluated the reasonableness of management's basis where no write-down was made, including an assessment of the estimated scrap prices of those inventories and by comparing to market data.

TO THE MEMBERS OF NEW WAVE HOLDINGS LTD.

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements (Continued)

2 Impairment assessment of intangible assets

Key Audit Matter

As at 31 March 2020, the carrying amount of the Group's intangible assets was $1,939,995, which consist of goodwill and customer relationship amounting to $802,332 and $1,137,663 respectively. Management has allocated these intangible assets to the two cash-generating units ("CGUs"), as disclosed in Note 8 to the financial statements.

In accordance with SFRS(I) 1-36 Impairment of Assets, the Group is required to assess goodwill for impairment annually, or more frequently if there are indicators that these assets may be impaired. Customer relationships are assessed for impairment when there is an indication that the asset may be impaired.

In carrying out the annual impairment assessment of the CGU, management applies the value-in-use (discounted cash flow) method to determine the recoverable amount of the CGU. Any shortfall of the recoverable amounts against the carrying amounts would be recognised as impairment losses.

Management's determination of the recoverable amount is based on the estimation of the value-in-use by forecasting the present value of the expected future cash flows to be derived from the CGUs. Following management's assessment, impairment loss of S$192,572 for goodwill allocated to the Alutech Group was recognised during the financial year.

We have assessed this to be a key audit matter as the recoverable amount determined using the value-in-use method involves significant judgements and estimation by management on the key assumptions such as projected revenue growth rates, gross profit margins and discount rates applied to future cash flows forecasts which may be affected by future market and economic conditions.

Related Disclosures

Refer to notes 2.6, 3.2(iv) and 8 of the accompanying financial statements.

Audit Response

Our procedures included, amongst others, the following:

- We evaluated management's processes in estimating the recoverable amount of the CGU to determine if any impairment of the intangible assets was necessary, and checked the mathematical accuracy of the discounted cash flow model, taking into consideration the current economic and business environment, which are affected by COVID-19, including comparing the revenue growth rate against historical performance and terminal growth rates against market data.

- We assessed and challenged the key assumptions and estimates used to determine the recoverable amount, including those relating to discount rates, growth rates and expected changes to selling prices and direct costs during the period, by corroborating the key market-related assumptions to external market and industry and historical customer data.

TO THE MEMBERS OF NEW WAVE HOLDINGS LTD.

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements (Continued)

2 Impairment assessment of intangible assets (Continued)

Audit Response (Continued)

- We stress-tested the key assumptions used by analysing the impact on the recoverable amount from reasonable possible changes to the projected growth rates, gross profit margins and discount rates.

- We performed sensitivity analysis around the key assumptions, including the revenue growth rate, discount rate and terminal growth rate, used in cash flow forecasts.

- We assessed the adequacy of the disclosure in the financial statements with respect to the impairment assessment.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements (Continued)

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.

TO THE MEMBERS OF NEW WAVE HOLDINGS LTD.

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements (Continued)

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Kian Hui.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
4 September 2020

AS AT 31 MARCH 2020

STATEMENTS OF FINANCIAL POSITION

	Note	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
Non-current assets					
Property, plant and equipment	4	**2,307,089**	2,605,878	**775**	1,264
Investment properties	6	**5,320,000**	5,320,000	**–**	–
Investments in subsidiaries	7	**–**	–	**19,732,853**	19,732,853
Intangible assets	8	**1,939,995**	2,511,676	**–**	–
Right-of-use assets	5	**800,839**	–	**–**	–
Deferred tax asset	9	**36,000**	36,000	**–**	–
		10,403,923	10,473,554	**19,733,628**	19,734,117
Current assets					
Inventories	10	**8,291,259**	10,279,380	**–**	–
Trade and other receivables	11	**4,200,828**	4,004,078	**6,654,117**	7,059,920
Prepayments		**667,293**	160,729	**9,409**	9,485
Cash and cash equivalents	12	**1,366,617**	2,089,864	**116,364**	421,195
Current income tax recoverable		**197,541**	224,230	**–**	–
		14,723,538	16,758,281	**6,779,890**	7,490,600
Less:					
Current liabilities					
Trade and other payables	13	**3,264,588**	3,045,606	**3,247,775**	3,207,122
Lease liabilities	14	**275,131**	–	**–**	–
Interest-bearing liabilities	15	**2,217,359**	3,337,842	**–**	–
Current income tax payable		**357**	3,725	**–**	–
		5,757,435	6,387,173	**3,247,775**	3,207,122
Net current assets		**8,966,103**	10,371,108	**3,532,115**	4,283,478
Less:					
Non-current liabilities					
Deferred tax liabilities	9	**277,052**	366,128	**–**	–
Lease liabilities	14	**509,761**	–	**–**	–
Interest-bearing liabilities	15	**1,330,391**	971,021	**–**	–
		2,117,204	1,337,149	**–**	–
Net assets		**17,252,822**	19,507,513	**23,265,743**	24,017,595
Equity					
Share capital	16	**27,459,753**	27,459,753	**27,459,753**	27,459,753
Asset revaluation reserve	17	**314,842**	314,842	**–**	–
Share-based payment reserve	18	**31,000**	31,000	**31,000**	31,000
Foreign currency translation reserve	19	**(1,574,077)**	(1,505,507)	**–**	–
Accumulated losses		**(8,901,606)**	(6,763,525)	**(4,225,010)**	(3,473,158)
Equity attributable to owners of the parent		**17,329,912**	19,536,563	**23,265,743**	24,017,595
Non-controlling interest		**(77,090)**	(29,050)	**–**	–
Total equity		**17,252,822**	19,507,513	**23,265,743**	24,017,595

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2020	2019
		$	$
Revenue	20	**14,140,110**	17,202,307
Cost of sales		**(11,162,119)**	(13,320,730)
Gross profit		**2,977,991**	3,881,577
Other items of income			
Interest income from deposits with banks		**8,856**	15,891
Other income	21	**159,136**	129,581
Other items of expense			
Distribution costs		**(344,491)**	(491,444)
Administrative expenses		**(3,553,217)**	(3,870,445)
Finance costs	22	**(166,246)**	(210,323)
Loss allowance for trade receivables	11	**(21,495)**	(93,484)
Other expenses		**(1,292,998)**	(773,364)
Loss before income tax	23	**(2,232,464)**	(1,412,011)
Income tax expense	24	**46,343**	(111,185)
Loss for the financial year		**(2,186,121)**	(1,523,196)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(68,570)**	(337,538)
Total comprehensive income for the financial year		**(2,254,691)**	(1,860,734)
Loss attributable to:			
Owners of the parent		**(2,138,081)**	(1,480,857)
Non-controlling interest		**(48,040)**	(42,339)
		(2,186,121)	(1,523,196)
Total comprehensive income attributable to:			
Owners of the parent		**(2,206,651)**	(1,818,395)
Non-controlling interest		**(48,040)**	(42,339)
		(2,254,691)	(1,860,734)
Loss per share (Cents)			
– Basic and diluted	25	**(0.12)**	(0.09)

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Asset revaluation reserve	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	Equity attributable to owners of the parent	Non-controlling interest	Total equity
	$	$	$	$	$	$	$	$
Group								
Balance as at 1.4.2019	27,459,753	314,842	31,000	(1,505,507)	(6,763,525)	19,536,563	(29,050)	19,507,513
Loss for the financial year	–	–	–	–	(2,138,081)	(2,138,081)	(48,040)	(2,186,121)
Other comprehensive income for the financial year								
Exchange differences on translating foreign operations	–	–	–	(68,570)	–	(68,570)	–	(68,570)
Total comprehensive income for the financial year	–	–	–	(68,570)	(2,138,081)	(2,206,651)	(48,040)	(2,254,691)
Balance as at 31.3.2020	**27,459,753**	**314,842**	**31,000**	**(1,574,077)**	**(8,901,606)**	**17,329,912**	**(77,090)**	**17,252,822**

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital $	Asset revaluation reserve $	Share-based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Equity attributable to owners of the parent $	Non-controlling interest $	Total equity $
Group								
Balance as at 1.4.2018	26,088,313	314,842	31,000	(1,167,969)	(5,282,668)	19,983,518	–	19,983,518
Issue of shares, net of issue expenses	1,371,440	–	–	–	–	1,371,440	–	1,371,440
Non-controlling interest	–	–	–	–	–	–	13,289	13,289
Loss for the financial year	–	–	–	–	(1,480,857)	(1,480,857)	(42,339)	(1,523,196)
Other comprehensive income for the financial year								
Exchange differences on translating foreign operations	–	–	–	(337,538)	–	(337,538)	–	(337,538)
Total comprehensive income for the financial year	–	–	–	(337,538)	(1,480,857)	(1,818,395)	(42,339)	(1,860,734)
Balance as at 31.3.2019	27,459,753	314,842	31,000	(1,505,507)	(6,763,525)	19,536,563	(29,050)	19,507,513

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share-based payment reserve	Accumulated losses	Total equity
	$	$	$	$
Company				
Balance as at 1.4.2019	27,459,753	31,000	(3,473,158)	24,017,595
Loss for the financial year, representing total comprehensive income for the financial year	–	–	(751,852)	(751,852)
Balance as at 31.3.2020	**27,459,753**	**31,000**	**(4,225,010)**	**23,265,743**
Balance as at 1.4.2018	26,088,313	31,000	(2,723,181)	23,396,132
Issue of shares, net of issue expenses	1,371,440	–	–	1,371,440
Loss for the financial year, representing total comprehensive income for the financial year	–	–	(749,977)	(749,977)
Balance as at 31.3.2019	27,459,753	31,000	(3,473,158)	24,017,595

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

	2020 $	2019 $
Operating activities		
Loss before income tax	**(2,232,464)**	(1,412,011)
Adjustments for:		
Allowance for impairment of trade receivables	**21,495**	93,484
Impairment of intangible assets	**192,572**	–
Amortisation of intangible assets	**379,109**	379,108
Bad trade receivables written off	**–**	121
Amortisation of right-of-use assets	**349,070**	–
Depreciation of property, plant and equipment	**177,999**	243,951
Gain on disposal of plant and equipment	**(6,000)**	(11,507)
Interest expense	**166,246**	210,323
Interest income	**(8,856)**	(15,891)
Plant and equipment written off	**586**	32
Write back of allowance for impairment of trade receivables no longer required	**(27,541)**	(1,117)
Write down of inventories	**79,227**	50,934
Operating cash flows before working capital changes	**(908,557)**	(462,573)
Working capital changes:		
Inventories	**1,863,740**	(1,761,683)
Trade and other receivables	**(216,821)**	1,379,373
Trade and other payables	**226,724**	(385,444)
Prepayments	**(496,583)**	(21,060)
Cash used in operations	**468,503**	(1,251,387)
Interest received	**8,856**	15,891
Interest paid	**(166,246)**	(210,323)
Income taxes paid, net	**(21,440)**	(398,792)
Net cash from/(used in) operating activities	**289,673**	(1,844,611)
Investing activities		
Net cash outflow from acquisition of subsidiaries (Note 7)	**–**	(528,033)
Proceeds from disposal of property, plant and equipment	**6,000**	20,975
Purchase of property, plant and equipment (Note 4)	**(39,644)**	(154,437)
Addition of right-of-use assets (Note 5)	**(1,978)**	–
Net cash used in investing activities	**(35,622)**	(661,495)
Financing activities		
Proceeds from trust receipts (Note A)	**5,684,417**	10,399,183
Repayment of trust receipts (Note A)	**(6,345,031)**	(10,392,553)
Contribution by non-controlling interests in subsidiary – TMP (Note 7)	**–**	13,289
Proceeds from term loan (Note A)	**600,000**	–
Repayment of term loan (Note A)	**(43,498)**	(42,026)
Repayment of finance lease obligations (Note A)	**–**	(42,953)
Repayments of lease liabilities (Note A)	**(333,820)**	–
Net cash used in financing activities	**(437,932)**	(65,060)
Net change in cash and cash equivalents	**(183,881)**	(2,571,166)
Cash and cash equivalents as at the beginning of the financial year	**1,549,576**	4,159,525
Effects of currency translation on cash and cash equivalents	**(10,583)**	(38,783)
Cash and cash equivalents as at the end of the financial year (Note 12)	**1,355,112**	1,549,576

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

Note A: Reconciliation of liabilities arising from financing activities

			← Non-cash changes →			
	1 April 2019	**Financing cash flows**	**Foreign exchange differences**	**Additions of right-of-use assets**	**Adoption of SFRS (I) 16**	**31 March 2020**
	$	**$**	**$**	**$**	**$**	**$**
Trust receipts (Note 15)	2,708,457	(660,614)	(5,648)	–	–	**2,042,195**
Term loan (Note 15)	946,794	556,502	(9,246)	–	–	**1,494,050**
Lease liabilities (Note 14)	113,324	(333,820)	8,461	135,372	861,555	**784,892**
	3,768,575	(437,932)	(6,433)	135,372	861,555	**4,321,137**

			← Non-cash changes →		
	31 March 2018	**Financing cash flows**	**Foreign exchange differences**	**Additions of plant and equipment under finance leases**	**31 March 2019**
	$	**$**	**$**	**$**	**$**
Trust receipts (Note 15)	2,709,388	6,630	(7,561)	–	2,708,457
Term loan (Note 15)	1,012,203	(42,026)	(23,383)	–	946,794
Finance lease (Note 15)	124,081	(42,953)	(484)	32,680	113,324
	3,845,672	(78,349)	(31,428)	32,680	3,768,575

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS

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

1. General corporate information

New Wave Holdings Ltd. (the "Company") is a public company limited by shares, incorporated and domiciled in the Republic of Singapore with its registered office and principal place of business at 101 Kitchener Road, #02-17 Jalan Besar Plaza, Singapore 208511. The Company's registration number is 199906870Z. The Company is listed on Catalist of the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related SFRS(I) Interpretations ("SFRS(I)s INTs") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each entity in the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("$") which is the functional and presentation currency of the Company and the presentation currency for the consolidated financial statements.

