

TRAVELITE

TRAVELITE HOLDINGS LTD

ANNUAL REPORT 2019



COMMITTED TO GROWTH
FOCUSED ON PROFITABILITY



DELSEY
PARIS

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CORPORATE PROFILE

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

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

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



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

VISION:

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

MISSION:

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR THANG TECK JONG

Executive Chairman

MR FOONG DAW CHING

Lead Independent Director

MR TAN CHUN CHIEH

Independent Director

AUDIT COMMITTEE

MR FOONG DAW CHING – Chairman

MR TAN CHUN CHIEH

MR THANG TECK JONG

NOMINATING COMMITTEE

MR TAN CHUN CHIEH – Chairman

MR FOONG DAW CHING

MR THANG TECK JONG

REMUNERATION COMMITTEE

MR TAN CHUN CHIEH – Chairman

MR FOONG DAW CHING

MR THANG TECK JONG

COMPANY SECRETARIES

MS WEE WOON HONG, LLB (Hons)

MS LEE LI ERH, CA Singapore

REGISTERED OFFICE

53 Ubi Avenue 3

Travelite Building

Singapore 408863

Tel: (65) 6785 8000

Fax: (65) 6785 7000

Website: www.etravelite.com

SHARE REGISTRAR

TRICOR BARBINDER SHARE REGISTRATION SERVICES

(A division of Tricor Singapore Pte. Ltd.)

80 Robinson Road

#02-00

Singapore 068898

INDEPENDENT AUDITORS

RSM CHIO LIM LLP

Public Accountants and Chartered Accountants

8 Wilkie Road

#04-08 Wilkie Edge

Singapore 228095

Partner-in-charge: Ms Tay Hui Jun Sabrina,

CA Singapore

(Appointed with effect from financial

year ended 31 March 2017)

PRINCIPAL BANKERS

DBS BANK LTD.

12 Marina Boulevard

Level 43, DBS Asia Central @ MBFC Tower 3

Singapore 018982

OVERSEA-CHINESE BANKING
CORPORATION LIMITED

65 Chulia Street

OCBC Centre

Singapore 049513

UNITED OVERSEAS BANK LTD

1 Tampines Central 1

#01-01 UOB Tampines Centre

Singapore 529539

OUR BRANDS

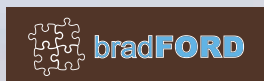


BRENTWOOD



Crocodile

VAN HEUSEN

**DELSEY**
PARIS**Hedgren**

CHAIRMAN'S MESSAGE



DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you the annual report for Travelite Holdings Ltd. for the financial year ended 31 March 2019 ("FY2019").

FY2019 continued to be a difficult year for us against the backdrop of deteriorating trade war developments between the US and China. Singapore's 2019 wholesale and retail trade sector growth has been tipped to contract by 0.3%. The overall operating environment remained tough for the brick-and-mortar channel as the increasingly competitive e-commerce channel gained traction amongst consumers.

Nevertheless, we have managed to stay resilient during this challenging period by keeping to a lean operating structure, while focusing on building our capabilities and improving productivity. During the year, we continued to review and streamline workflow, as well as scrutinised the performance of our various points of

sale. Through this exercise, we reaped significant synergies from reduced manpower costs.

Besides our internal restructuring exercise, we also achieved new milestones during the year. We regained distributorship of Delsey luggage and travel accessory products in Singapore and Malaysia with effect from 1 August 2018, thereby boosting our revenue. Additionally, the Group's wholly-owned subsidiary in Malaysia, Fashion Way Sdn Bhd ("FWSB") also resumed its business in September 2018, distributing luggage and travel accessories from major departmental stores and our own chain of specialty stores.

FINANCIAL REVIEW

In FY2019, the Group recorded a 7.0% increase in revenue to S\$42.8 million from S\$40.0 million in FY2018 due to the distributorship of Delsey luggage and travel accessory products secured with effect from 1 August 2018.

Gross profit margin rose from 42.7% to 44.2%, owing to a larger contribution from the luggage and travel accessories division.

Where costs were concerned, there was a double-digit rise in marketing and distribution costs, coupled with a dip in administrative expenses. This reflected the Group's reclassification of warehousing and logistics costs from administrative to distribution function.

Overall operating expenses decreased by S\$0.25 million despite the expansion in our distribution network following our re-appointment as Delsey's distributor and FWSB incurring a total of S\$0.4 million in operating expenses since it resumed business in September 2018. This was due to a significant S\$0.3 million savings contributed by tightening of manpower costs. Additionally, the cost reduction was also due to the absence of one-off relocation expenses incurred in FY2018 amounting to S\$0.2 million and overall discretionary expenses control.

Meanwhile, other losses remained unchanged at S\$0.3 million, comprising allowance for impairment on inventories of \$0.1 million. Other gains reduced to S\$0.4 million due to absence of a one-off gain on disposal of subsidiary amounted to S\$0.4 million in FY2018.

As a result, the Group registered a profit after tax of S\$0.3 million in FY2019 as compared to a loss after tax of S\$1.2 million in the year before.

CHAIRMAN'S MESSAGE

FUTURE OUTLOOK

The news that the US and China agreed to resume their trade talks following the G-20 summit in Osaka last month provided a breather to businesses worldwide. Nonetheless, with no deadline set for the conclusion of the trade talks this time, businesses are fraught with the difficulty of planning ahead, not knowing how the talks will play out. Pending resolution of the stumbling blocks in the trade talks, tariffs already implemented are holding back the global economy.

Closer to home, gross domestic product growth forecasts have been lowered recently due to the bleaker outlook, standing at 1.5%-2.5% for Singapore, 4.3%-4.8% for Malaysia and 5.0%-5.4% for Indonesia. Nevertheless, consumer confidence remains resilient, tapered only slightly in 1Q2019, except for Indonesia, whose consumers displayed greater optimism about the domestic economy.

On the other hand, outlook in the near term may be slightly sanguine for the Group as we may benefit from cheaper supplies provided by tariffs-affected manufacturers. However, we expect an inundation of supplies in the market from factory surplus stocks to lead to a downward pressure on selling prices and hurt businesses in the long run.

Going forward, we will continue to stay vigilant as we explore strategic new store locations, while monitoring the profitability of our current stores to identify any non-performing ones. We will also work towards introducing new brands and boosting our online presence as we strengthen our corporate sales department.

IN APPRECIATION

I would like to use this opportunity to extend my appreciation to Mr Yeo Toon Wee, who stepped down from his Executive Director position on 1 January 2019. We are grateful to him for his invaluable contribution and dedicated commitment during his term of service.

On behalf of the Board, I would like to thank our business partners and colleagues for their staunch loyalty and hard work that have helped steer us through these challenging times. I would also like to express my gratitude to our shareholders and customers for their continual support and faith in us as we manoeuvre through rough terrains. We will do our best to rise to the occasion and we look forward to journeying ahead with you into the near future.

TJ THANG

Executive Chairman






DANIEL HECHTER
PARIS

BOARD OF DIRECTORS



THANG TECK JONG (TJ THANG)

Executive Chairman

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

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

FOONG DAW CHING

Lead Independent Director

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

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

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



BOARD OF DIRECTORS



TAN CHUN CHIEH

Independent Director

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

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



DELSEY
PARIS



KEY MANAGEMENT



LEE LI ERH (JESSIE)

Group Financial Controller

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

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

YEO GUAN HONG (SIMON)

General Manager - Demarco Pte Ltd

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

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

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



KEY MANAGEMENT



CHEW CHIEW HOR (JOHNNY)

General Manager - YG Marketing Pte. Ltd.

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

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

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

TOH KIAN HOCK (MARK)

General Manager - Singapore Crocodile (1968) Pte Ltd

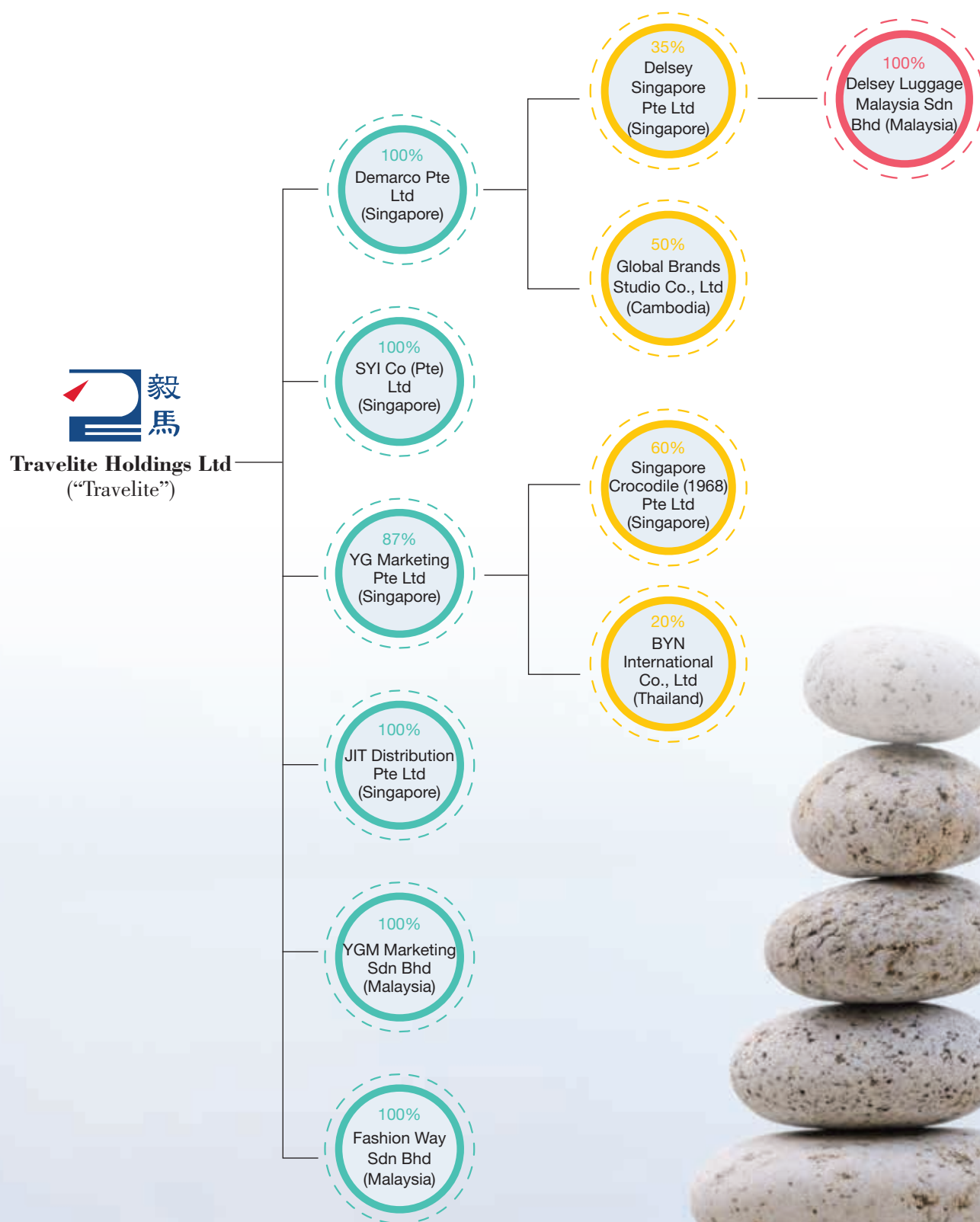
He is the General Manager of Singapore Crocodile (1968) Pte Ltd ("**Singapore Crocodile**"). Prior to joining Travelite in 2015, Mark was previously the Division General Manager of a Hong Kong-listed fashion and retail company in Singapore. He has over 20 years of experience in the retail trade, mostly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