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

New standards, amendments and interpretations effective from 1 April 2019

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

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

New standards, amendments and interpretations effective from 1 April 2019 (Continued)

SFRS(I) 16 Leases

SFRS(I) 16 superseded SFRS(I) 1-17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessee to capitalise all leases on the statement of financial position by recognising a "right-of-use" asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently the right-of-use assets will be amortised and the lease liabilities will be measured at amortised cost. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16.

The Group applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening retained earnings as at 1 April 2019 (the "date of initial application"). The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under SFRS(I) 1-17 and were not reassessed. The definition of lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 April 2019.

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedient:

- For the purpose of measuring the right-of-use asset, hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as lease terms) based on circumstances on or after the lease commencement date.

As a lessee, the Group previously classified leases as finance or operating lease based on its assessment whether the lease transferred substantially all the risks and rewards of ownership. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most leases. For those low-value assets based on the value of the underlying asset, the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

On adoption of SFRS(I) 16; the Group recognised right-of-use assets and lease liabilities in relation to the office, hostel and factory premises and office equipment which had previously been classified as operating leases.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

New standards, amendments and interpretations effective from 1 April 2019 (Continued)

SFRS(I) 16 Leases (Continued)

Lease liabilities from operating leases under the principles of SFRS(I) 1-17 were measured at the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate as at 1 April 2019. The weighted average incremental borrowing rate applied to lease liabilities on 1 April 2019 was 3.5%.

The right-of-use assets were measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the assets acquired under finance leases and finance lease liabilities at the date of initial application shall be the carrying amount of the right-of-use assets and lease liabilities as at 31 March 2019. Consequently, certain plant, machinery and equipment are reclassified and presented under right-of-use assets (Note 5) at the date of initial application.

The effect of adoption SFRS(I) 16 as at 1 April 2019 was as follows:

	Group Increase/ (Decrease) $
Assets	
Right-of-use assets	1,018,065
Property, plant and equipment	(156,510)
Liabilities	
Lease liabilities	974,879
Interest bearing liabilities	(113,324)

The aggregate lease liabilities recognised in the statement of financial position as at 1 April 2019 and the Group's operating lease commitment as at 31 March 2019 can be reconciled as follows:

	Group $
Operating lease commitment as at 31 March 2019 (Note 26)	200,814
Less: Effect of low value leases	(1,301)
Add: Effect of extension options reasonably certain to be exercised	708,042
	907,555
Effect of discounting using the incremental borrowing rate as at date of initial application	(46,000)
Lease liabilities as at 1 April 2019	861,555
Add: Interest bearing liabilities recognised at 31 March 2019	113,324
Lease liabilities as at 1 April 2019	974,879

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

SFRS(I)s and SFRS(I)s INT issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the following SFRS(I)s and SFRS(I)s INT that have been issued but are not yet effective:

			Effective date (annual periods beginning on or after)
SFRS(I) 1-1 and SFRS(I) 1-8 (Amendments)	:	*Definition of Material*	1 January 2020
SFRS(I) 1-1 (Amendments)	:	*Classification of Liabilities as Current or Non-current*	1 January 2023
SFRS(I) 1-16 (Amendments)	:	*Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
SFRS(I) 1-37 (Amendments)	:	*Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
SFRS(I) 3 (Amendments)	:	*Definition of a Business*	1 January 2020
SFRS(I) 3 (Amendments)	:	*References to the Conceptual Framework*	1 January 2022
SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 (Amendments)	:	Interest Rate Benchmark Reform	1 January 2020
SFRS(I) 16 (Amendments)	:	Covid-19-Related Rent Concessions	1 June 2020
SFRS(I) 17	:	*Insurance Contracts*	1 January 2021
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	:	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
Various amendments	:	*References to the Conceptual Framework in SFRS(I) Standards, Illustrative Examples, Implementation Guidance and SFRS(I) Practice Statements*	1 January 2020
Various amendments	:	*Annual Improvements to SFRS(I)s 2018 – 2020*	1 January 2022

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group and the Company expect that the adoption of the above SFRS(I) in future periods, if applicable, will have no material impact on the financial statements of the Group and the Company in the period of initial adoption.

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control over the investee and cease from consolidation when the control is lost. Control is reassessed whenever the facts and circumstances indicate that they may be a change in the elements of control.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

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

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

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

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the property, plant and equipment when it is probable that the future economic benefits, in excess of the standard of performance of the property, plant and equipment before the expenditure was made, will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation is calculated on the straight-line method so as to allocate the depreciable amount of the property, plant and equipment over their estimated useful lives as follows:

	Years
Plant and machinery	5 – 10
Office equipment	3 – 10
Furniture, fittings and renovation	3 – 10
Motor vehicles	4 – 5
Computer equipment and accessories	3 – 5
Buildings	50

Freehold land has an unlimited useful life and therefore is not depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful life, residual values and depreciation method are reviewed, and adjusted as appropriate, at the end of each financial year.

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

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to accumulated profits directly.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.5 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at their cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the financial year in which they arise.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

2.6 Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of gain or loss on disposal.

2. Summary of significant accounting policies (Continued)

2.6 Intangible assets (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination is identified and recognised separately from goodwill if the asset and its fair value can be measured reliably. The cost of such intangible asset is its fair value as at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination relates to customer relationships with finite useful life and is amortised on a straight-line method over the estimated useful life of 7 to 10 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at the end of each financial year. The effects of any revisions are recognised in profit or loss when the changes arise.

2.7 Impairment of non-financial assets excluding goodwill

At the end of each financial year, the Group reviews the carrying amounts of 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.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its 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 treated as a revaluation decrease.

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

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Aluminium products distribution

Cost of inventories under this segment is determined on the "first-in, first-out" basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Components distribution

Cost of inventories under this segment is determined on the "weighted average" basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made for obsolete, slow-moving and defective inventories.

2.9 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group or the Company becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets into amortised cost in accordance to the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost (Continued)

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the provision matrix to determine the lifetime expected credit losses. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding advance payments to suppliers and goods and services tax ("GST")/value-added tax ("VAT") recoverable) and cash and cash equivalents in the consolidated statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

The Group classifies its financial liabilities as subsequently measured at amortised costs.

Trade and other payables

Trade and other payables (excluding deferred grant income, deposits received from customers, accrued unutilised leave, GST payables and advance billings) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing liabilities

Interest-bearing liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.17).

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial guarantee contracts (Continued)

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

(a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

(b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits with financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents also includes bank overdrafts. In the consolidated statement of financial position, bank overdrafts are presented within interest-bearing liabilities.

2.11 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both. Most of the Group's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

Sale of goods

The Group is involved in the supply of aluminium products and components. The revenue is recognised at a point in time when control of the goods is transferred to the customers. This is generally when the goods are delivered to the customers. For overseas sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.11 Revenue recognition (Continued)

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

2.12 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. Government grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

2.13 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.14 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the financial year.

2.15 Share-based payments

The fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.16 Leases

Accounting policy after 1 April 2019

As lessor

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

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

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

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

As lessee

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

- leases of low value assets; and
- leases with a duration of twelve months or less.

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

Initial measurement

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

2. Summary of significant accounting policies (Continued)

2.16 Leases (Continued)

Accounting policy after 1 April 2019 (Continued)

As lessee (Continued)

Initial measurement (Continued)

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group and the Company if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

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

Subsequent measurement

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

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.7 to the financial statements.

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

2. Summary of significant accounting policies (Continued)

2.16 Leases (Continued)

Accounting policy after 1 April 2019 (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

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

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

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

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

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

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group and the Company has elected to account for the entire contract as a lease. The Group and the Company does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.16 Leases (Continued)

Accounting policy prior to 1 April 2019

When the Group is the lessee

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

When the Group is the lessor

Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.17 Borrowing costs

Borrowing costs are recognised as an expense in profit or loss in the financial year in which they are incurred using the effective interest method.

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.18 Taxes

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

Current income tax

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

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

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

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

2. Summary of significant accounting policies (Continued)

2.18 Taxes (Continued)

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

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

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

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

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

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

2.19 Foreign currency transactions and translation

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (Continued)

2.19 Foreign currency transactions and translation (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve.

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.

On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that operation is reclassified to profit or loss.

Goodwill and 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.

2.20 Segment reporting

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements made in applying the accounting policies

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

Impairment of investments in subsidiaries

The Group and the Company follow the guidance of SFRS(I) 1-36 in determining when an investment in subsidiary is impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the recoverable amount of an investment in subsidiary is less than its carrying amount and the financial health of and near-term business outlook for the investment including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

3.2 Key sources of estimation uncertainty

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

(i) Fair value of investment properties

The investment properties were stated at fair value in accordance with the accounting policy stated in Note 2.5 to the financial statements. The fair value of the investment properties is determined by a firm of independent professional valuers and the fair value of investment properties as at 31 March 2020 was $5,320,000 (31 March 2019: $5,320,000).

In making the judgements, consideration has been given to assumptions that are mainly based on market conditions existing at the end of the financial year. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(ii) Allowance for inventories obsolescence

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the "first-in, first-out" and "weighted average" method. The management estimates the net realisable value of inventories based on assessment of receipt of committed sales prices and provides for obsolete inventories based on historical usage, estimated future demand and related pricing. In determining inventories obsolescence, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories.

The carrying amount of the Group's inventories as at 31 March 2020 was $8,291,259 (31 March 2019: $10,279,380) and the write down of inventories made during the financial year was $79,227 (2019: $50,934).

(iii) Loss allowance for impairment of trade and other receivables

Management determines the expected loss arising from default for trade receivables by categorising them based on its historical loss pattern, historical payment profile, geographical risk as well as credit risk profile of customer. A loss allowance amounted to $51,462 was recognised as at 31 March 2020 (31 March 2019: S$97,538).

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. There is no customer in financial difficulties during the financial year.

Other receivables from subsidiaries

Management determines whether there is significant increase in credit risk of these subsidiaries since initial recognition. Management considers various operating performance ratios as well as liquidity ratios of these subsidiaries. There is no significant increase in credit risk as at 31 March 2020.

The carrying amounts of the trade and other receivables are disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iv) Impairment of intangible assets – goodwill and customer relationships

Management performs impairment test on goodwill on an annual basis and when there is indication that they may be impaired. Customer relationships are assessed for impairment when there is indication that they may be impaired. The process of evaluating the potential impairment of goodwill and customer relationships is subjective and requires significant judgement. Management estimates the recoverable amount based on the expected future cash flows from the cash generating units to which the goodwill, and customer relationships belong. The carrying values of the cash generating units are then compared against the recoverable amounts. Any excess of the carrying values over the recoverable amounts determined using the value-in-use method are recognised as impairment loss in profit or loss.

The carrying amounts of intangible assets of the Group as at 31 March 2020 were approximately $1,939,995 (31 March 2019: $2,511,676) respectively.

(v) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The incremental borrowing rate applied to lease liabilities as at 31 March 2020 ranged from 2.3% to 5%. As at 31 March 2020, the carrying amount of the Group's lease liabilities amounted to $784,892.