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

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



GROUP STRUCTURE



VAN HEUSEN



FINANCIAL HIGHLIGHTS

	FY2015	FY2016 ⁽³⁾	FY2017 ⁽³⁾	FY2018	FY2019
Financial Results					
Revenue ⁽⁴⁾ (\$'000)	46,082	45,722	48,859	40,262	42,781
Profit (Loss) Before Tax (\$'000)	(4,329)	948	544	(1,316)	399
Earnings (Loss) Per Share (cents) ⁽¹⁾	(7.3)	0.7	0.7	(1.5)	0.4
Financial Position					
Non-Current Assets (\$'000)	3,463	4,143	24,474	24,722	24,029
Net Current Assets (\$'000)	20,970	25,158	16,388	14,793	15,040
Total Equity ⁽²⁾ (\$'000)	24,033	28,910	29,627	27,957	28,254
Net Debt (Cash) (\$'000)	(1,183)	(5,493)	19,198	17,317	14,611
Return on Equity (%)	-18.7%	1.4%	1.4%	-3.5%	0.8%
Net Debt to Equity Ratio (times)	N.A.	N.A.	0.6	0.6	0.5
Net Assets Per Share (cents) ⁽¹⁾ (excluding treasury shares)	39.0	45.8	47.0	44.3	44.8

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

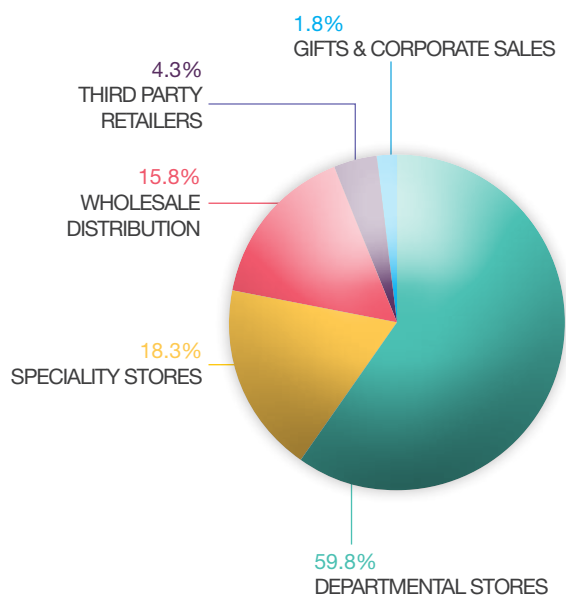
(2) Includes non-controlling interests.

(3) Financial results and return on equity (%) presented are before applying the classification and presentation requirements of SFRS(I) 5 in respect of the business of distribution, wholesale and retail of Delsey products discontinued during FY2017.

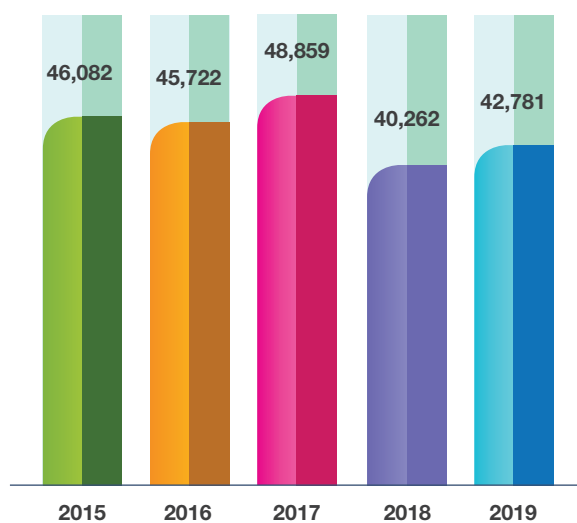
(4) Revenue figures presented are before applying SFRS(I) 15 except for FY2019.

N.A. denotes not applicable.

SEGMENT REVENUE



REVENUE (\$'000)⁽¹⁾



(1) Figures presented are before applying the classification and presentation requirements of SFRS(I) 5 in respect of the business of distribution, wholesale and retail of Delsey products discontinued during FY2017.

Crocodile



SUSTAINABILITY REPORT

ABOUT THIS REPORT

Travelite Holdings Ltd (“**Travelite**”) is delighted to present our second Sustainability Report for the financial year ended March 2019 (“**FY2019**”). This report is published on an annual basis in accordance with the Global Reporting Initiative Standards: Core option (“**GRI Standards**”) – the international standard for sustainability reporting, and with reference to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Rules 711A and 711B. For further information on the relevant references, please refer to the GRI Content Index at the end of this report.

This report aims to disclose our Environmental, Social and Governance (“**ESG**”) performance on topics that are considered material to Travelite’s stakeholders and provide them with an understanding of our sustainability practices. The report covers all our operations and activities in Singapore¹, spanning the period 1 April 2018 to 31 March 2019, unless stated otherwise. Report content is defined by the four reporting principles established under GRI Standards 2016:



Figure 1: Reporting Principles of GRI Standards

Travelite has not sought external assurance for this report, although the Company may consider doing so for subsequent reporting periods in its drive for continuous improvement.

CONTACT US

Any questions or feedback on this report can be directed to:

Group Financial Controller
 Jessie Lee Li Erh
jessielee@etravelite.com

¹ In Malaysia, our operations are insignificant (revenue contribution below 10%) and are therefore not in scope. In Indonesia, we are only present through local distributors, which are outside parties, and therefore Indonesia as a market is not included in the scope of this report either.



SUSTAINABILITY REPORT

SUSTAINABILITY AT TRAVELITE

Sustainability Governance

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

Our Supply Chain

Given our business model, we recognise the importance of building a sustainable and responsible supply chain that will safeguard our reputation and contribute to the success of our business. Hence, we are committed to ensuring that appropriate risk management procedures are in place and applied across our supply chains, which is managed by an integrated supply chain management system covering procurement and inventory management processes. Our travel products and ladies' handbags are sourced mainly from China, Belgium and the United States, whereas our apparel products are sourced primarily from Singapore, China, Malaysia and Thailand.

Membership of Associations

Travelite is a member of the following associations:

- Singapore Business Federation
- Singapore Chinese Chamber of Commerce & Industry
- Singapore Retailers Association

Risk Management

We regularly review and improve our business and operational activities to identify areas of significant business risks as well as to take appropriate measures to control and mitigate these risks. We are committed to ensuring appropriate risk management procedures are implemented across our supply chain.

For more details on our Risk Management, please refer to the Corporate Governance section from page 33.



SUSTAINABILITY REPORT

SUSTAINABILITY BOARD STATEMENT

Dear Stakeholders,

We are in the second year of our sustainability reporting journey. At Travelite, sustainability is highly regarded by the Board and top management (the “**Management**”). We are steadfast in our pledge to create an organisational culture whereby sustainable business practices are valued and sustainable criteria are used when selecting our business partners. We believe that we can play our part in contributing to environmental preservation and social inclusion by minimising the impact of our operations on the environment and utilising our core competencies in a way that contributes to the society at large and generates long-term economic opportunities.

Maintaining Our ESG Performance

In FY2019, Travelite generated \$43 million in direct economic value for our stakeholders. The Group is determined to pursue financial growth for shareholders alongside sustainable ESG performance, and will strive to maintain a high standard of corporate governance, accountability and transparency. We will put in effort to do better where improvements are needed, such as in the area of energy consumption and emissions, as well as workplace injuries and lost day rates, and strive to maintain our record in areas where we have performed up to the standards, including the maintenance of zero occupational diseases and absentee rates among our employees, and maintaining our improved employee turnover rate.

Looking Ahead

In FY2020, the Group remains committed to building a resilient business that is supported by responsible practices, a goal that we will aim to achieve through the continuous promotion and integration of sustainability into our corporate strategy and business operations. New initiatives that the Group has committed to embark on include the monthly tracking of our energy consumption levels to spur energy-saving behaviour among employees, and the establishment of a structured employee appraisal system by the end of the reporting year. Together with our stakeholders and business partners, we will continue to build a sustainable business, with a view towards improving the economic, environmental and social well-being of the communities we operate in.