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS

4. **Property, plant and equipment**

	Plant and machinery $	Office equipment $	Furniture, fittings and renovation $	Motor vehicles $	Computer equipment and accessories $	Buildings $	Freehold land $	Total $
Group								
Cost								
Balance as at 1.4.2019	865,842	101,928	217,288	540,725	396,272	1,814,945	743,551	4,680,551
Adoption of SFRS (I) 16								
Reclassified to Right-of-use assets (Note 5)	(18,820)	(21,888)	–	(275,825)	–	–	–	(316,533)
Balance as at 1.4.2019	847,022	80,040	217,288	264,900	396,272	1,814,945	743,551	4,364,018
Additions	5,859	1,628	1,670	2,143	28,344	–	–	39,644
Disposals	–	–	–	–	(14,470)	–	–	(14,470)
Written-off	(297)	(830)	(659)	–	(280)	–	–	(2,066)
Foreign currency translation differences	(2,975)	(217)	(1,523)	(512)	(693)	(7,285)	(7,338)	(20,543)
Reclassified from Right-of-use assets (Note 5)	–	21,888	–	29,870	–	–	–	51,758
Balance as at 31.3.2020	**849,609**	**102,509**	**216,776**	**296,401**	**409,173**	**1,807,660**	**736,213**	**4,418,341**

4. Property, plant and equipment (Continued)

	Plant and machinery $	Office equipment $	Furniture, fittings and renovation $	Motor vehicles $	Computer equipment and accessories $	Buildings $	Freehold land $	Total $
Group								
Accumulated depreciation								
Balance as at 1.4.2019	630,706	85,699	193,934	272,178	365,901	526,255	–	2,074,673
Adoption of SFRS (I) 16								
Reclassified to Right-of-use assets (Note 5)	(2,509)	(21,888)	–	(135,626)	–	–	–	(160,023)
Balance as at 1.4.2019	628,197	63,811	193,934	136,552	365,901	526,255	–	1,914,650
Depreciation for the financial year	69,861	5,690	7,489	39,881	20,388	34,690	–	177,999
Disposals	–	–	–	–	(14,470)	–	–	(14,470)
Written-off	(297)	(392)	(659)	–	(132)	–	–	(1,480)
Foreign currency translation differences	(2,124)	(99)	(1,306)	206	(590)	(846)	–	(4,759)
Reclassified from Right-of-use assets (Note 5)	–	21,888	–	17,424	–	–	–	39,312
Balance as at 31.3.2020	**695,637**	**90,898**	**199,458**	**194,063**	**371,097**	**560,099**	**–**	**2,111,252**
Carrying amount								
Balance as at 31.3.2020	**153,972**	**11,611**	**17,318**	**102,338**	**38,076**	**1,247,561**	**736,213**	**2,307,089**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS

4. Property, plant and equipment (Continued)

	Plant and machinery $	Office equipment $	Furniture, fittings and renovation $	Motor vehicles $	Computer equipment and accessories $	Buildings $	Freehold land $	Total $
Group								
Cost								
Balance as at 1.4.2018	821,208	89,385	201,771	415,948	389,416	1,832,521	761,255	4,511,504
Acquisition of subsidiaries (Note 6)	–	2,216	–	80,780	–	–	–	82,996
Additions	60,546	13,907	26,186	49,620	36,858	–	–	187,117
Disposals	–	(440)	–	–	(21,087)	–	–	(21,527)
Written-off	(1,633)	(1,532)	(6,247)	–	(7,546)	–	–	(16,958)
Foreign currency translation differences	(14,279)	(1,608)	(4,422)	(5,623)	(1,369)	(17,576)	(17,704)	(62,581)
Balance as at 31.3.2019	865,842	101,928	217,288	540,725	396,272	1,814,945	743,551	4,680,551
Accumulated depreciation								
Balance as at 1.4.2018	557,298	84,196	199,516	176,852	368,082	493,063	–	1,879,007
Depreciation for the financial year	84,276	4,830	4,928	96,874	18,185	34,858	–	243,951
Disposals	–	(440)	–	–	(11,619)	–	–	(12,059)
Written-off	(1,633)	(1,532)	(6,215)	–	(7,546)	–	–	(16,926)
Foreign currency translation differences	(9,235)	(1,355)	(4,295)	(1,548)	(1,201)	(1,666)	–	(19,300)
Balance as at 31.3.2019	630,706	85,699	193,934	272,178	365,901	526,255	–	2,074,673
Carrying amount								
Balance as at 31.3.2019	235,136	16,229	23,354	268,547	30,371	1,288,690	743,551	2,605,878

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS

4. Property, plant and equipment (Continued)

	Computer equipment and accessories $
Company	
Cost	
Balance as at 1.4.2019	8,894
Addition	–
Balance as at 31.3.2020	**8,894**
Accumulated depreciation	
Balance as at 1.4.2019	7,630
Depreciation for the financial year	489
Balance as at 31.3.2020	**8,119**
Carrying amount	
Balance as at 31.3.2020	**775**
Cost	
Balance as at 1.4.2018	7,426
Addition	1,468
Balance as at 31.3.2019	8,894
Accumulated depreciation	
Balance as at 1.4.2018	7,426
Depreciation for the financial year	204
Balance as at 31.3.2019	7,630
Carrying amount	
Balance as at 31.3.2019	1,264

The carrying amount of property, plant and equipment of the Group which were pledged as security for banking facilities was as follows:

	2020 $	2019 $
Building	**634,683**	655,773
Freehold land	**736,213**	743,551

NOTES TO THE FINANCIAL STATEMENTS

4. Property, plant and equipment (Continued)

As at the end of the prior financial year, the carrying amounts of property, plant and equipment which were acquired under finance lease agreements were as follows:

	2019
	$
Motor vehicles	140,199
Plant and machinery	16,311
	156,510

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

	Group	
	2020	**2019**
	$	**$**
Additions of property, plant and equipment	**39,644**	187,117
Acquired under lease agreements	**–**	(32,680)
Cash payments to acquire property, plant and equipment	**39,644**	154,437

5. Right-of-use assets

Group	**Plant & Machinery S$**	**Motor Vehicles S$**	**Leased premises S$**	**Total S$**
Cost				
Balance as at 1 April 2019	–	–	–	–
– Reclassified from property, plant and equipment (Note 4)	16,311	140,199	–	156,510
– Adoption of SFRS (I) 16	–	–	861,555	861,555
Balance as at 1 April 2019	16,311	140,199	861,555	1,018,065
Additions	106,465	30,885	–	137,350
Reclassified to property, plant and Equipment* (Note 4)	–	(12,446)	–	(12,446)
Amortisation	(22,269)	(55,598)	(271,203)	(349,070)
Currency translation	(349)	(427)	7,716	6,940
Balance as at 31 March 2020	**100,158**	**102,613**	**598,068**	**800,839**

* The ownership of a leased motor vehicle was transferred to the Group during the financial year after settlement of the final instalment of the related lease liability.

The Group leases office and factory premises for its operations and a hostel facility for housing its foreign workers. There are no externally imposed covenant on these lease arrangements.

Certain lease liabilities of the Group are secured by leased assets, which will revert to the lessor in the event of default by the Group.

5. Right-of-use assets (Continued)

For the purpose of consolidated statement of cash flows, the Group's additions to right-of-use assets during the financial year comprised:

	Group 2020 $
Additions of right-of-use assets	137,350
Acquired under lease agreements (Note 14)	(135,372)
Cash payments to right-of-use assets	1,978

6. Investment properties

	2020 $	2019 $
At fair value		
At 1 April and at 31 March	**5,320,000**	5,320,000

The following amounts were recognised in profit or loss:

	2020 $	2019 $
Operating lease income – investment properties	**59,861**	59,861
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties	**(25,489)**	(25,489)

The Group's investment properties comprise freehold shop units that are held for long-term rental yields and for capital appreciation. The fair values of the Group's investment properties as at 31 March 2020 and 2019 have been determined on the basis of valuation carried out by independent valuers having an appropriate recognised professional qualification and recent experience in the locations and category of the properties being valued. The valuations were arrived at by using the "Direct Comparison Method" by making reference to market evidence of transaction prices per square foot for similar properties, and were performed in accordance with International Valuation Standards. The estimation of the fair values of the properties is based on the highest and best use of the properties, which is in line with their current use.

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

NOTES TO THE FINANCIAL STATEMENTS

6. Investment properties (Continued)

Fair value hierarchy (Continued)

The following table shows an analysis of investment properties carried at fair value by level of fair value hierarchy:

	Level 1 $	Level 2 $	Level 3 $	Total $
Group				
2020				
Non-financial assets				
Investment properties	**–**	**–**	**5,320,000**	**5,320,000**
2019				
Non-financial assets				
Investment properties	–	–	5,320,000	5,320,000

There were no transfers among levels during the financial year.

The following table presents the valuation technique and key inputs that were used to determine the fair value of the investment properties categorised under level 3 of the fair value hierarchy.

Location	Description	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
101 Kitchener Road Jalan Besar Plaza Singapore 208511				
Unit #02-11	Shop unit	Direct comparison method	Price p.s.f.*	The higher the price, the higher the fair value.
Unit #02-22	Shop unit	Direct comparison method	Price p.s.f.*	The higher the price, the higher the fair value.
Unit #02-23	Shop unit	Direct comparison method	Price p.s.f.*	The higher the price, the higher the fair value.

* The price per square foot ("p.s.f.") are determine based on the differences in location, area, age, condition, tenure, design and layout, dates of transaction and the prevailing economic conditions affecting the property market.

There have been no changes in the valuation techniques of investment properties as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

7. Investments in subsidiaries

	2020 $	2019 $
Unquoted equity in corporations, at cost	**41,895,236**	41,895,236
Allowance for impairment loss	**(22,162,383)**	(22,162,383)
	19,732,853	19,732,853

As at the end of the financial year, management carried out a review of the investments in subsidiaries, having regard for indicators of impairment on investments in subsidiaries based on the existing performance of subsidiaries.

The recoverable amount of the investment in subsidiaries was determined on the basis of the subsidiary's value-in-use which is based on the estimation of the value-in-use of the CGU by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows.

Details of the subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Principal activities	Effective equity held by the Group 2020 %	Effective equity held by the Group 2019 %
Held by the Company			
General Electronics & Instrumentation Corporation Private Limited (Singapore)[(1)]	Trading in electrical and electronic equipment and components, hardware and software engineering in micro-computer and communication systems	100	100
Eplus Technologies Pte Ltd (Singapore)[(1)]	Trading in electrical and electronics components and provision of IT and software consultancy services	100	100
Manufacturing Network Pte Ltd (Singapore)[(1)]	Wholesale of aluminium plates, wedges and bars including cutting and refining aluminium plates, trading and distribution of metal precision components and investment holding	100	100
Eplus Technologies Sdn. Bhd. (Malaysia)[(2)]	Trading and distribution of cables, electrical and electronics components	100	100

NOTES TO THE FINANCIAL STATEMENTS

7. Investments in subsidiaries (Continued)

Details of the subsidiaries are as follows: (Continued)

Name of company (Country of incorporation and principal place of business)	Principal activities	Effective equity held by the Group 2020 %	2019 %
Held by Manufacturing Network Pte Ltd			
MNPL Aluminium Centre Sdn. Bhd. (Malaysia)[(2)]	Wholesale of aluminium plates, rods and bars including cutting and refining aluminium plates, rods and bars	**100**	100
MNPL Investments Pte. Ltd. (Singapore)[(1)]	Investment holding	**100**	100
MSC Aluminium Holdings Pte. Ltd. (Singapore)[(1)]	Import and export of aluminium alloy products and investment holding	**100**	100
Alutech Metals Asiatic Pte. Ltd. (Singapore)[(1)]	Investment holding	**100**	100
Held by MNPL Investments Pte. Ltd.			
MNPL Metals Co., Ltd. (People's Republic of China)[(3)]	Sale and distribution of aluminium alloy, steel, stainless steel and other ferrous and non-ferrous semi-finished products	**100**	100
Held by MSC Aluminium Holdings Pte. Ltd.			
Twin Metal Service Centre Sdn. Bhd. (Malaysia)[(2)]	Fabricating and trading of aluminium products	**100**	100
Twin Metal (Penang) Sdn. Bhd. (Malaysia)[(2)]	Fabricating and trading of aluminium products	**60**	60
Held by Alutech Metals Asiatic Pte. Ltd.			
Alutech Metals Co., Ltd. (People's Republic of China)[(3)]	Trading in aluminium alloy, steel, stainless steel and other metal products	**100**	100

(1) Audited by BDO LLP, Singapore
(2) Audited by BDO PLT, Malaysia, a member of BDO International Limited
(3) Audited by SBA Stone Forest CPA Co Ltd, People's Republic of China

NOTES TO THE FINANCIAL STATEMENTS

7. Investments in subsidiaries (Continued)

Acquisition of subsidiary – Alutech Metals Asiatic Pte. Ltd.

On 16 April 2018, the Group obtained control over Alutech Metals Asiatic Pte. Ltd. and its wholly owned subsidiary, Alutech Metals Co., Ltd. (collectively the "Alutech Group"). The Group acquired 100% equity interest for a total purchase consideration of $2,380,000 comprising initial cash consideration of S$600,000, issuance of 120,000,000 new ordinary shares at $0.0115 per share of the Company and a deferred cash consideration of $400,000. The fair value of these shares is the published price of the shares at the acquisition date. The deferred cash consideration is payable upon achieving certain net profit after tax target as set out in the Sales and Purchase Agreement ("SPA") dated 5 February 2018. The target net profit after tax has been achieved by the subsidiary during the current financial year.

The acquisition of Alutech Group represents a strategic investment into the expansion in the distribution of aluminium products in the People's Republic of China to support the Group's existing aluminium distribution as well as increase the Group's customer base. From the date of acquisition to 31 March 2019, Alutech Group has contributed $4,028,000 and $300,000 to the revenue and profit net of tax of the Group respectively.

Goodwill of $482,512 arising from the acquisition is attributable to the aluminium products distribution segment in China and the expected synergies from combining the operations of the Group with those of Alutech Group.

None of the goodwill is expected to be deductible for tax purposes.

Acquisition-related costs amounting to $25,000 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the "administrative expenses" line item in the statement of profit or loss and other comprehensive income.

Details of the fair value of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	At fair value
	$
Plant and equipment (Note 4)	82,996
Intangible assets – Customer relationships (Note 8)	1,592,728
Trade and other receivables	1,306,202
Cash and cash equivalents	80,527
Total assets	3,062,453
Trade and other payables	727,037
Income tax payable	50,055
Deferred tax liabilities (Note 9)	387,873
Total liabilities	1,164,965
Net identifiable assets acquired	1,897,488
Purchase consideration	(2,380,000)
Goodwill arising from acquisition (Note 8)	(482,512)

NOTES TO THE FINANCIAL STATEMENTS

7. Investments in subsidiaries (Continued)

Acquisition of subsidiary – Alutech Metals Asiatic Pte. Ltd. (Continued)

Effects of cash flows of the Group:

	2019 $
Total purchase consideration	2,380,000
Less: Non-cash consideration	
Issuance of ordinary shares	(1,371,440)
Deferred cash considerations	(400,000)
Less: Cash and cash equivalents in subsidiaries acquired	(80,527)
Net cash outflow on acquisition	528,033

Investment in a subsidiary – Twin Metal (Penang) Sdn. Bhd.

During the prior financial year, MSC Aluminium Holdings Pte. Ltd. ("MSC") and a third party had injected MYR 100,000 for 100,000 ordinary shares for incorporation of Twin Metal (Penang) Sdn. Bhd. ("TMP"), incorporated in Malaysia. MSC holds 60,000 ordinary shares of Twin Metal (Penang) Sdn. Bhd. ("TMP"), representing 60% shareholding. Accordingly, the Group accounts for TMP as a subsidiary since its incorporation.

The establishment of TMP represents a strategic investment into the expansion in the distribution of component products in Malaysia to support the Group's existing component distribution as well as increase the Group's customer base.

8. Intangible assets

	Goodwill $	Customer relationships $	Total $
Group			
Cost			
Balance as at 1.4.2019 and 31.3.2020	4,358,638	3,108,488	7,467,126
Accumulated amortisation			
Balance as at 1.4.2019	–	1,591,716	1,591,716
Amortisation for the financial year	–	379,109	379,109
Balance as at 31.3.2020	–	1,970,825	1,970,825
Accumulated impairment			
Balance as at 1.4.2019	3,363,734	–	3,363,734
Impairment for the financial year	192,572	–	192,572
Balance as at 31.3.2020	**3,556,306**	**–**	**3,556,306**
Carrying amount			
Balance as at 31.3.2020	**802,332**	**1,137,663**	**1,939,995**

NOTES TO THE FINANCIAL STATEMENTS

8. Intangible assets (Continued)

	Goodwill $	Customer relationships $	Total $
Group			
Cost			
Balance as at 1.4.2018	3,876,126	1,515,760	5,391,886
Arising from acquisition of subsidiaries (Note 7)	482,512	1,592,728	2,075,240
Balance as at 31.3.2019	4,358,638	3,108,488	7,467,126
Accumulated amortisation			
Balance as at 1.4.2018	–	1,212,608	1,212,608
Amortisation for the financial year	–	379,108	379,108
Balance as at 31.3.2019	–	1,591,716	1,591,716
Accumulated impairment			
Balance as at 1.4.2018 and 31.3.2019	3,363,734	–	3,363,734
Carrying amount			
Balance as at 31.3.2019	994,904	1,516,772	2,511,676

Customer relationships were acquired in the financial year ended 31 March 2011 and 31 March 2019 as part of the acquisition of MSC Group and Alutech Group respectively. The fair value on the date of initial recognition was based on its intended use and the expected future economic benefit to be derived from the future operating cash inflows from products associated with the acquired customer relationships. The remaining useful lives for customer relationships is 5 years (31 March 2019: 1 to 6 years).

Amortisation expense was included in "Other expenses" line item of profit or loss.

Goodwill arising from business combination is allocated to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill was allocated to MSC Aluminium Holdings Pte. Ltd. and its subsidiaries ("MSC Group") and Alutech Metals Asiatic Pte. Ltd. and its subsidiary ("Alutech Group") as 2 single CGUs respectively.

The carrying amounts of goodwill and customer relationships allocated to each CGU are as follows:

	MSC Group		Alutech Group		Total	
	Goodwill $	Customer relationships $	Goodwill $	Customer relationships $	Goodwill $	Customer relationships $
Balance as at 31.3.2020	**512,392**	**–**	**289,940**	**1,137,663**	**802,332**	**1,137,663**
Balance as at 31.3.2019	512,392	151,576	482,512	1,365,196	994,904	1,516,772

NOTES TO THE FINANCIAL STATEMENTS

8. Intangible assets (Continued)

The recoverable amount of the CGUs is determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepared cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and the forecasted growth rates to extrapolate cash flows beyond five years. The pre-tax discount rate applied to the cash flow forecasts and the forecasted growth rates used to extrapolate the cash flow projections beyond the five-year period are as follows:

	MSC Group			**Alutech Group**		
	Average gross profit margin	**Discount rate**	**Average revenue growth rate**	**Average gross profit margin**	**Discount rate**	**Average revenue growth rate**
As at 31.3.2020	**6.5%**	**10%**	**8.1%**	**22%**	**12%**	**10%**
As at 31.3.2019	10.6%	5.56%	12.9%	19.9%	8%	20.2%

<u>Goodwill allocated to Alutech Group</u>

During the financial year, the Group carried out a review of the recoverable amount of Alutech group (CGU) with indications of impairment. The recoverable amount of the CGU with indications of impairment has been determined based on its value-in-use calculations.

Following the review, the Alutech Group are not expected to realise the capabilities of the underlying assets to produce the expected returns. The Group has made an impairment loss of approximately $192,572 to the goodwill under Alutech Group. The carrying amount of CGU was determined to be higher than its recoverable amount based on its current financial performance using a pre-tax discount rate of 12%. The impairment loss was fully allocated to goodwill and included in “other expenses” line item of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

8. **Intangible assets (Continued)**

Sensitivity analysis

As at each reporting date, based on management's assessment of the CGUs except for the above, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

9. **Deferred tax asset/(liabilities)**

	Group	
	2020	**2019**
	$	**$**
Deferred tax asset – Unutilised tax losses		
Balance as at the beginning/end of the financial year	**36,000**	36,000
Deferred tax liabilities		
Balance as at the beginning of the financial year	**(366,128)**	(91,471)
Arising from acquisition of subsidiaries (Note 7)	**–**	(387,873)
Credited to profit or loss	**89,013**	112,397
Foreign currency translation differences	**63**	819
Balance as at the end of the financial year	**(277,052)**	(366,128)
Recognised deferred tax liabilities are attributable to the following:		
Differences in depreciation for tax purposes	**–**	(8,164)
Differences in amortisation of intangible assets	**(277,052)**	(357,964)
	(277,052)	(366,128)

10. **Inventories**

	Group	
	2020	**2019**
	$	**$**
Inventories held for resale	**7,944,967**	10,065,204
Goods-in-transit	**346,292**	214,176
	8,291,259	10,279,380

The cost of inventories recognised as an expense and included in "Cost of sales" line item in profit or loss amounted to $11,162,119 (2019: $13,320,730). The inventories written down of $79,227 (2019: $50,934) pursuant to a review of the net realisable value of the inventories during the financial year were included under "Other expenses".

NOTES TO THE FINANCIAL STATEMENTS

11. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Trade receivables	**3,614,556**	3,491,561	**–**	–
Loss allowance	**(51,462)**	(97,538)	**–**	–
	3,563,094	3,394,023	**–**	–
Other receivables				
– third parties	**81,890**	79,653	**26,775**	12
– subsidiaries	**–**	–	**6,627,342**	7,059,908
	81,890	79,653	**6,654,117**	7,059,920
Deposits	**50,993**	35,358	**–**	–
Advance payments to suppliers	**222,681**	159,104	**–**	–
GST/VAT recoverable	**282,170**	335,940	**–**	–
Trade and other receivables	**4,200,828**	4,004,078	**6,654,117**	7,059,920
Less: Advance payments to suppliers	**(222,681)**	(159,104)	**–**	–
Less: GST/VAT recoverable	**(282,170)**	(335,940)	**–**	–
Add: Cash and cash equivalents	**1,366,617**	2,089,864	**116,364**	421,195
Financial assets at amortised costs	**5,062,594**	5,598,898	**6,770,481**	7,481,115

Movements in loss allowance for trade receivables during the financial year were as follows:

	Group	
	2020	2019
	$	$
Balance as at the beginning of the financial year	**97,538**	17,242
Write-back of allowance no longer required	**(27,541)**	(1,117)
Write-off against allowance	**(39,444)**	(11,504)
Loss allowance made during the financial year	**21,495**	93,484
Foreign currency translation differences	**(586)**	(567)
Balance as at the end of the financial year	**51,462**	97,538

Trade and other receivables are unsecured, non-interest bearing and generally on 7 to 90 days' credit terms.

The non-trade amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

Loss allowances made in respect of estimated irrecoverable amounts are determined by using lifetime expected credit loss model (Note 30.1).

11. Trade and other receivables (Continued)

Allowance written back of $27,541 (2019: $1,117) was recognised in profit or loss under "Other income" line item, during the financial year when the related trade receivables were recovered.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
United States dollar	**445,161**	509,952	**–**	–
Singapore dollar	**918,320**	662,929	**6,654,117**	7,059,920
Malaysian ringgit	**1,975,131**	1,532,841	**–**	–
Chinese renminbi	**862,216**	1,298,356	**–**	–
	4,200,828	4,004,078	**6,654,117**	7,059,920

12. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
Fixed deposits with banks	**340,086**	769,174	**78,616**	392,142
Cash and bank balances	**1,026,531**	1,320,690	**37,748**	29,053
Total cash and cash equivalents	**1,366,617**	2,089,864	**116,364**	421,195
Less: Bank overdrafts (Note 15)	**(11,505)**	(540,288)	**–**	–
Cash and cash equivalents per consolidated cash flow statement	**1,355,112**	1,549,576	**116,364**	421,195

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2020	2019	2020	2019
	$	$	$	$
United States dollar	**254,988**	421,403	**12,538**	11,967
Singapore dollar	**344,500**	647,235	**103,826**	409,228
Malaysian ringgit	**649,682**	758,153	**–**	–
Chinese renminbi	**117,447**	263,073	**–**	–
	1,366,617	2,089,864	**116,364**	421,195

NOTES TO THE FINANCIAL STATEMENTS

12. Cash and cash equivalents (Continued)

The fixed deposits with banks mature within 1 month (31 March 2019: 1 month) from the end of the financial year. The weighted average effective interest rate on the fixed deposits is approximately 0.97% (31 March 2019: 0.81%)per annum. For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents include bank deposits with a maturity of 1 month as there is no significant cost or penalty in converting these deposits into liquid cash before maturity.