TJ Thang
Executive Chairman



SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

Travelite defines stakeholders as groups that have an impact, or have the potential to be impacted by its business, as well as external organisations that have expertise in topics that it considers material. Our stakeholders are engaged through a variety of channels for updates on the Group's development. We seek feedback from stakeholders as we believe in two-way communication. Based on feedback from our stakeholders since FY2018, we have determined our material topics and identified these following focus areas:

Stakeholders	Areas of Concern	Means of Engagement
Employees	• Remuneration and benefits • Training and development • Ethics and conduct • Diversity	• Performance Appraisal • Ongoing communication • Training needs identification • Sustainability reporting
Customers	• Corporate social responsibility • Environmental compliance • Social compliance	• Annual reports • Sustainability reporting
Communities	• Usage of packaging materials and recycling efforts	• Sustainability reporting
Government and Regulatory Bodies	• Environmental compliance • Environmental matters • Regulatory and industrial requirements (Ministry of Manpower)	• SGX announcements • Annual reports • Sustainability reporting • Ongoing dialogue
Shareholders and Investors	• Economic performance • Anti-corruption	• Annual reports • Investor relations management • Sustainability reporting

Figure 2: Stakeholder Groups of Travelite

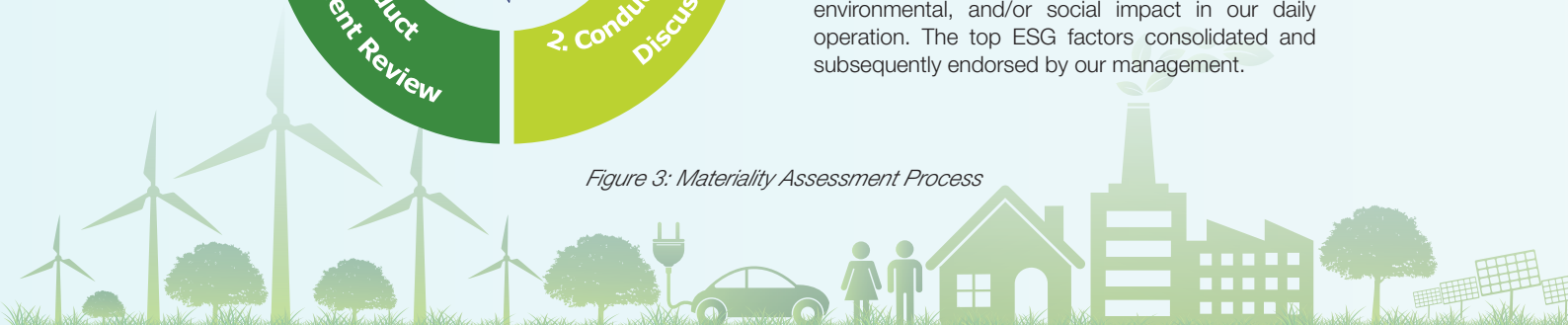
MATERIALITY ASSESSMENT

The Group has applied the GRI Principles for Defining Report Content to identify material topics that are relevant to the business and to its stakeholders. We have conducted a refreshment exercise to evaluate the relevance of previous ESG topics to our current business operations. The process for the refreshment exercise is outlined as follows:



1. Refreshment of materiality matrix was performed to evaluate the relevancy of the selected ESG factors against current business operations.
2. Several rounds of internal discussions were conducted between management and employees that were proxy to the various stakeholder groups.
3. Management review was conducted to evaluate and prioritise the importance of the ESG factors raised by considering the company's significant economic, environmental, and/or social impact in our daily operation. The top ESG factors consolidated and subsequently endorsed by our management.

Figure 3: Materiality Assessment Process



SUSTAINABILITY REPORT

The following table summarises the GRI topics determined to be the most significant to Travelite, as well as their aspect boundary²:

Category	Topic	Sub-topic	Aspect Boundary
Economic	Economic Performance	201-1: Direct economic value generated and distributed	Within organisation
	Anti-corruption	205-2: Communication and training about anti-corruption policies and procedures	Within organisation
Environmental	Energy	302-1: Energy consumption within the organisation	Within organisation
		302-3: Energy intensity	Within organisation
	Emissions	305-2: Indirect GHG emissions (Scope 2)	Within organisation
		305-4: GHG emissions intensity	Within organisation
	Supplier Environmental Assessment	308-1: New suppliers that were screened using environmental criteria	Outside organisation
Social	Employment	401-1: New employee hires and employee turnover	Within organisation
	Occupational Health and Safety	403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Within organisation
	Training and Education	404-1: Average hours of training per year per employee	Within organisation
		404-3: Percentage of employees receiving regular performance and career development reviews	Within organisation
	Diversity and Equal Opportunity	405-1: Diversity of governance bodies and employees	Within organisation
	Non-discrimination	406-1: Incidents of discrimination and corrective actions taken	Within organisation
	Supplier Social Assessment	414-1: New suppliers that were screened using social criteria	Outside organisation
	Customer Privacy	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Outside organisation

Figure 4: Material Topics and Indicators Identified

² Aspect Boundary refers to where the impacts occur for a material topic and the organisation's involvement with those impacts. Organisations might be involved with impacts either through their own activities or as a result of their business relationships with other entities.



SUSTAINABILITY REPORT

ECONOMIC TOPICS

Economic Performance

The economic highlights (i.e. direct economic value generated³, economic value distributed⁴ and economic value retained⁵) of Travelite for 12 months from 1 April 2018 to 31 March 2019 are shown in the table below:

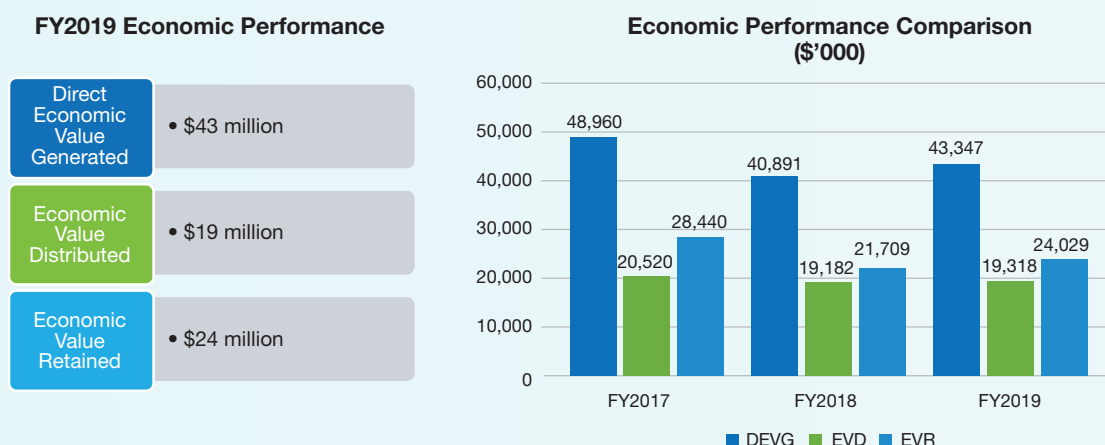


Figure 5: Economic Performance

For a more detailed breakdown of our FY2019 financial results, please refer to the relevant financial statement sections in pages 58-63.

Anti-Corruption

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

We have established a set of policies to explain the responsibilities of our employees in maintaining zero-tolerance against all forms of corruption and bribery, including policies on interested party transactions, gifts and hospitality and procurement fraud. For example, under Travelite's Gifts and Hospitality Policy, all employees are required to declare and record all gifts or hospitality received by them, or their family members, from suppliers exceeding \$250 in aggregate value in the gift register, within three working days of receiving such gifts or hospitality. These policy documents serve as guidance to our employees on how to recognise, resolve and prevent instances of corruption and bribery which may arise in the course of their work. In FY2019, we have communicated anti-corruption policies and obligations to all Travelite employees.

³ Direct economic value generated typically refers to the revenue generated by the organisation for the reporting period, which can be calculated as net sales, plus revenues from financial investments and sales of assets.

⁴ Economic value distributed typically refers to the sum of operating costs, employee wages and benefits, payments to providers of capital, payments to government by country and community investments.

⁵ Economic value retained refers to the value of direct economic value generated less economic value distributed.

SUSTAINABILITY REPORT

ENVIRONMENTAL TOPICS

Energy

The Group is conscious of the impact of its energy usage on the environment and as an organisation, we are committed to reducing our carbon footprint. We currently already have the following energy-saving initiatives in place:

- Electricity:** We conduct regular maintenance of our facilities to prevent and detect failures and deploy motion sensors in our washrooms and lift lobbies to reduce electricity usage. We have replaced older appliances and have since 2017 switched to using more energy-efficient LED lights in offices, storages and common areas. We are cultivating an energy-saving culture among staff by reminding them through internal emails to turn off computers, lighting and air-conditioners before leaving office or meeting rooms.
- Fuel:** To reduce consumption of transport fuel, we have streamlined our logistical functions by harmonising delivery schedules across business units, including combining deliveries since 2017. We have also replaced older vehicles to newer and more fuel-efficient models.

In FY2018, the Group pledged to maintain and uphold our energy saving initiatives in our office and warehouses and along our value chain. However, our energy consumption in FY2019 exceeded that in FY2018 due to the staggered process of the relocation of our warehouses between April and July 2017. During that period, our energy consumption performance enjoyed a one-off reduction as a result of the installation of warehouse facilities in phases, resulting in a lower-than-expected baseline. In FY2019 however, we witnessed a normalisation of energy consumption following completion of the relocation process.

The Group remains true to its aspirations to reduce carbon footprint. For FY2020, we aim to lower our annual energy consumption by 2% from FY2019 levels. We intend to continuously evaluate our energy consumption performance by conducting a monthly comparison of our energy usage to the same period of the previous year.