Chinese renminbi is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Chinese renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

13. Trade and other payables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Trade payables – third parties	**1,570,114**	1,261,604	**–**	–
Other payables				
– third parties	**518,164**	374,237	**64,462**	49,419
– subsidiaries	**–**	–	**3,000,060**	2,983,534
	518,164	374,237	**3,064,522**	3,032,953
Deposits received from customers	**179,831**	216,485	**–**	–
Deferred grant income	**71,116**	–	**26,775**	–
Advanced billings	**258,991**	186,430	**–**	–
GST payables	**22,011**	20,717	**–**	–
Rental deposit received	**10,637**	10,637	**–**	–
Accrued operating expenses	**574,861**	510,930	**122,978**	129,469
Accrued unutilised leave	**58,863**	64,566	**33,500**	44,700
Deferred cash consideration (Note 7)	**–**	400,000	**–**	–
Trade and other payables	**3,264,588**	3,045,606	**3,247,775**	3,207,122
Less:				
Deposits received from customers	**(179,831)**	(216,485)	**–**	–
Advanced billings	**(258,991)**	(186,430)	**–**	–
GST payables	**(22,011)**	(20,717)	**–**	–
Deferred grant income	**(71,116)**	–	**(26,775)**	–
Accrued unutilised leave	**(58,863)**	(64,566)	**(33,500)**	(44,700)
Add:				
Interest-bearing liabilities	**3,547,750**	4,308,863	**–**	–
Lease liabilities	**784,892**	–	**–**	–
Other financial liabilities carried at amortised cost	**7,006,418**	6,866,271	**3,187,500**	3,162,422

Advance billings represent unrecognised revenue from the delivery of goods in the subsequent financial year.

NOTES TO THE FINANCIAL STATEMENTS

13. Trade and other payables (Continued)

Trade and other payables are unsecured, non-interest bearing and generally on 30 to 90 days' credit terms. The non-trade amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
United States dollar	**616,849**	263,377	**–**	–
Singapore dollar	**1,106,788**	1,248,790	**3,247,775**	3,207,122
Malaysian ringgit	**899,369**	883,660	**–**	–
Chinese renminbi	**641,582**	546,535	**–**	–
Euro	**–**	103,244	**–**	–
	3,264,588	3,045,606	**3,247,775**	3,207,122

14. Lease liabilities

	Group
	2020
	$
Balance at beginning of financial year	**–**
– Finance lease liabilities under SFRS(I) 1-17	**113,324**
– Adoption of SFRS(I) 16 (Note 2.1)	**861,555**
	974,879
Additions (Note 5)	**135,372**
Interest expense	**28,345**
Lease payments	**(362,165)**
Exchange difference	**8,461**
Balance at end of financial year	**784,892**

Certain lease liabilities of the Group are secured by lease assets which will revert to the lessor in the event of default by the Group.

NOTES TO THE FINANCIAL STATEMENTS

14. Lease liabilities (Continued)

The maturity analysis of lease liabilities at each reporting date are as follows:

	Group 2020 $
Contractual undiscounted cash flows	
– Not later than a year	**307,304**
– Later than one year and not later than five years	**525,402**
	832,706
Less: Future interest expense	**(47,814)**
Present value of lease liabilities	**784,892**
Presented in the statement of financial position	
– Current	**275,131**
– Non-current	**509,761**
	784,892

15. Interest-bearing liabilities

	Group	
	2020 $	2019 $
Current liabilities		
Finance lease – secured	**–**	47,995
Term loans – secured	**163,659**	41,102
Bank overdrafts – unsecured	**11,505**	540,288
Trust receipts – unsecured	**2,042,195**	2,708,457
	2,217,359	3,337,842
Non-current liabilities		
Finance lease – secured	**–**	65,329
Term loans – secured	**1,330,391**	905,692
	1,330,391	971,021

NOTES TO THE FINANCIAL STATEMENTS

15. Interest-bearing liabilities (Continued)

The interest rates per annum charged during the financial year were as follows:

	Group	
	2020	**2019**
	%	**%**
Finance lease	–	3.31 – 6.69
Term loans	**4.50 – 7.00**	5.00
Overdrafts	**5.75**	5.75
Trust receipts	**1.05 -8.15**	1.05 – 5.90

The first term loan is repayable over 240 monthly instalments from January 2014. The term loan is secured by a charge over a freehold property of the Group and a corporate guarantee from the Company. The second term loan is repayable over 60 monthly instalments from April 2020. The term loan is secured by a corporate guarantee provided by the Company.

Trust receipts have maturity date of 150 days from the date of invoice and/or the date of drawdown. As at the end of the financial year, the Group's banking facilities (term loans, trust receipts and letter of credit) amounting to $10,012,076 (31 March 2019: $9,477,093) are supported by corporate guarantees provided by the Company.

As at the end of the financial year, the Group has banking facilities as follows:

	2020	**2019**
	$	**$**
Facilities granted	**10,012,076**	9,477,093
Facilities utilised	**4,497,276**	4,604,686

15. Interest-bearing liabilities (Continued)

Finance lease – secured

As at the end of the financial year, the Group had obligations under finance lease that are payable as follows:

	Minimum lease payments $	Future finance charges $	Present value of minimum lease payments $
31 March 2019			
Not later than one year	54,481	(6,486)	47,995
Later than one year and not later than five years	75,380	(10,051)	65,329
	129,861	(16,537)	113,324

The terms of the finance leases range from 3 to 7 years (31 March 2019: 3 to 7 years).

Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance lease are secured by the leased assets, which will revert to the lessors in the event of default by the Group.

Interest-bearing liabilities are denominated in the following currencies:

	Group	
	2020 $	**2019** $
United States dollar	**1,760,928**	2,352,343
Singapore dollar	**804,923**	871,749
Malaysian ringgit	**894,050**	982,369
Euro	**87,849**	102,402
	3,547,750	4,308,863

16. Share capital

	Group and Company			
	2020	**2019**	**2020**	**2019**
	Number of ordinary shares	**Number of ordinary shares**	**$**	**$**
Issued and fully paid up:				
Balance at the beginning of the financial year	**1,727,469,695**	1,607,469,695	**27,459,753**	26,088,313
Arising from acquisition of subsidiaries (Note 7)	**–**	120,000,000	**–**	1,371,440
Balance at the end of the financial year	**1,727,469,695**	1,727,469,695	**27,459,753**	27,459,753

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

17. Asset revaluation reserve

Group

Asset revaluation reserve represents surplus on revaluation of the Group's freehold property transferred from property, plant and equipment to investment property in 2009 and is not distributable.

18. Share-based payment reserve

Group and Company

During the financial year ended 31 March 2010, a shareholder, who was also the Director of the Company, transferred his shares to certain employees to reward their services rendered to the Group. The fair value of the shares was measured at the weighted average quoted market price at the date of transfer.

The share-based payment reserve is non-distributable.

19. Foreign currency translation reserve

Group

The foreign currency translation reserve comprises the foreign exchange differences arising from the translation of the financial statements of subsidiaries whose functional currencies are different from that of the Group's presentation currency and is non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

20. Revenue

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and
- enable users to understand the relationship with revenue segment information provided in Note 28 to the financial statements.

	Components		Aluminium		Total	
	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$
Primary Geographical market						
Singapore	**1,619,450**	1,782,877	**2,576,467**	3,714,530	**4,195,917**	5,497,407
Malaysia	**268,714**	177,578	**6,362,040**	6,413,716	**6,630,754**	6,591,294
People's Republic of China	**6,191**	6,844	**3,116,974**	4,874,150	**3,123,165**	4,880,994
Others	**147,467**	71,249	**42,807**	161,363	**190,274**	232,612
	2,041,822	2,038,548	**12,098,288**	15,163,759	**14,140,110**	17,202,307
Timing of transfer of goods						
– Point in time	**2,041,822**	2,038,548	**12,098,288**	15,163,759	**14,140,110**	17,202,307

21. Other income

	Group	
	2020	2019
	$	$
Gain on disposal of plant and equipment	**6,000**	11,507
Government grants		
– PIC cash payout	**1,712**	868
– Special/Temporary Employment Credit	**8,660**	9,331
– Wage Credit Scheme	**2,036**	2,805
– Others	**19,349**	9,254
Operating lease income – investment properties	**59,861**	59,861
Write back of allowance for impairment of trade receivables no longer required	**27,541**	1,117
Miscellaneous income	**33,977**	34,838
	159,136	129,581

22. Finance costs

	Group 2020 $	Group 2019 $
Interest expenses on:		
– overdrafts	**12,678**	7,335
– finance leases	**–**	6,584
– lease liabilities	**28,345**	–
– term loan	**43,857**	45,937
– trust receipts	**81,366**	150,467
	166,246	210,323

23. Loss before income tax

The above is arrived at after charging:

	Group 2020 $	Group 2019 $
Distribution costs		
Entertainment expenses	**62,249**	77,907
Freight outwards	**120,073**	172,898
Sales commission	**14,470**	45,040
Transport expenses	**70,824**	86,644
Travelling expenses	**16,346**	42,487
Administrative expenses		
Directors' fees	**153,100**	177,000
Fees paid/payable to auditors of the Company		
– Audit fees	**88,875**	91,000
– Non-audit fees	**16,117**	22,918
Fees paid/payable to other auditors		
– Audit fees	**31,505**	31,431
– Non-audit fees	**6,838**	2,488
Low value lease	**1,995**	–
Warehouse services	**6,377**	–
Operating lease expenses		
– office equipment	**–**	1,301
– factory and office premises	**–**	264,681
Professional fees	**144,529**	180,778
Employee benefits expense*		
– salaries, bonus and other benefits	**2,299,106**	2,229,706
– defined contribution plans	**211,308**	197,467
	2,510,414	2,427,173
Other expenses		
Amortisation of intangible asset	**379,109**	379,108
Bad trade receivables written off	**–**	121
Depreciation of property, plant and equipment	**177,999**	243,951
Plant and equipment written off	**586**	–
Amortisation of right-of-use assets	**349,070**	–
Impairment of intangible assets	**192,572**	–
Foreign exchange loss, net	**114,434**	99,218
Write down of inventories	**79,227**	50,934

* These include key management personnel remuneration as disclosed in Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

24. Income tax expense

	Group 2020 $	Group 2019 $
Current income tax		
– current financial year	**42,890**	232,274
– over provision in prior financial years	**(220)**	(8,693)
	42,670	223,581
Deferred income tax		
– current financial year	**(8,101)**	(31,313)
– over provision in prior financial years	**(80,912)**	(81,083)
	(89,013)	(112,396)
Total income tax expense recognised in profit or loss	**(46,343)**	111,185

Reconciliation of effective income tax rate

Domestic income tax is calculated at 17% of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense varied from the amount of income tax expense determined by applying the Singapore statutory income tax rate of 17% to profit or loss before income tax as a result of the following differences:

	Group 2020 $	Group 2019 $
Loss before income tax	**(2,232,464)**	(1,412,012)
Income tax using applicable tax rate	**(379,519)**	(240,042)
Effect of different tax rate in other countries	**63,157**	(22,603)
Tax effect of expenses not deductible for tax purposes	**263,633**	303,845
Tax effect of income not subject to tax	**(13,471)**	(64,945)
Over provision of current income tax in prior financial years	**(220)**	(8,693)
Over provision of deferred tax in prior financial years	**(80,912)**	(81,083)
Deferred tax assets not recognised in profit or loss	**121,297**	251,256
Utilisation of deferred tax assets previously not recognised	**(20,308)**	(26,550)
	(46,343)	111,185

NOTES TO THE FINANCIAL STATEMENTS

24. Income tax expense (Continued)

Unrecognised deferred tax assets

	Group	
	2020	**2019**
	$	**$**
Balance as at the beginning of the financial year	**2,132,122**	1,907,416
Deferred tax assets not recognised	**132,233**	251,256
Utilised during the financial year	**(20,308)**	(26,550)
Balance as at the end of the financial year	**2,244,047**	2,132,122

Unrecognised deferred tax assets are attributable to the following:

	Group	
	2020	**2019**
	$	**$**
Capital allowances	**128,526**	125,895
Unutilised tax losses	**2,115,521**	2,006,227
	2,244,047	2,132,122

Subject to the agreement by relevant tax authorities, at the end of financial year, the Group has unutilised tax losses of $12,133,000 (31 March 2019: $11,033,000) available for offset against future profits. A deferred tax asset has been recognised in respect of $212,000 (31 March 2019: $212,000) of such losses. No deferred tax asset has been recognised in respect of the remaining $11,921,000 (31 March 2019: $10,821,000) due to the unpredictability of profit streams.

The unutilised tax losses arising from the subsidiary in the jurisdiction of People's Republic of China amounting to $2,573,000 (31 March 2019: $1,829,000) can only be utilised for the set-off against its future taxable profits within five years from the date the tax losses were incurred. The unutilised tax losses will expire at various dates up to and including 2024.

Except as disclosed above, the unutilised tax losses may be carried indefinitely subject to the conditions imposed by relevant tax authorities and provisions of the tax legislations of the respective countries in which the Group operates.