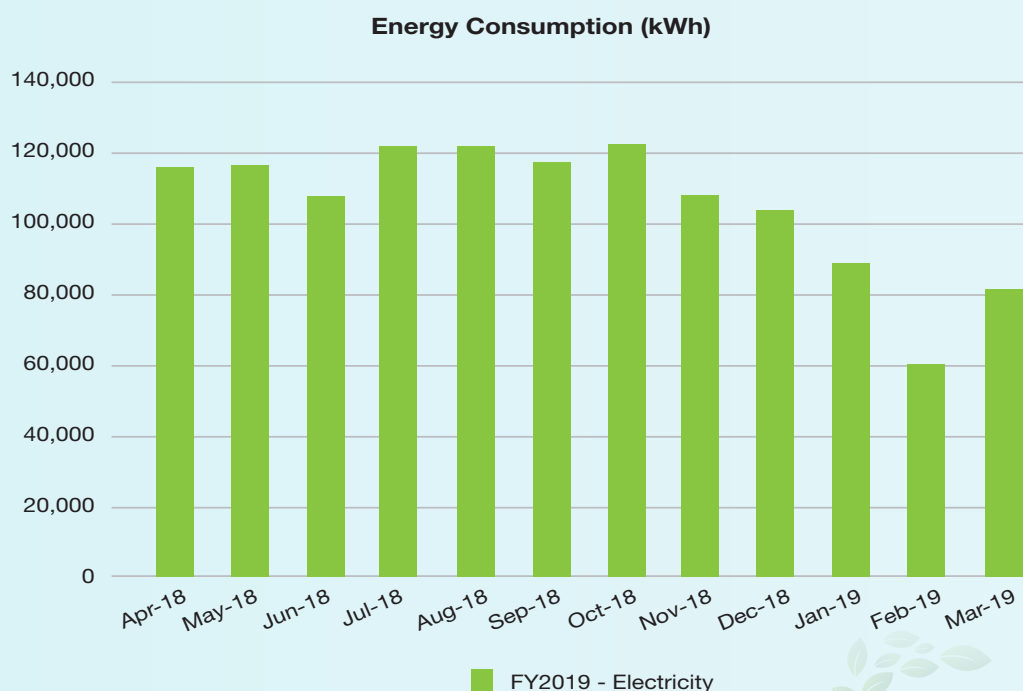
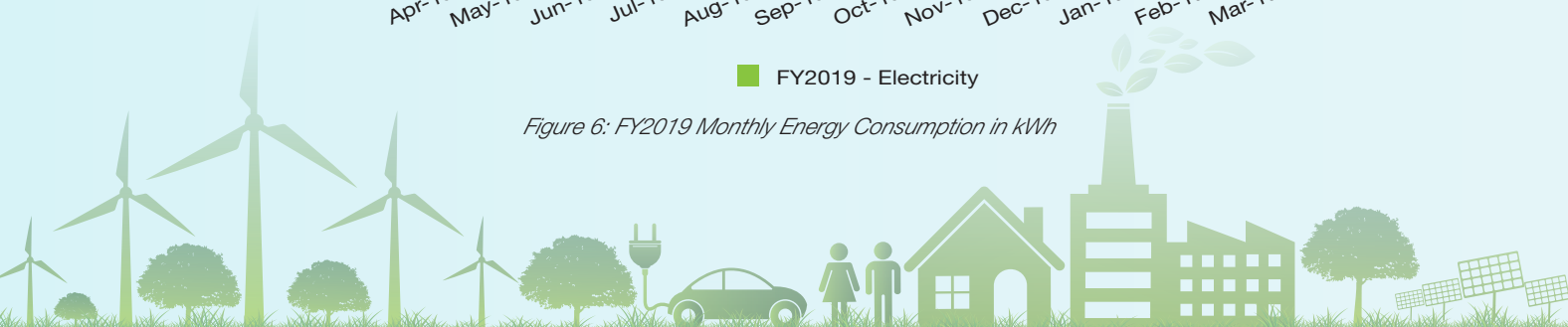


Figure 6: FY2019 Monthly Energy Consumption in kWh



SUSTAINABILITY REPORT

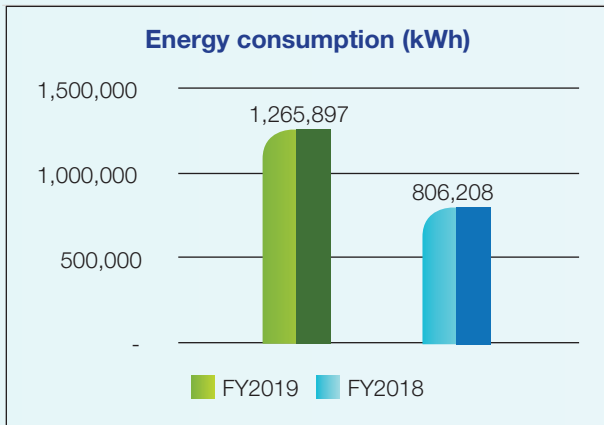


Figure 7: Year-on-Year Energy Consumption Comparison

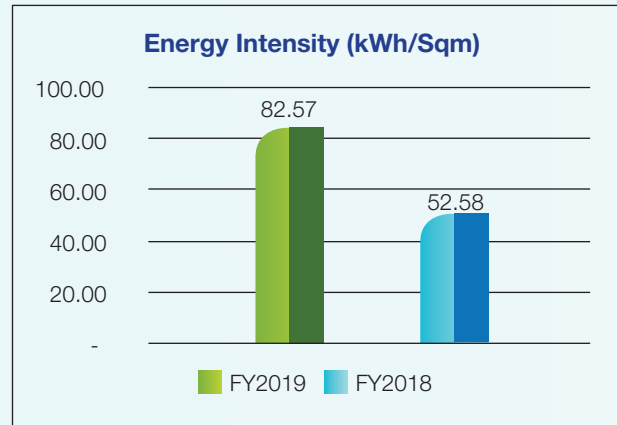


Figure 8: Year-on-Year Energy Intensity Comparison

Emissions

Travelite is mindful of the need to reduce emissions to mitigate our carbon footprint. Given our dependence on fuel energy and purchased electricity to support our business activities in offices and warehouses, efficient use of electricity is critical to the Group's management of greenhouse gas emissions. We have outlined our energy-saving initiatives in the previous section, and the Group aims to reduce its emissions level in accordance with our energy consumption targets.

In FY2018⁶, Travelite pledged to monitor and analyse our energy consumption patterns with the aim of lowering, or at least maintaining, our energy consumption levels, energy intensity ratio and greenhouse gas emissions. Our FY2019 emissions performance is in line with our energy performance, and we are setting accordingly, a target of a 2% annual reduction of emissions level from FY2019.

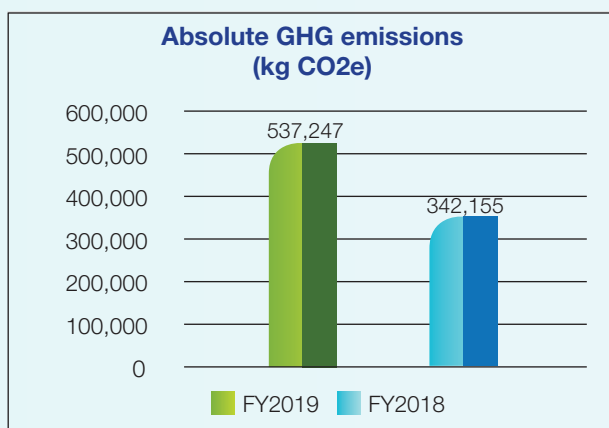


Figure 9: Year-on-Year GHG Emissions Comparison

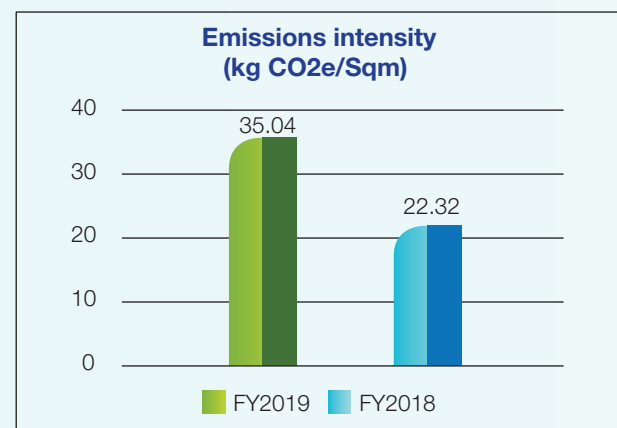
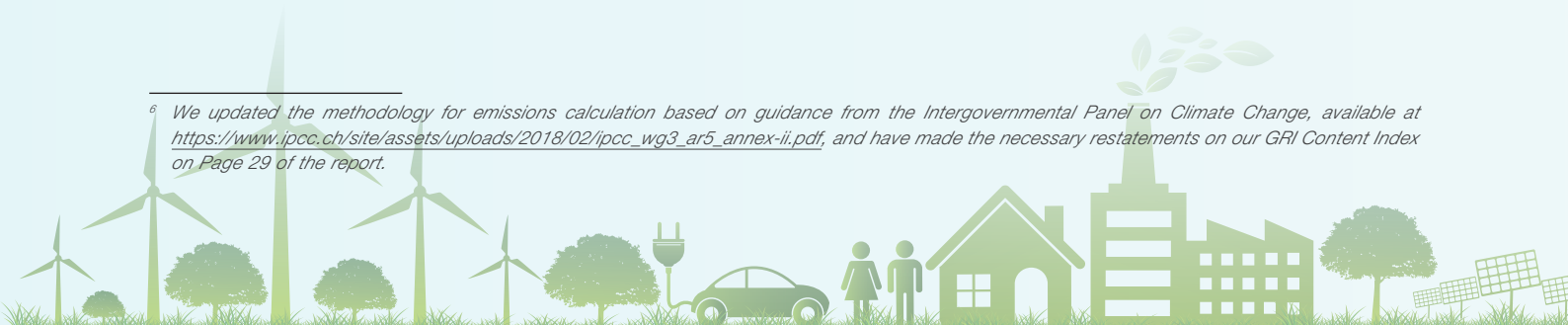


Figure 10: Year-on-Year GHG Emissions Intensity Comparison

⁶ We updated the methodology for emissions calculation based on guidance from the Intergovernmental Panel on Climate Change, available at https://www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_annex-ii.pdf, and have made the necessary restatements on our GRI Content Index on Page 29 of the report.



SUSTAINABILITY REPORT

Supplier Environmental Assessment

As a lifestyle brand management company, Travelite sources manufactured goods from third-party suppliers for distribution to our customers. Given our heavy reliance on suppliers for our business activities, we recognise the importance of responsible sourcing and the need to use our leverage with suppliers to reduce any negative environmental impacts arising from their production processes.

Travelite has an internal supplier screening process where our key suppliers, defined as those comprising 70% of our annual purchases, are screened for negative environmental impacts resulting from their business operations. We use the following criteria when screening suppliers for negative environmental effects:

- Land pollution
- Air pollution
- Water pollution
- Noise pollution
- Biodiversity loss
- Land degradation
- Climate change

In FY2019, all seven of our new key suppliers were screened for negative environmental effects. The Group also visits its regular suppliers on an ad-hoc basis for background checks and observations regarding the above criteria. Going forward, we intend to maintain our practice of screening all new key suppliers and continue the ad-hoc visits.

SOCIAL TOPICS

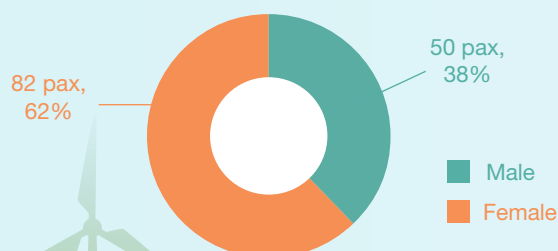
Employment

As a labour-intensive business, Travelite values employees as one of our key assets, whether they are frontline sales associates, backend support staff or management personnel. Employees' contributions are recognised and rewarded accordingly based on merit. On top of providing competitive salaries and performance-based bonus, we strive to cater to our employees' welfare through comprehensive benefits schemes, including but not limited to, insurance coverage, medical and dental benefits, as well as interest-free loans to full-time staff.

As at 31 March 2019, the Group has a total of 322 permanent employees, which consists of 115 male (35.7%) and 207 (64.3%) female employees. Three of the 322 employees are part-time employees. We support the government's pro-family policies and follow the Ministry of Manpower regulations with regards to parental and childcare leave obligations. We also respect all employees' rights to freedom of association and the right to be members of trade unions. Some employees in one of Travelite's subsidiaries – Singapore Crocodile (1968) Pte Ltd ("SC") – are covered under a collective agreement in Singapore. Out of 46 employees at SC, 19 are members of the Singapore Industrial & Services Employees' Union.

The Group also conducts an annual review of turnover rate and monitors the numbers of grievances received regarding unfair employment practices. The figures below details our employment performance for FY2019 and a yearly comparison with the previous year:

New hire breakdown by gender



New hire breakdown by age group

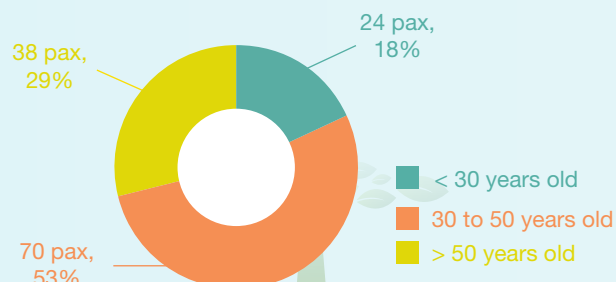
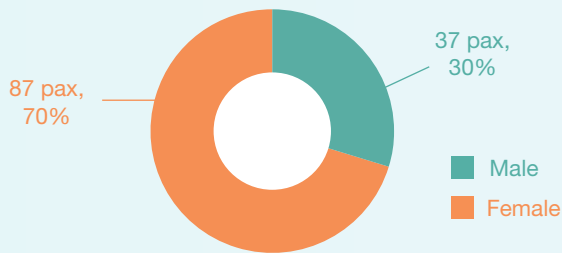


Figure 11: FY2019 New Hires Breakdown by Gender and Age

SUSTAINABILITY REPORT

Employee turnover breakdown by gender



Employee turnover breakdown by age group

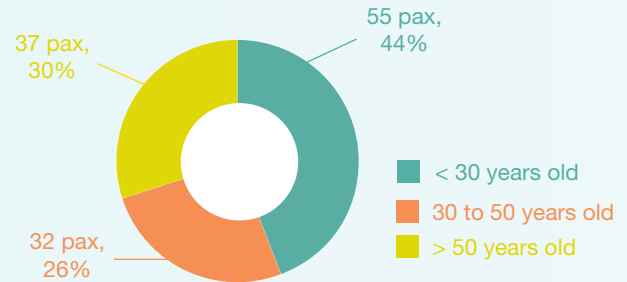


Figure 12: FY2019 Turnover Breakdown by Gender and Age

Year-on-Year Comparison of New Hire and Turnover Rate

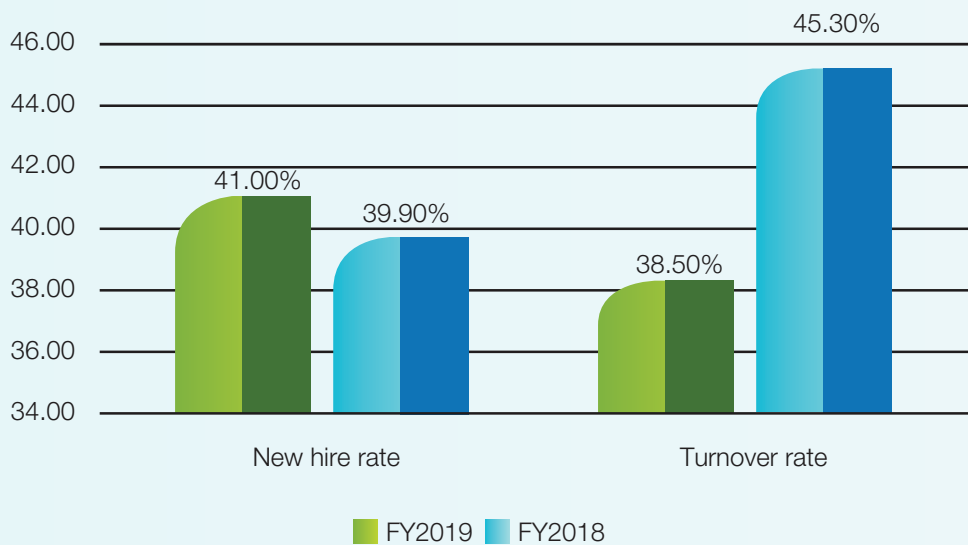


Figure 13: Year-on-year Comparison of New Hire and Turnover Rates

As shown in Figure 13, the Group improved its employment performance in FY2019 with a higher new hire rate of 41% and a lower turnover rate of 38.5%. Going forward, we will continue to review our manpower needs and make adjustments as necessary, taking into account retail market conditions.



SUSTAINABILITY REPORT

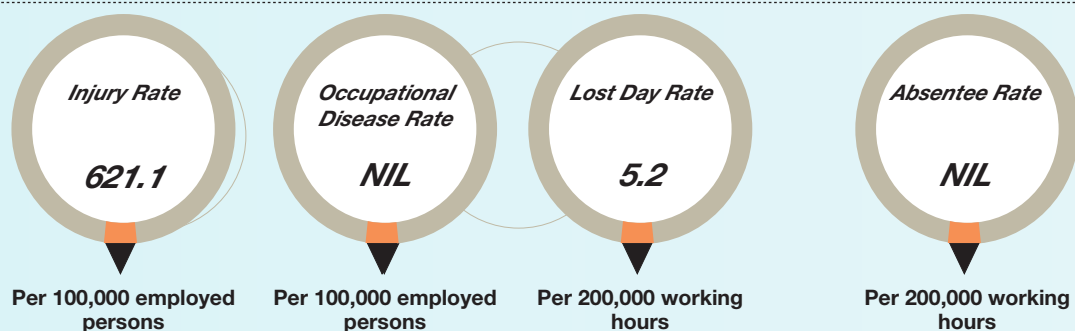
Occupational Health And Safety

Travelite makes it a priority to provide our employees with a safe and conducive working environment – we believe that helps the Group to attract and retain employees.

We comply with the Workplace Safety and Health Act to ensure safety at the workplace and cultivate good safety habits in all employees – any major workplace injury must be brought to the attention of the Group Human Resource Director and corresponding investigation be conducted. Regular maintenance is performed on the Group's facilities to ensure they are safe for all to use. We also organise group-wide activities to encourage our employees to stay active and healthy, including after-work workout sessions and lunch-time talks on health and wellness. Travelite also conducts regular reviews of occupational health and safety concerns raised and the timeliness of course of remedial actions taken.

The figure below illustrates our performance in FY2019:

Occupational Health and Safety Performance in FY2019



In FY2019, our of a 322-strong workforce, Travelite reported 2 staff injuries, which translates into a 621.1 injury rate per 100,000 employed persons. The work-related injuries resulted in a total of 2 lost days, which translates into a lost day rate of 5.2 per 200,000 working hours. The Group recorded zero occupational diseases and zero absentees over the reporting period.

For FY2020, Travelite aims to maintain our zero record for occupational diseases and absentees and will work towards achieving zero injuries and lost days.