NOTES TO THE FINANCIAL STATEMENTS

25. Loss per share

	Group	
	2020	**2019**
Loss per share (Cents)		
– Basic and diluted	**(0.12)**	(0.09)
The calculation of basic and diluted loss per share is based on:		
Loss attributable to the owners of the parent ($)	**(2,138,081)**	(1,480,857)
Actual (2019: Weighted average) number of ordinary shares	**1,727,469,695**	1,716,949,147

Basic loss per share is calculated by dividing the Group's loss attributable to the owners of the parent by the actual (2019: weighted average) number of shares in issue during the financial year.

Diluted loss per share for the current financial year is the same as the basic loss per share as the Group does not have any potential dilutive ordinary shares as at the end of the financial year.

26. Operating lease commitments

When the Group is a lessor

As at the end of the financial year, there are operating lease commitments for premises receivable in subsequent accounting periods as follows:

	Group
	2019
	$
Not later than one year	19,076

The rents receivable under the leases are subject to revision after expiry. The above commitments were based on prevailing rental rates for the financial year.

26. Operating lease commitments (Continued)

When the Group is a lessee

As at 31 March 2019, the Group have commitments in respect of non-cancellable operating leases for factory and office premises from third parties and a related party as follows:

	Group 2019 $
Not later than one year	187,369
Later than one year and not later than five years	13,445
	200,814

The rents payable under the leases are subject to revision after expiry. The above commitments were based on prevailing rental rates for the financial year.

27. Significant related party transactions

In addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group 2019 $
With a related party	
– operating lease expense – office premises	71,071

The related party refers to a company where a director and substantial shareholder of the Company has beneficial interests. The operating lease has an option to renew for a further period at rates to be agreed with the landlord. There are no contingent rental payments and restriction imposed in relation to the lease.

NOTES TO THE FINANCIAL STATEMENTS

27. Significant related party transactions (Continued)

Key management personnel remuneration

The remuneration of key management personnel of the Group and the Company during the financial year are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Directors' fee	**153,100**	177,000	**46,000**	51,000
Short-term employee benefits	**720,962**	701,924	**434,147**	428,409
Post-employment benefits	**60,971**	61,037	**36,926**	37,196
	935,033	939,961	**517,073**	516,605

The remuneration to the Directors of the Company and of the subsidiaries during the financial year are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Directors of the Company				
Directors' fee	**46,000**	51,000	**46,000**	51,000
Short-term employee benefits	**379,040**	373,378	**227,569**	226,831
Post-employment benefits	**29,442**	29,239	**9,180**	9,180
	454,482	453,617	**282,749**	287,011
Directors of subsidiaries				
Directors' fee	**107,100**	126,000	**–**	–
Short-term employee benefits	**216,933**	208,556	**123,500**	123,500
Post-employment benefits	**20,995**	20,995	**20,995**	20,995
	345,028	355,551	**144,495**	144,495
	799,510	809,168	**427,244**	431,506

27. Significant related party transactions (Continued)

Commitment with a related party

As at 31 March 2019, commitment in respect of non-cancellable operating lease in respect of rental of factory and office premises is as follows:

	Group 2019 $
Not later than one year	41,457

The related party refers to a company where a director and substantial shareholder of the Company has beneficial interests.

28. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. A segment is a distinguishable component of the Group that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

Income taxes are managed by the management of respective entities within the Group.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operations before tax expense.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets, liabilities and expenses.

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one financial year.

NOTES TO THE FINANCIAL STATEMENTS

28. Segment information (Continued)

Business segments

The Group is organised into two main business segments namely:

(i) Components distribution; and

(ii) Aluminium products distribution.

	Components distribution $	Aluminium products distribution $	Unallocated $	Consolidated $
Group				
2020				
Revenue				
External revenue	2,041,822	12,098,288	–	14,140,110
Results				
Segment results	(215,197)	(9,538)	(751,589)	(976,324)
Interest income	289	8,341	226	8,856
Finance costs	(13,339)	(152,907)	–	(166,246)
Amortisation of intangible assets	–	(379,109)	–	(379,109)
Impairment of intangible assets	–	(192,572)	–	(192,572)
Amortisation of right-of-use assets	–	(349,070)	–	(349,070)
Depreciation expense	(35,193)	(142,317)	(489)	(177,999)
Loss before income tax	(263,440)	(1,217,172)	(751,852)	(2,232,464)
Income tax expense	–	46,343	–	46,343
Loss after income tax	(263,440)	(1,170,829)	(751,852)	(2,186,121)
Additions to non-current assets*	22,844	154,150	–	176,994
Assets and liabilities				
Segment assets	7,008,467	17,732,131	153,322	24,893,920
Current income tax recoverable and deferred tax asset	36,000	197,541	–	233,541
Total assets	7,044,467	17,929,672	153,322	25,127,461
Segment liabilities	896,307	6,453,207	247,716	7,597,230
Current income tax payable and deferred tax liabilities	–	277,409	–	277,409
Total liabilities	896,307	6,730,616	247,716	7,874,639

NOTES TO THE FINANCIAL STATEMENTS

28. Segment information (Continued)

Business segments (Continued)

	Components distribution $	Aluminium products distribution $	Unallocated $	Consolidated $
Group				
2019				
Revenue				
External revenue	2,038,548	15,163,759	–	17,202,307
Results				
Segment results	(208,345)	370,367	(756,542)	(594,520)
Interest income	48	9,074	6,769	15,891
Finance costs	(1,174)	(209,149)	–	(210,323)
Amortisation of intangible assets	–	(379,108)	–	(379,108)
Depreciation expense	(28,330)	(215,417)	(204)	(243,951)
Loss before income tax	(237,801)	(424,233)	(749,977)	(1,412,011)
Income tax expense	–	(111,185)	–	(111,185)
Loss after income tax	(237,801)	(535,418)	(749,977)	(1,523,196)
Additions to non-current assets*	21,861	246,784	1,468	270,113
Assets and liabilities				
Segment assets	7,194,037	19,345,612	431,956	26,971,605
Current income tax recoverable and deferred tax asset	36,000	224,230	–	260,230
Total assets	7,230,037	19,569,842	431,956	27,231,835
Segment liabilities	864,328	6,266,553	223,588	7,354,469
Current income tax payable and deferred tax liabilities	–	369,853	–	369,853
Total liabilities	864,328	6,636,406	223,588	7,724,322

* Additions to non-current assets comprise of additions of property, plant and equipment and right-of-use assets.

Geographical information

The Group's business segments operate in four main geographical areas. Sales revenue is based on the country in which goods are delivered. Non-current assets consist primarily of property, plant and equipment, investment properties and intangible assets. Non-current assets are shown by the geographical area in which the assets are located.

NOTES TO THE FINANCIAL STATEMENTS

28. Segment information (Continued)

Geographical information (Continued)

	Singapore $	Malaysia $	People's Republic of China $	Others $	Consolidated $
Group					
2020					
Non-current assets	**8,171,997**	**1,612,055**	**583,872**	**–**	**10,367,923**
2019					
Non-current assets	8,693,561	1,532,306	211,687	–	10,437,554

Major customers

Revenue from five (2019: two) customers of the aluminium products distribution segment represents approximately 13% (2019: 17%) of total revenue.

29. Contingent liabilities – Unsecured

The Company

As at the end of the financial year, there were contingent liabilities in respect of guarantees given by the Company to banks in connection with banking facilities granted to the subsidiaries amounting to $10,012,076 (31 March 2019: $9,477,093) and to a supplier on behalf of its subsidiary for supplying goods to the subsidiary amounting to $712,350 (2019: $678,050). The amount utilised by certain subsidiaries amounted to approximately $4.5 million (31 March 2019: $4.6 million).

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 term of the facilities drawn. The financial guarantees have not been recognised in the financial statements of the Company as the probability of reimbursement is remote.

30. Financial instruments, financial risks and capital management

The Group's and the Company's activities expose them to credit risk, market risks (including interest rate risk and foreign exchange risk), and liquidity risk. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments, financial risks and capital management (Continued)

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

30.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of the counterparties' financial condition and generally do not require a collateral.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for three (2019: two) trade receivables from third parties of the Group amounting to approximately $412,832 (2019: $730,312) as at the end of the financial year.

The Group's and the Company's major classes of financial assets are cash and bank balances, fixed deposits with banks and trade and other receivables. Bank deposits are mainly deposits with banks with reputable banks, which are rated from A to AA on Standard & Poor's rating.

Given the high credit ratings, the Group and the Company does not expect any credit losses from non-performance by the counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2020	**2019**
	$	**$**
Corporate guarantee provided to banks on subsidiaries' loans and trust receipts	**4,497,276**	4,604,686

For the corporate guarantee issued, the Company has assessed that these subsidiaries have sufficient financial capabilities to meet their contractual cash flows obligation in the near future hence, does not expect any material loss allowance under 12-month expected credit loss model.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments, financial risks and capital management (Continued)

30.1 Credit risk (Continued)

For trade receivables from third parties, the Group applies simplified approach to measure the loss allowance using lifetime expected credit loss model. In determining the expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The Group considers the historical customers' payment profile of respective countries, past due status of the receivables, historical loss rate and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers of respective countries to settle the receivables. The Group has identified the country risk in which it sells goods and services to be the most relevant factor and the historical loss rates is adjusted accordingly based on the expected changes in this factors.

Trade receivables are in default if the debtor fail to make contractual payment when they fall due. Trade receivables are written off when there is no reasonable expectation of recovery, such as the debtor is in severe financial difficulty. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 are set out in the provision matrix as follows:

	Current $	Past due for 1 to 90 days $	Past due for 91 to 180 days $	Past due for 181 to 365 days $	Past due for more than 365 days $	Total $
Group						
31 March 2020						
Gross carrying amount						
– Trade receivables	**1,899,409**	**1,333,346**	**191,621**	**108,843**	**81,337**	**3,614,556**
– Loss Allowance	**–**	**–**	**(6,067)**	**(6,547)**	**(38,848)**	**(51,462)**
	1,899,409	**1,333,346**	**185,554**	**102,296**	**42,489**	**3,563,094**
31 March 2019						
Gross carrying amount						
– Trade receivables	1,604,946	1,619,453	121,484	95,099	50,579	3,491,561
– Loss Allowance	–	(8,025)	(16,053)	(41,869)	(31,591)	(97,538)
	1,604,946	1,611,428	105,431	53,230	18,988	3,394,023

The Group has applied the general approach in accordance with SFRS(I) 9 to measure the loss allowance of other receivables using 12-month ECL. Credit risk for these assets has not increased significantly since their initial recognition. Hence, no loss allowance is recognised in the application of SFRS(I) 9 for other receivables.

30. Financial instruments, financial risks and capital management (Continued)

30.1 Credit risk (Continued)

For trade and other receivables due from subsidiaries, Board of Directors has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. Board of Directors monitors and assess at each reporting date on any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as these subsidiaries have sufficient liquid assets and cash to repay their debts. Therefore, amount due from subsidiaries has been measured based on 12-month expected credit loss model and subject to immaterial credit loss.

30.2 Market risks

The Group's and the Company's activities expose them primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group and the Company seek to identify areas of significant risks as well as appropriate measures to control and mitigate these risks.

Foreign currency risks

Currency risk arises from transactions denominated in currencies other than the respective functional currencies of the entities of the Group. The currency that give rise to this risk is primarily the United States dollar ("USD").

The Group and the Company monitor their foreign currency exchange risks closely and maintains funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency translation risk arises when commercial transactions, recognised assets and liabilities and net investment in foreign operations are denominated in a currency that is not the entity's functional currency.

Currency risk arises from transactions denominated in currencies other than the respective functional currencies of the entities of the Group. The currency that give rise to this risk is primarily the United States dollar ("USD").

It is not the Group's and the Company's policy to take speculative positions in foreign currencies. Where appropriate, the Group and the Company enter into foreign currency forward contracts with its principal bankers to mitigate the foreign currency risks (mainly export sales and import purchases).

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments, financial risks and capital management (Continued)

30.2 Market risks (Continued)

Foreign currency risks (Continued)

As at the end of the financial year, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currency of the entities within the Group are as follows:

	Monetary liabilities		Monetary assets	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Group				
USD	**2,377,777**	9,935,469	**700,149**	8,251,049
Company				
USD	**–**	–	**12,538**	11,967

The Group and the Company are mainly exposed to fluctuations in the United States dollar ("USD").

The sensitivity analysis below shows the effect on loss before income tax of a 5% (31 March 2019: 5%) change in the relevant foreign currency against the functional currency of the entities within the Group. The sensitivity analysis assumes an instantaneous 5% (31 March 2019: 5%) change in the foreign currency exchange rates from the end of the financial year, with all variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in USD are included in the analysis.

Foreign currency sensitivity analysis

	Group Increase/ (Decrease) profit or loss		Company Increase/ (Decrease) profit or loss	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
USD				
Strengthens against SGD	**(83,881)**	(84,221)	**627**	598
Weakens against SGD	**83,881**	84,221	**(627)**	(598)

30. Financial instruments, financial risks and capital management (Continued)

30.2 Market risks (Continued)

Interest rate risks

The Group's and the Company's exposure to the risk of changes in interest rates arise mainly from the Group's and the Company's fixed deposits placed with banks and from finance leases, term loan and trade financing activities. The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts. For interest income from fixed deposits, the Group and the Company manage the interest rate risks by placing fixed deposits with its principal bankers on varying maturities and interest rate terms.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 1% (31 March 2019: 1%) change in the interest rates from the end of the financial year, with all variables held constant.

If the interest rate increases/decreases by 1% (31 March 2019: 1%), loss before income tax will increase or decrease by:

	Profit or loss	
	2020	2019
	$	$
Group		
Term loan	**8,941**	9,468
Trust receipts	**20,422**	27,085
Bank overdrafts	**115**	5,403

The Company does not have any significant interest rate risk exposure.

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments, financial risks and capital management (Continued)

30.3 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to finance the Group's and the Company's operations. As part of overall prudent liquidity management, the Group and the Company maintain sufficient level of cash to meet working capital requirements.

The following table details the Group's and the Company's remaining contractual maturity for its financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay. The table includes both interest and principal cash flows.

Contractual maturity analysis

	Effective interest rate %	On demand or less than one year $	Within two to five years $	More than five years $	Total $
Group					
Financial liabilities					
Non-interest bearing		2,673,775	–	–	2,673,775
Fixed interest bearing	3.31 – 6.69	89,497	97,362	–	186,859
Fixed interest bearing – term loan	7.00	142,574	570,298	–	712,872
Variable interest bearing	1.05 -8.15	2,298,227	917,382	759,247	3,974,856
Lease liabilities	2.30 – 5.00	307,304	525,402	–	832,706
As at 31.3.2020		**5,511,377**	**2,110,444**	**759,247**	**8,381,068**
Financial liabilities					
Non-interest bearing	–	2,557,408	–	–	2,557,408
Fixed interest bearing	3.31 – 6.69	54,481	75,380	–	129,861
Variable interest bearing	1.05 – 5.90	3,356,480	350,544	854,450	4,561,474
As at 31.3.2019		5,968,369	425,924	854,450	7,248,743

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments, financial risks and capital management (Continued)

30.3 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Effective interest rate %	On demand or less than one year $	Within two to five years $	More than five years $	Total $
Company					
Financial liabilities					
Non-interest bearing	–	3,187,500	–	–	3,187,500
As at 31.3.2020	–	**3,187,500**	**–**	**–**	**3,187,500**
Corporate guarantees	–	4,497,276	–	–	4,497,276
Financial liabilities					
Non-interest bearing	–	3,162,422	–	–	3,162,422
As at 31.3.2019	–	3,162,422	–	–	3,162,422
Corporate guarantees	–	4,623,259	–	–	4,623,259

The Group's and the Company's operation are financed mainly through equity and interest bearing liabilities. Adequate lines of credit are maintained to ensure the necessary liquidity is available when required.

The repayment terms of the Group's interest-bearing liabilities are disclosed in Note 15 to the financial statements.

The maximum amount that the Company could be forced to settle under the corporate guarantee obligations if the full guaranteed amount is claimed by the counterparties to the guarantees, is $4.5 million (31 March 2019: $4.6 million). The earliest period that the guarantees could be called is within 1 year (31 March 2019: 1 year) from the end of the financial year. The Company considers that it is more likely than not that no amount will be payable under the arrangement.

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS

30. Financial instruments, financial risks and capital management (Continued)

30.4 Capital management policies and objectives

The Group manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholders' value. The capital structure of the Group consists of debt and equity attributable to owners of the parent, comprising issued capital, asset revaluation reserve, share-based payment reserve, foreign currency translation reserve and accumulated losses as disclosed in Notes 16, 17, 18 and 19. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks to maintain a debt-to-equity ratio of not exceeding 150% (2019: 150%). The Group's and the Company's strategy, which was unchanged from the previous financial year, is also to maintain gearing ratio of not exceeding 150% for the Group and the Company.

Certain subsidiaries of the Group are required by the Foreign Enterprise Law of PRC to contribute and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities.

The Group and the Company are in compliance with externally imposed capital requirements for the financial years ended 31 March 2020 and 2019.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as interest-bearing liabilities 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**
	$	**$**	**$**	**$**
Net debt	**5,445,721**	5,264,605	**3,131,411**	2,785,927
Total equity	**17,252,822**	19,507,513	**23,265,743**	24,017,595
Total capital	**22,698,543**	24,772,118	**26,397,154**	26,803,522
Gearing ratio	**24.0%**	21.3%	**11.9%**	10.4%

30.5 Fair value of financial assets and financial liabilities

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

The carrying amounts of the Group's non-current financial liabilities in relation to bank borrowings approximate their fair value as these financial instruments are mostly at floating interest rates and market rates respectively.

NOTES TO THE FINANCIAL STATEMENTS

31. Events subsequent to the reporting date

On 31 January 2020, the World Health Organisation ("WHO") has announced that the novel Coronavirus ("COVID-19") Outbreak as a global health emergency. The Singapore Government imposed the restriction of people movement from April to 1 June 2020 (the "Circuit Breaker (CB) period") and the Malaysian Government's nationwide Movement Control Order ("MCO") as part of the measures to curb the spread of the COVID-19 was extended from 31 March 2020 to 12 May 2020.

The Group's business operations at Kunshan and Suzhou in the People's Republic of China ("PRC") are operational since March 2020 after the lifting of COVID-19 lockdown. Sales have slowly picked up since re-starting, as the Chinese economy slowly recovers from the adverse impact of COVID-19.

The Group has suspended operations at the workplaces in Singapore during the CB period. Staff who can operate remotely, including the administrative and accounts staff, are working from home to curb the further spread of COVID-19 and with the extension of the MCO, all the Group's factory and office premises in Malaysia's Johor and Penang has been closed and all factory operations was temporarily suspended, with employees in the administrative and accounts function working from home where necessary.

In view that the subsidiary Manufacturing Network Pte Ltd ("MNPL") is part of the supply chain to certain essential services, the Group has applied and received approval from the Ministry of Trade and Industry Singapore ("MTI") for an exemption from suspension of workplace activities. Accordingly, MNPL may continue with its operations in a limited capacity supplying to essential services during the CB Period. MNPL is required to comply with all applicable laws, including the provisions of the COVID-19 (Temporary Measures) Act.

The Group has applied and received approval from Malaysia's Ministry of International Trade and Industry ("MITI") to re-commence its operations in Malaysia. The said approval is subject to the compliance with the terms of conditions of MITI, which includes keeping the number of staff working on the premises to a minimum and adopting home based work system for other staff. Both the factory premises at Johor Bahru and Penang have accordingly re-commenced operations on 27 April 2020.

The Group will continue to monitor the evolving COVID-19 situation and its impact to the Group closely. The Group has complied with all applicable laws, including the provisions of the COVID-19 (Temporary Measures) Act.

32. Authorisation of financial statements

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 March 2020 were authorised for issue by the Board of Directors on 4 September 2020.

AS AT 18 AUGUST 2020

STATISTICS OF SHAREHOLDINGS

Issued and fully paid up share capital	:	S$27,459,753
Number of shares	:	1,727,469,695
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

Based on the information available to the Company as at 18 August 2020, approximately 52.96% of the issued ordinary shares of the Company are held in the hands of the public. Accordingly, Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited has been complied with.

Distribution of Shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 99	43	2.27	758	0.00
100 – 1000	119	6.27	70,482	0.01
1,001 – 10,000	260	13.70	1,696,611	0.10
10,001 – 1,000,000	1,380	72.75	250,893,266	14.52
1,000,001 and above	95	5.01	1,474,808,578	85.37
Total:	**1,897**	**100.00**	**1,727,469,695**	**100.00**

Twenty Largest Shareholders

No.	Name	No. of shares	%
1	KOH WEE MENG	350,000,000	20.26
2	CHOO TUNG KHENG	196,314,197	11.36
3	CITIBANK NOMINEES SINGAPORE PTE LTD	176,693,000	10.23
4	HU WING KO	85,000,000	4.92
5	POH CHONG PENG	70,000,000	4.05
6	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	32,152,200	1.86
7	ONG KIAN SOON	31,180,000	1.8
8	ZENG HANG CHENG	30,000,500	1.74
9	ZHOU QIZHI	30,000,000	1.74
10	ZHOU CHAO	30,000,000	1.74
11	KOH SWEE LENG	27,863,772	1.61
12	TAN BON TAN	23,175,000	1.34
13	ONG POH CHOO	20,100,000	1.16
14	LIM KAH HIN	20,000,000	1.16
15	TAN KOCK HENG	20,000,000	1.16
16	YEO TIONG BOON	20,000,000	1.16
17	CHEA CHIA CHAN	19,500,000	1.13
18	RHB SECURITIES SINGAPORE PTE. LTD.	16,785,200	0.97
19	DBS NOMINEES (PRIVATE) LIMITED	16,637,860	0.96
20	CHOO SOON KIAH	16,505,000	0.96
		1,231,906,729	**71.31**

AS AT 18 AUGUST 2020

STATISTICS OF SHAREHOLDINGS

Substantial Shareholders' Information as at 18 August 2020

	Direct interest		Deemed interest	
Name	**No. of shares**	**%**	**No. of shares**	**%**
Choo Tung Kheng	196,314,197	11.36	176,378,000[1]	10.21
Koh Wee Meng	350,000,000	20.26	–	–

Note:

(1) Mdm Choo Tung Kheng ("**Mdm Choo**") is deemed to be interested in 176,378,000 shares held by Citibank Nominees Singapore Pte Ltd for the account of Sea Treasures Ltd, a Cayman Islands incorporated company, wholly-owned by Mdm Choo.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting ("**AGM**") of New Wave Holdings Ltd. (the "**Company**") will be convened and held by way of electronic means on Monday, 28 September 2020 at 11.00 a.m. to transact the following business:–

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2020 together with the Independent Auditor's Report thereon. **Resolution 1**

2. To re-elect the following Directors of the Company, each of whom will retire pursuant to Article 89 of the Constitution of the Company and who, being eligible, will offer themselves for re-election:

   (a) Mr Lee Teong Sang ***[See Explanatory Note (i)]*** **Resolution 2**

   (b) Mr Ong Kian Soon ***[See Explanatory Note (ii)]*** **Resolution 3**

3. To approve the payment of Directors' fees of S$46,000 for the financial year ended 31 March 2020 (FY2019: S$51,000). **Resolution 4**

4. To re-appoint BDO LLP as Independent Auditor of the Company and to authorise the Directors to fix its remuneration. **Resolution 5**

5. To transact any other ordinary business that may be transacted at an annual general meeting.

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:–

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to: **Resolution 6**

   (1) (a) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

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

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

   (2) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(a) 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) (calculated in accordance with sub-paragraph (b) below), or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing 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 (b) below) or such other limit as may be prescribed by the Catalist Rules as at the date this Resolution is passed;

(b) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the percentage of total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

    (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 options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

    (iii) any subsequent bonus issue, consolidation or sub-division of Shares;

    Adjustments in accordance with sub-paragraph (b)(i) or sub-paragraph (b)(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 this Resolution;

(c) in exercising the authority conferred by this Resolution, the Directors shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and

(d) unless previously revoked or varied by the Company in general meeting, such 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 (iii)]

By Order of the Board

Koh Geok Hoon (Ms)
Koh Ee Koon (Ms)
Joint Company Secretaries

Singapore
7 September 2020

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

(i) Mr Lee Teong Sang will, upon re-election as a Director of the Company, continue to serve as Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee. Mr Lee Teong Sang is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Detailed information on Mr Lee Teong Sang can be found under the "Board of Directors", "Corporate Governance Report" and "Disclosure of Information on Directors Seeking Re-Election" sections in the Company's Annual Report.

(ii) Mr Ong Kian Soon will, upon re-election as a Director of the Company, remain as Chief Executive Officer of the Company. Detailed information on Mr Ong Kian Soon can be found under the "Board of Directors", "Corporate Governance Report" and "Disclosure of Information on Directors Seeking Re-Election" sections in the Company's Annual Report.