Figure 14: FY2019 performance and FY2020 Target

Training And Education

Travelite appreciates that training and education play an essential role in cultivating, developing and advancing our employees' skills to enable them to perform to their highest capabilities. We believe in cultivating the development of our employees and grooming them to achieve their fullest potential at both the personal and professional level, while equipping them to meet the organisation's strategic targets in a changing work environment. Having skilled employees also enhances our human capital and contributes to employee satisfaction, which correlates strongly with improved performance.

We currently evaluate staff performance informally and identify and address gaps on an ongoing basis, taking feedback from both superiors and employees into account. As part of our ongoing commitment to realise the potential of our employees and reward them accordingly, we plan to establish a structured staff appraisal system for all our employees by the end of FY2020.

100%

Percentage of employees receiving regular performance and career development reviews

Figure 15: FY2019 Staff Appraisal Performance

SUSTAINABILITY REPORT

In FY2019, Travelite staff have undergone an average 1.63 hours of training per employee. The Group sends staff for relevant training according to government or industry requirements, and the following are the training topics covered by our employees during the reporting period:

- Leadership and management skills
- Business and economic outlook and budgeting
- Financial reporting, taxes, Singapore Exchange rulings and the Personal Data Protection Act
- NWC Guidelines and Tripartite Standards; Ordinary Delegates' Conference organised by trade union
- Fire safety and building management
- E-commerce trends and latest developments
- Retail strategy and industry developments

In FY2020, the Group will continue to nurture and groom its employees. While we do not have a written learning and development policy, we remain steadfast in our commitment to provide training for our employees. This involves identifying on an annual basis, training gaps in accordance with staff performance, as well as industry and governmental requirements. Training may be conducted in the form of classroom trainings, e-courses, as well as industry conferences and regulatory briefings.

Diversity And Equal Opportunity

Travelite pledges to uphold the principles of diversity and equal opportunity which is reflected in our hiring policies. We do not consider gender, race and age when making hiring and firing decisions.

The two tables below illustrate our diversity performance in FY2019:

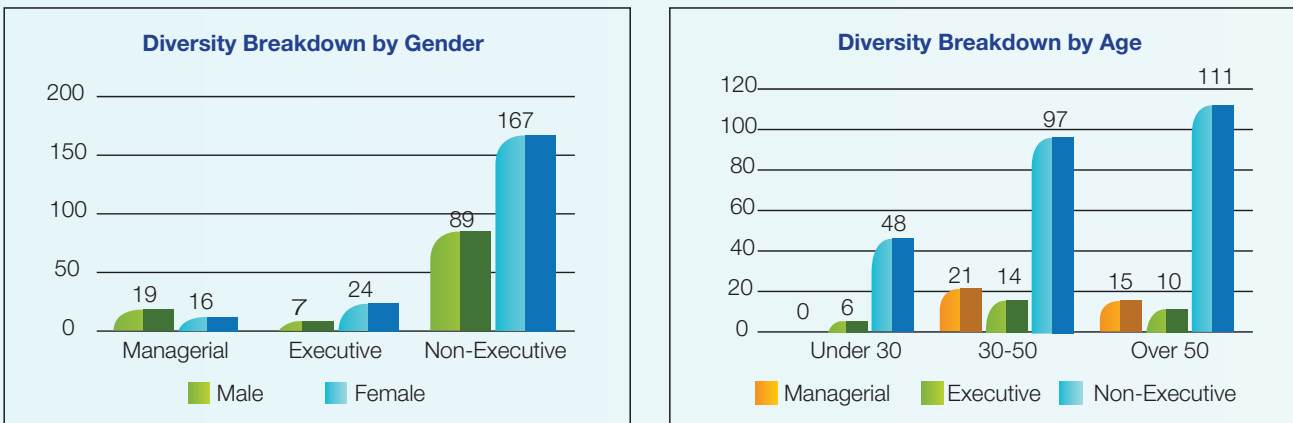


Figure 16: FY2019 Diversity and Equal Opportunity Performance

Non-Discrimination

The Group is committed to eliminating discrimination within the organisation. Grievance handling is included as part of the Travelite's Code of Conduct which requires employees' grievances to be settled at the earliest possible stage. Clear procedures are outlined in the handling of grievances. There were no recorded incidents of discrimination in FY2019, and we intend to maintain our record going forward in FY2020.

Supplier Social Assessment

As a manager of lifestyle brands, we source manufactured goods from third-party suppliers for distribution to our customers. Given our heavy reliance on suppliers for our business activities, the Group recognises the importance of responsible sourcing and the need to use our leverage to reduce the negative social impacts of our suppliers arising from their production processes.



SUSTAINABILITY REPORT

Travelite has an internal supplier screening process where our key suppliers, defined as those comprising 70% of our annual purchases, are screened for negative social impacts resulting from their business operations. We use the following criteria when screening suppliers for negative social effects:

- Work-related fatalities
- Specific-diseases related to work
- Incidents of discrimination
- Incidents of child labour
- Incidents of forced or compulsory labour
- Incidents of violations involving rights of indigenous peoples
- Operations with negative impacts on local communities (e.g. use of hazardous substances)
- Incidents of non-compliance concerning health and safety impacts of products and services
- Incidents of non-compliance concerning product and service information and labelling
- Incidents of non-compliance concerning marketing communications
- Complaints concerning breaches of customer privacy and losses of customer data
- Non-compliance with laws and regulations in the social and economic area

In FY2019, all seven of our new key suppliers were screened for negative social effects. The Group also visits its regular suppliers on an ad-hoc basis for background checks and observations regarding the above criteria. Going forward, we intend to maintain our practice of screening all new key suppliers and continue the ad-hoc visits.

Customer Privacy

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

Any complaint received is directed to the Group’s data protection officer who contacts the customer to assess the situation. If mishandling by employees is found, disciplinary actions may be taken which are assessed on a case-by-case basis.

The table below illustrates our customer privacy performance in FY2019, a record which we intend to maintain in FY2020:

Nil	Total number of substantiated complaints received from:
	• Outside parties and substantiated by the organisation • Regulatory bodies
	Total number of identified leaks, thefts, or losses of customer data

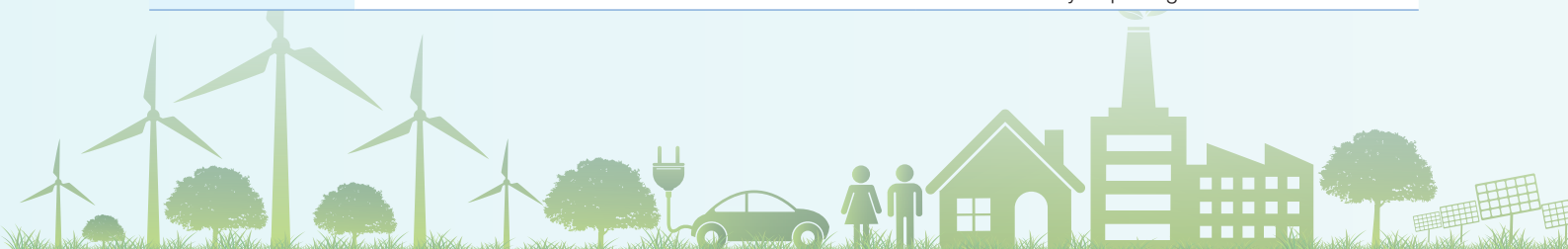
Figure 17: FY2019 Customer Privacy Performance



SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standards 2016	Disclosure Title	Page Reference & Remarks
GRI 102: GENERAL DISCLOSURES 2016		
ORGANISATIONAL PROFILE		
102-1	Name of the organisation	Pg 16
102-2	Activities, brands, products and services	Pg 01, 03
102-3	Location of headquarters	Pg 02
102-4	Location of operations	Pg 01
102-5	Ownership and legal form	Pg 02, 12
102-6	Markets served	Pg 01
102-7	Scale of the organisation	Pg 01, 24
102-8	Information on employees and other workers	Pg 24
102-9	Supply chain	Pg 17
102-10	Significant changes to organisation and its supply chain	N.A. There are no significant changes to Travelite and its supply chain.
102-11	Precautionary Principle or approach	Pg 17
102-12	External initiatives	N.A. The Group does not subscribe to any external initiatives.
102-13	Membership of associations	Pg 17
STRATEGY		
102-14	Statement from senior decision-maker	Pg 18
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behaviour	Pg 01
GOVERNANCE		
102-18	Governance structure	Pg 17, 33
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Pg 19
102-41	Collective bargaining agreements	Pg 24
102-42	Identifying and selecting stakeholders	Pg 19
102-43	Approach to stakeholder engagement	Pg 19
102-44	Key topics and concerns raised	Pg 19
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Pg 12
102-46	Defining report content and topic Boundaries	Pg 20
102-47	List of material topics	Pg 20
102-48	Restatements of information	FY2018 Absolute GHG Emissions is restated to 342,155 kg CO ₂ e from 600,000 kg CO ₂ e, and FY2018 Emissions Intensity Ratio is restated to 22.32 kg CO ₂ e/Sqm from 39.1 kg CO ₂ e/Sqm.
102-49	Changes in reporting	N.A. There is no change in reporting for Sustainability Reporting 2019.