(iii) The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company from the date of this AGM until the next annual general meeting, to allot and issue Shares and/or convertible securities (whether by way of rights, bonus or otherwise) at any time. The number of Shares and/or convertible securities that the Directors of the Company may allot and issue under this Resolution must not exceed 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 and/or convertible securities issued other than on a pro rata basis to existing shareholders of the Company must not be more than fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed.

Notes

1. The AGM (the "**Meeting**") 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 Annual Report 2020 will not be sent to members. However, this Notice of AGM and the Proxy Form will be sent by ordinary mail to all members. The electronic copies of the Notice of AGM, Proxy Form and the Annual Report 2020 are also made available on the Company's website at the URL http://www.newwave.com.sg and SGX website at the URL http://www.sgx.com/securities/company-announcements. For shareholders who prefer to receive a printed copy of the Annual Report 2020, please email to us at NW_IR@newwave.com.sg or use the Request Form mailed together with the Notice of AGM and Proxy Form to all members.

2. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically accessed via "live" audio-visual webcast ("**LIVE WEBCAST**") or "live" audio-only stream ("**LIVE AUDIO STREAM**"), submission of questions in advance of the Meeting, addressing of substantial and relevant questions at the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the accompanying section entitled "Important Notice to Shareholders" of this Notice. For the avoidance of doubt, the aforesaid section is circulated together with and forms part of this Notice in respect of the Meeting.

3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. If a member (whether individual or corporate) 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 (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

4. 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 thereon, must:

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

   (b) if submitted by email, be received by the Company at NW_IR@newwave.com.sg

   in either case, by 11.00 a.m. on 26 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.

NOTICE OF ANNUAL GENERAL MEETING

CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 11.00 a.m. on 17 September 2020) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.

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

6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorized 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.

7. A corporation which is a member may authorize by resolution of its director 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.

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 LIVE AUDIO STREAM, or (c) submitting any question prior to the Meeting in accordance with this Notice, a member 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) 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 (or their corporate representatives in the case of members which are legal entities) to the LIVE WEBCAST or LIVE AUDIO STREAM to observe the proceedings of the Meeting and providing them with any technical assistance where necessary;

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

(iv) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and

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

Photographic, sound and/or video recordings of the 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 (such as his name, his presence at the Meeting and any questions he may raise or motions he may propose/second) may be recorded by the Company for such purpose.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE TO SHAREHOLDERS

ALTERNATIVE ARRANGEMENTS FOR THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON 28 SEPTEMBER 2020

The board of directors (the "**Board**") of New Wave Holdings Ltd. (the "**Company**") refers to the following:

1. the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 which enables the Minister for Law by order to prescribe alternative arrangements for companies in Singapore to, inter alia, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means; and

2. the joint statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation of 13 April 2020 (and subsequently updated on 27 April 2020) which provides additional guidance on the conduct of general meetings during the period from 27 March 2020 to 30 September 2020.

In light of the above developments and the evolving COVID-19 situation, the Board wishes to inform shareholders of the Company ("**Shareholders**") that the Company will conduct its annual general meeting on 28 September 2020 at 11.00 a.m. ("**AGM**") by way of electronic means pursuant to First Schedule of the COVID-19 Order, and the physical location for the AGM is purely to facilitate the conduct of the AGM by way of electronic means.

Due to the current COVID-19 restriction orders in Singapore, Shareholders will NOT be able to attend the AGM in person.

The Company has made the following alternative arrangements for Shareholders to participate at the AGM:

(a) observing or listening to the proceedings of the AGM contemporaneously via a "live" audio-visual webcast of the AGM ("**LIVE WEBCAST**") or a "live" audio-only stream (via telephone) of the AGM ("**LIVE AUDIO STREAM**"), respectively;

(b) submitting questions in advance of the AGM; and/or

(c) voting on their behalf, by appointing the Chairman of the Meeting as proxy at the AGM.

Persons who hold the shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), including CPF and SRS investors, and who wish to participate in the AGM by:

(i) observing or listening to the proceedings of the AGM contemporaneously via LIVE WEBCAST or LIVE AUDIO STREAM, respectively;

(ii) submitting questions in advance of the AGM; and/or

NOTICE OF ANNUAL GENERAL MEETING

(iii) voting on their behalf, by appointing the Chairman of the Meeting as proxy at the AGM,

should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and 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 in the AGM.

Please see below details of the aforesaid alternative arrangements for Shareholders' participation at the AGM:

LIVE WEBCAST OR LIVE AUDIO STREAM

(1) For Shareholders, as well as investors who hold shares through relevant intermediaries, who wish to observe or listen to the proceedings of the AGM via LIVE WEBCAST or LIVE AUDIO STREAM, respectively. Shareholders or the relevant intermediaries will need to register online at the URL https://live.motionmediaworks.com/newwave_reg_form by submitting their particulars (comprising full name (for individuals)/company name (for corporates), email address, National Registration Identity Card Number ("**NRIC**")/Company Registration number and number of shares held) no later than 11.00 a.m. on 25 September 2020 (being not less than seventy-two (72) hours before the time appointed for holding the AGM) (the "**Registration Deadline**") to enable the Company to verify the Shareholders' status.

(2) Following verification, authenticated Shareholders will receive an email confirmation by 6.00 p.m. on 26 September 2020 containing instructions to either access the LIVE WEBCAST (via smart phones, tablets or laptops/computers) or to access the LIVE AUDIO STREAM (via telephone) of the proceedings of the AGM.

(3) Shareholders must not forward the abovementioned link to other persons who are not Shareholders of the Company and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the LIVE WEBCAST or LIVE AUDIO STREAM.

(4) Shareholders who register by the Registration Deadline but do not receive an email response by 6.00 p.m. on 26 September 2020 may contact Motion Media Works at mobile number (+65) 9695 8365 or the Company by email at NW_IR@newwave.com.sg for assistance.

SUBMISSION OF PROXY FORMS TO VOTE

(1) **Voting at the AGM is by proxy ONLY. Please note that Shareholders will not be able to vote through the LIVE WEBCAST or LIVE AUDIO STREAM and can only vote with their proxy forms that are required to be submitted in accordance with the instructions in the following paragraphs.**

(2) Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the Meeting as their proxy to vote on their behalf by completing the proxy form for the AGM. Shareholders must specifically indicate how they wish to vote for or vote against (or abstain from voting on) in respect of a resolution set out in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

NOTICE OF ANNUAL GENERAL MEETING

(3) The proxy form, 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 personally or by post, be lodged at the Company's Share Registrar, Boardroom Corporate & Advisory Service Pte Ltd at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623; or

(b) if submitted by email, be received by the Company at NW_IR@newwave.com.sg

in either case, by 11.00 a.m. on 26 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 proxy form for the AGM shall not be treated as valid.

(4) A Shareholder who wishes to submit a proxy form may use the hard copy sent by ordinary mail to their address registered with CDP or may download the electronic copy from the SGX's website at the URL http://www.sgx.com/securities/company-announcements or the Company's website at the URL http://www.newwave.com.sg. The Shareholder must 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.

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

(6) CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 11.00 a.m. on 17 September 2020) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.

SUBMISSION OF QUESTIONS

(1) **Shareholders will NOT be able to ask questions during the AGM via LIVE WEBCAST or LIVE AUDIO STREAM, and therefore it is important for Shareholders to submit their questions in advance of the AGM.**

(2) Shareholders may submit any questions they may have in advance of the AGM in relation to the items on the agenda of the AGM online at the URL https://live.motionmediaworks.com/newwave_reg_form or by post to the Company's registered address at 101 Kitchener Road #02-17, Jalan Besar Plaza, Singapore 208511. All questions must be submitted by 11.00 a.m. on 25 September 2020 (being not less seventy-two (72) hours before the time appointed for holding the AGM).

(3) When submitting any questions online or by post, Shareholders must also provide the Company with their particulars (comprising full name (for individuals)/company name (for corporates), email address, NRIC/Company Registration number and number of shares held).

NOTICE OF ANNUAL GENERAL MEETING

(4) Shareholders who hold their shares through relevant intermediaries and who wish to submit questions should approach their respective relevant intermediaries early, so that the relevant intermediaries may in turn submit the questions for the AGM to the Company on their behalf before the Registration Deadline.

(5) The Company will endeavor to address the substantial and relevant questions from Shareholders relating to the agenda of the AGM prior to the AGM via publication on (i) the SGX's website at the URL http://www.sgx.com/securities/company-announcements; and (ii) the Company's corporate website at URL http://www.newwave.com.sg, or at the AGM via LIVE WEBCAST or LIVE AUDIO STREAM. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at, the AGM in respect of substantial and relevant matters.

(6) The responses from the Board and management of the Company to substantial and relevant questions from Shareholders, together with the minutes of the AGM, will be published on (i) the SGX's website at the URL http://www.sgx.com/securities/company-announcements; and (ii) the Company's corporate website at the URL http://www.newwave.com.sg, within one (1) month after the date of the AGM.

In view of the evolving COVID-19 situation, the Company reserves the right to take such further precautionary measures and/or changes to the Company's AGM arrangement as may be appropriate up to the date of the AGM, including any precautionary measures required or recommended by government agencies, in order to curb the spread of COVID-19. Shareholders should continually check for announcements by the Company for updates (if any) on the AGM via the SGX's website at the URL http://www.sgx.com/securities/company-announcements.

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NEW WAVE HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
Company Reg. No. 199906870Z

PROXY FORM
Annual General Meeting

IMPORTANT:
1. The Annual General Meeting of the Company (the "**Meeting**") 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.
2. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically accessed via "live" audio-visual webcast ("**LIVE WEBCAST**") or "live" audio-only stream ("**LIVE AUDIO STREAM**")), submission of questions in advance of the Meeting, addressing of substantial and relevant questions at the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the accompanying section entitled "Important Notice to Shareholders" of the Notice of AGM. For the avoidance of doubt, the aforesaid section is circulated together with and forms part of the Notice of AGM in respect of the Meeting.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. If a member (whether individual or corporate) 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 (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. Please read the notes to this proxy form.

I/We, ____________________ (Name), NRIC/Passport No.

of ____________________ (Address)

being a member(s) of New Wave Holdings Ltd. (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting of the Company ("**Meeting**") as*my/our proxy to vote for *me/us on *my/our behalf at the Meeting to be held by way of electronic means on Monday, 28 September 2020 at 11.00 a.m. and at any adjournment thereof.

*I/We direct the Chairman of the Meeting, being *my/our proxy, to vote for or against, or abstain from voting on the Ordinary Resolutions to be proposed at the Meeting as indicated hereunder.

In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

No.	RESOLUTIONS RELATING TO:	For**	Against**	Abstain**
	Ordinary Business			
1	To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 March 2020 together with the Independent Auditor's Report thereon			
2	To re-elect Mr Lee Teong Sang as a Director of the Company			
3	To re-elect Mr Ong Kian Soon as a Director of the Company			
4	To approve the payment of Directors' fees of S$46,000 for the financial year ended 31 March 2020 (FY2019: S$51,000)			
5	To re-appoint BDO LLP as Independent Auditor of the Company and authorize the Directors to fix its remuneration			
	Special Business			
6	To approve the authority to Directors to issue shares and/or convertible securities			

Notes:
* Delete accordingly
** Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to exercise all your votes "For" or "Against" the relevant resolution, please mark an "X" in the relevant box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the relevant box provided in respect of that resolution. If you mark an "X" in the "Abstain" box for a particular resolution, you are directing your proxy, who is the Chairman of the Meeting, not to vote on that resolution.

Dated this ________ day of ____________ 2020

Total number of shares in:	No. of Shares
(a) Depository Register	
(b) Register of Members	

____
Signature of Member(s)/or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM.

Notes:

1. Please insert the total number of shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the Shares held by you.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. If a member (whether individual or corporate) 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 (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. 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 thereon, must:

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

   (b) if submitted by email, be received by the Company at NW_IR@newwave.com.sg

   in either case, by 11.00 a.m. on 26 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.

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

fold along this line (1)

Please
affix
postage
stamp

New Wave Holdings Ltd.
c/o Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

fold along this line (2)

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or his/her attorney duly authorized in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorised in writing or by an authorized officer of the corporation, failing which the instrument of proxy may be treated as invalid.
6. A corporation which is a member may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at the Meeting.
7. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such members are not shown to have shares entered against their names in the Depository Register at least seventy-two (72) hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. For investors who have used their CPF monies ("**CPF Investors**") and/or SRS monies ("**SRS Investors**") (as may be applicable) to buy Shares, this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors and/or SRS Investors who wish to appoint the Chairman of the Meeting to act as their proxy should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the Meeting (i.e. by 11.00 a.m. on 17 September 2020).

Personal Data Privacy:

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

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NEW WAVE HOLDINGS LTD.
Registration No 199906870Z

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Jalan Besar Plaza
Singapore 208511

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