SUSTAINABILITY REPORT

GRI Standards 2016	Disclosure Title	Page Reference & Remarks
102-50	Reporting period	Pg 16
102-51	Date of most recent report	Sustainability Report 2018
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	Pg 16
102-54	Claims of reporting in accordance with the GRI Standards	Pg 16
102-55	GRI content index	Pg 29
102-56	External assurance	N.A. Travelite has not sought external assurance for this report.
MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its boundary	Economic Performance • Pg 05 Anti-Corruption • Pg 21 Energy • Pg 22 Emissions • Pg 23 Supplier Environmental Assessment • Pg 24 Employment • Pg 24 Occupational Health and Safety • Pg 26 Training and Education • Pg 26, 27 Diversity and Equal Opportunity • Pg 27 Non-discrimination • Pg 27 Supplier Social Assessment • Pg 27, 28 Customer Privacy • Pg 28
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
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ANTI-CORRUPTION		
205-2	Communication and training about anti-corruption policies and procedures	Pg 21



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GRI Standards 2016	Disclosure Title	Page Reference & Remarks
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302-3	Energy intensity	Pg 23
EMISSIONS		
305-1	Indirect GHG emissions (Scope 2)	Pg 23
305-4	GHG emissions intensity	Pg 23
SUPPLIER ENVIRONMENTAL ASSESSMENT		
308-1	New suppliers that were screened using environmental criteria	Pg 24
MATERIAL SOCIAL TOPICS		
EMPLOYMENT		
401-1	New employee hires and employee turnover	Pg 24, 25
OCCUPATIONAL HEALTH AND SAFETY		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Pg 26
TRAINING AND EDUCATION		
404-1	Average hours of training per year per employee	Pg 27
404-3	Percentage of employees receiving regular performance and career development reviews	Pg 26
DIVERSITY AND EQUAL OPPORTUNITY		
405-1	Diversity of governance bodies and employees	Pg 27
NON-DISCRIMINATION		
406-1	Incidents of discrimination and corrective actions taken	Pg 27
SUPPLIER SOCIAL ASSESSMENT		
414-1	New suppliers that were screened using social criteria	Pg 27, 28
CUSTOMER PRIVACY		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pg 28





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61	STATEMENTS OF CHANGES IN EQUITY
63	CONSOLIDATED STATEMENT OF CASH FLOWS
64	NOTES TO THE FINANCIAL STATEMENTS
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127	NOTICE OF ANNUAL GENERAL MEETING PROXY FORM

REPORT OF CORPORATE GOVERNANCE

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

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

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance 2018 (the “**2018 Code**”) and accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and applies to annual reports covering financial years commencing from 1 January 2019. The Group will outline its corporate governance practices and structures in place to comply with the 2018 Code, where appropriate, in the next annual report for the financial year ending 31 March 2020.

BOARD MATTERS

The Board’s Conduct of Affairs

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

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

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

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

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

REPORT OF CORPORATE GOVERNANCE

The Board holds at least two meetings a year at regular intervals, with additional meetings for particular matters convened as and when they are deemed necessary. Telephonic attendance at Board meetings is allowed under the Company's Constitution. The Board and Board committees may also make decisions by way of circulating resolutions in writing. To assist in the execution of its responsibilities, the Board has established a number of Board committees including an Audit Committee ("**AC**"), a Nominating Committee ("**NC**") and a Remuneration Committee ("**RC**"). These committees are chaired by independent Directors and operate within clearly defined terms of reference and functional procedures. Each of the Board committees has its own terms of reference setting out the scope of its duties and responsibilities, the rules and regulations and procedures governing the manner in which it is to operate and how decisions are to be taken.

When a new Director is to be appointed, he will receive appropriate orientation to familiarise him with the business and organisation structure of the Group. To get a better understanding of the Group's business, the newly appointed Director will also be given the opportunity to visit the Group's operational facilities and meet with the management of the Group (the "**Management**"). No new Director was appointed in the financial year ended 31 March 2019 ("**FY2019**"). The Directors are provided with updates on changes in the relevant new rules and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. The Directors may also attend appropriate courses, conferences and seminars at the Company's expense.

During FY2019, the number of Board and Board committee meetings held and attended by each member of the Board is as follows:

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

Note:

(1) Mr Yeo Toon Wee has ceased to be a Director of the Company on 1 January 2019.

Board Composition and Guidance

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

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

Executive Director

Mr Thang Teck Jong, Executive Chairman

Independent Directors

Mr Foong Daw Ching (Lead Independent Director)

Mr Tan Chun Chieh

REPORT OF CORPORATE GOVERNANCE

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

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

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

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

There is adequate relevant competence on the part of the Directors, who, as a group, carry specialist backgrounds in accounting, finance, business management and strategic planning. Details of the Directors' academic and professional qualifications are set out in the **"Board of Directors"** section of this annual report.

The independent Directors confer with the executive Director(s) and the Management to develop strategies for the Group, review the performance of the Management, assess remuneration and discuss corporate governance matters. Where necessary, the independent Directors meet and discuss on the Group's affairs without the presence of the Management.

Chairman and Chief Executive Officer

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

Mr Thang Teck Jong is the executive Chairman of the Company and is responsible for the formulation of the Group's strategic directions and expansion plans. With the assistance of the Company Secretaries, Mr Thang Teck Jong sets the agenda for Board meetings and ensures that adequate time is available for discussion of all agenda items. He promotes high standards of corporate governance as well as an open environment for debate, and ensures that the independent Directors are able to speak freely and contribute effectively. He also ensures that the Board receives complete, adequate and timely information. In addition, Mr Thang Teck Jong plays a pivotal role in ensuring effective communication with shareholders at general meetings

REPORT OF CORPORATE GOVERNANCE

of the Company, and encouraging constructive relations within the Board and between the Board and the Management. Prior to his cessation, the then executive Director of the Company, Mr Yeo Toon Wee, bore daily operational responsibility for the Group's business. Following Mr Yeo Toon Wee's cessation as a Director of the Company with effect from 1 January 2019, the general managers of the subsidiaries of the Company have taken over the daily operational responsibility for the business of the respective subsidiaries.

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

Board Membership

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

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

The principal functions of the NC are as follows:

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

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

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

The NC assesses and recommends to the Board whether retiring Directors are suitable for re-election. The NC, in considering the re-appointment of a Director, evaluates such Director's contributions in terms of experience, business perspective and attendance at meetings of the Board and/or Board committees, as well as pro-activeness of participation at such meetings. Each member of the NC shall abstain from recommending his own re-election. The NC has recommended the re-election of Mr Tan Chun Chieh, an independent Director, the Chairman of the NC and RC and a member of the AC, who will be retiring by rotation pursuant to Regulation 107 of the Company's Constitution at the AGM. The Board has accepted the NC's recommendation.

REPORT OF CORPORATE GOVERNANCE

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

Name	Age	Date of Initial Appointment	Date of Last Re-election	Directorships in Other Listed Companies	
				Present	Past (Last three years)
Thang Teck Jong	58	12 August 2005	27 July 2018	Nil	Nil
Foong Daw Ching	68	15 February 2007	27 July 2018	- ayondo Ltd. - Starland Holdings Limited - Suntar Eco-city Limited	Nil
Tan Chun Chieh	44	10 November 2008	28 July 2017	Nil	Nil

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

Currently, there is no alternate Director on the Board.

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

Board Performance

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

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

No external facilitator was engaged by the Company for assessing the effectiveness of the Board in FY2019.

REPORT OF CORPORATE GOVERNANCE

Access to Information

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

Directors are furnished regularly with information from the Management about the Group as well as the relevant background information relating to the business to be discussed at Board meetings. The Directors are also provided with the contact details of the Management and the Company Secretaries to facilitate separate and independent access. Detailed board papers are prepared for each meeting of the Board and Board committees which contain sufficient information on the issues to be considered at these meetings. Detailed board papers are also circulated to Directors in advance for each meeting to give the Directors sufficient time to review the matters to be discussed.

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

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

The principal functions of the RC are to recommend to the Board a framework of remuneration for the Directors and the key management personnel and to determine specific remuneration packages for each executive Director. The RC should cover all aspects of remuneration, including but not limited to Directors’ fees, salaries, allowances, bonuses, options and benefits in kind. The RC also administered the Travelite Performance Share Plan (the “**Travelite PSP**”) which had expired and lapsed in February 2019. Each member of the RC shall abstain from voting on any resolutions in respect of his own remuneration and the remuneration package of employees related to him.

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

REPORT OF CORPORATE GOVERNANCE

The RC did not seek any external professional advice on remuneration of the Directors in FY2019. Where necessary, the RC would seek independent professional advice on remuneration matters at the expense of the Company.

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

Level and Mix of Remuneration

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

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

The Company had entered into a service agreement with the executive Chairman, namely Mr Thang Teck Jong. The service agreement is subject to automatic renewal upon expiry on such terms and conditions as the parties may agree, and provides for, inter alia, termination by either party upon giving the requisite notice period.

Mr Thang Teck Jong is entitled to receive an annual performance bonus based on the audited profit before tax of the Group when it achieves S\$2,500,000 for the financial year pursuant to his service agreement. No annual performance bonus has been paid to Mr Thang Teck Jong for FY2019. The service agreement of Mr Thang Teck Jong provides that the Company shall be entitled to recover from him the relevant portion of the bonus and any sum paid under his service agreement in the event that there is a restatement of the financial statements of the Company made to reflect the correction of a misstatement due to error or fraud (not change in accounting principle) during the financial year of the Company, or misconduct of Mr Thang Teck Jong resulting in financial loss to the Company.

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

The Company had adopted the Travelite Performance Share Plan (the "**Travelite PSP**") at an extraordinary general meeting held in February 2009, which had expired and lapsed in February 2019. The Directors, including both executive and non-executive Directors, are not eligible to participate in the Travelite PSP. Please refer to the "**Statement by Directors**" section of this annual report for more information on the Travelite PSP.

REPORT OF CORPORATE GOVERNANCE

Disclosure on Remuneration

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

The breakdown of the total remuneration of the Directors for FY2019 is set out below:

	Fee ⁽¹⁾	Salary	Bonus	Benefits	Total Remuneration
Name	%	%	%	%	%
S\$250,000 to S\$500,000					
Thang Teck Jong	–	96	–	4	100
S\$0 to S\$250,000					
Foong Daw Ching	100	–	–	–	100
Tan Chun Chieh	100	–	–	–	100
Yeo Toon Wee ⁽²⁾	–	84	–	16	100

Notes:

- (1) These fees are subject to the approval of the shareholders at the forthcoming AGM.
- (2) Mr Yeo Toon Wee has ceased to be a Director of the Company on 1 January 2019. The actual remuneration paid to him in FY2019 was under S\$100,000.

The breakdown of the total remuneration of the top four key management personnel of the Group for FY2019 is set out below:

	Salary	Bonus	Benefits	Total Remuneration
Name	%	%	%	%
S\$0 to S\$250,000				
Chew Chiew Hor	94	6	–	100
Lee Li Erh	93	7	–	100
Toh Kian Hock	94	6	–	100
Yeo Guan Hong	89	7	4	100

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

REPORT OF CORPORATE GOVERNANCE

There were only four key management personnel in FY2019. The aggregate total remuneration paid to the above key management personnel amounted to S\$605,000 for FY2019.

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

Ms Kong Ling Ting @ Kang Ling Ting, who is the spouse of Mr Thang Teck Jong and the human resource and administration director of the Group, drew an annual salary of more than S\$100,000 but below S\$150,000 in FY2019. Mr Ho Hee Tong, who is the brother of Mr Thang Teck Jong and the information technology assistant manager of the Company, drew an annual salary of not more than S\$50,000 in FY2019.

ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

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

Risk Management and Internal Controls

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

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

The Board believes in the importance of maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The system of internal controls is supplemented by the review of the Group's internal auditor of the effectiveness of the Group's material internal controls, at least once annually. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. No significant control issues were reported by the internal auditor for FY2019.

REPORT OF CORPORATE GOVERNANCE

The independent auditor, RSM Chio Lim LLP, has during the course of its audit, carried out a review of the effectiveness of key internal controls within the scope as laid out in its audit plan. No material non-compliance and internal control weaknesses were noted during its audit for FY2019.

The Company does not have a chief executive officer and chief financial officer. The Board has, however, received assurance from the executive Chairman and the Group Financial Controller (a) that the financial records have been properly maintained and the financial statements for FY2019 give a true and fair view of the Group's operations and finances; and (b) that the Group has put in place and will continue to maintain a reasonably adequate and effective systems of risk management and internal controls.

Based on the internal controls established and maintained by the Group, work performed by the internal and independent auditors, and reviews performed by the Management, various Board committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems maintained by the Group, addressing the financial, operational, compliance and information technology risks of the Group are adequate and effective as at 31 March 2019. The Board and the AC note that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human errors, losses, fraud or other irregularities.

Audit Committee

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

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

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

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

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

- reviewing the announcement of the half-year and full-year results and the financial statements of the Group;
- reviewing the audit plans and reports of the independent auditor and internal auditor and considering the effectiveness of the actions taken by the Management on the independent auditor and internal auditor's recommendations;
- appraising and reporting to the Board on the audit undertaken by the independent auditor, the adequacy of disclosure of information, and the appropriateness and quality of the system of internal controls;
- reviewing the assistance and co-operation given by the Management to the independent auditor and internal auditor;

REPORT OF CORPORATE GOVERNANCE

- discussing problems and concerns, if any, arising from the independent audit;
- nominating the independent auditor for re-appointment; and
- reviewing interested person transactions, as defined in the Listing Manual of the SGX-ST.

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

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

The Board has on the recommendation of the AC adopted a whistle-blowing procedure to allow employees to confidentially report possible improprieties which may cause financial or non-financial loss to the Group. No such whistle-blowing letter was received in FY2019.

The fees paid or payable to the auditors of the Group for audit and non-audit services during FY2019 are as follows:

	Audit Services	Non-audit Services
Independent auditor	S\$155,000	S\$21,000
Other auditor	S\$4,000	S\$2,000

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the independent auditor and the cost effectiveness of the audit. It has also undertaken a review of the fees payable to the independent auditor for the non-audit services in FY2019. The non-audit services performed by the independent auditor relate to tax services and in the AC's opinion, would not affect the objectivity and independence of the independent auditor. The AC is of the view that RSM Chio Lim LLP is suitable for re-appointment and it has accordingly recommended to the Board that RSM Chio Lim LLP be nominated for re-appointment as auditor of the Company at the forthcoming AGM.

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

It is the Company's practice for the independent auditor to present to the AC its audit plan and with updates relating to any changes in accounting standards impacting the financial statements of the Group. During FY2019, the changes in accounting standards did not have any material impact on the Group's financial statements.

Internal Audit

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

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

REPORT OF CORPORATE GOVERNANCE

During FY2019, Sam & Co. reviewed key internal controls in selected areas as detailed in the internal audit plan submitted to and approved by the AC at the beginning of the financial year. Findings and internal auditor's recommendations on areas for improvement were reported to the AC and for the Management's implementation. No significant control issues were reported by the internal auditor for FY2019.

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

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

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

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

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

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

Communication with Shareholders

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

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

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

REPORT OF CORPORATE GOVERNANCE

The Company conducts its investor relations on the following principles:

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

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirement, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. No dividend was paid or proposed for FY2019 as the Group is conserving cash for business growth and opportunities.

Conduct of Shareholder Meetings

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

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

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

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

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

REPORT OF CORPORATE GOVERNANCE

Dealing in Securities

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

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

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

Interested Person Transactions

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

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

The Company did not enter into interested person transactions which are required for disclosure pursuant to Rule 1207(17) of the Listing Manual of the SGX-ST during FY2019.

Material Contracts and Loans

Pursuant to Rule 1207(8) of the Listing Manual of the SGX-ST, the Company confirms that except as disclosed in the "**Statement by Directors**" section of this annual report and the audited financial statements of the Group for FY2019, there were no material contracts and loans of the Company and its subsidiaries involving the interests of the executive Chairman or any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

REPORT OF CORPORATE GOVERNANCE

Information on Director Seeking Re-Election

Mr Tan Chun Chieh is the Director seeking re-election at the forthcoming AGM of the Company. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to Mr Tan Chun Chieh in accordance with Appendix 7.4.1 of the Listing Manual of the SGX-ST is set out below:

	TAN CHUN CHIEH
Date of appointment	10 November 2008
Date of last re-appointment (if applicable)	28 July 2017
Age	44
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the NC and assessed Mr Tan's overall contributions and performance, is of the view that he is suitable for re-appointment as an independent director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the RC and NC and member of the AC
Professional qualifications	Bachelor of Engineering (Honours)
Working experience and occupation(s) during the past 10 years	As set out in Mr Tan's profile write-up at page 8 of this annual report.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 150,000 ordinary shares Deemed interest: 480,000 ordinary shares
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	Nil
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other principal commitments including directorships	<u>Past</u> (for the last 5 years) Directorships: Union Jack Elevator Pte Ltd Other Principal Commitments: Nil <u>Present</u> Directorships: Addcel Engineering Pte Ltd Jesus Employment Agency Pte. Ltd. Jesus Engineering Pte. Ltd. Durian Republic Pte Ltd Other Principal Commitments: Nil

REPORT OF CORPORATE GOVERNANCE

	TAN CHUN CHIEH
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No

REPORT OF CORPORATE GOVERNANCE

	TAN CHUN CHIEH
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only	
Any prior experience as a director of an issuer listed on the SGX-ST? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the SGX-ST (if applicable).	Not applicable

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 March 2019.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

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

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

2. DIRECTORS

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

Thang Teck Jong
Foong Daw Ching
Tan Chun Chieh

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

Name of directors and companies in which interest are held	Direct interest		Deemed interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
Travelite Holdings Ltd.	Number of shares of no par value			
Thang Teck Jong	17,360,385	17,360,385	9,653,400	9,653,400
Tan Chun Chieh	150,000	150,000	480,000	480,000

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

The directors' interests as at 21 April 2019 were the same as those at the end of the reporting year.

STATEMENT BY DIRECTORS

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

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

5. TRAVELITE PERFORMANCE SHARE PLAN

The Travelite Performance Share Plan ("Travelite PSP") was approved and adopted by the shareholders at an extraordinary general meeting of the company held on 16 February 2009 and had expired and lapsed in February 2019.

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

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

Tan Chun Chieh (Chairman)
Foong Daw Ching
Thang Teck Jong

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

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

6. OPTIONS

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

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

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

STATEMENT BY DIRECTORS

7. REPORT OF AUDIT COMMITTEE

The members of the audit committee at the date of this report are as follows:

Foong Daw Ching	(Chairman of Audit Committee and Lead Independent Director)
Tan Chun Chieh	(Independent Director)
Thang Teck Jong	(Executive Chairman)

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

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

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

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

8. INDEPENDENT AUDITOR

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

9. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 March 2019.

STATEMENT BY DIRECTORS

10. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 24 May 2019, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the directors

Thang Teck Jong
Director

Foong Daw Ching
Director

28 June 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRAVELITE HOLDINGS LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Travelite Holdings Ltd, (the “company”) and its subsidiaries (the “group”), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and the Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Basis for opinion

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

Key audit matters

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

Impairment of trade receivables

Refer to Note 2A “Financial instruments” and Note 2C “Allowance for trade receivables” for the relevant accounting policies and disclosure of significant accounting estimates, and Note 19 for the breakdown of trade receivables and credit risk of the group.

Key audit matter

The carrying amount of trade receivables amounted to \$10,802,000 which accounted for approximately 18% of the group’s total assets as at the reporting year end.

The estimate of impairment allowance is based on the historical trend of these receivables, which includes analysis of the age of these receivables, creditworthiness of the profile of the customers and future collectability. Management monitors the operation performance of a major customer by visiting them on site and having regular discussion with them.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRAVELITE HOLDINGS LTD.

Key audit matters (cont'd)

Management has analysed the historical observed default rates and there were no significant bad debts noted in the previous years. As such, management is of the view that no allowance matrix is deemed necessary and it is more appropriate for specific provisioning to be utilised.

How we addressed the matter in our audit

We have evaluated management's judgment on the recoverability of these amounts via our review of the customers' creditworthiness, payment history and management's assessment of expected credit losses. We have also reviewed management's process over the recoverability of outstanding trade receivables, including collaterals provided by the customer, payments made by customers during the year and subsequent to the reporting year end.

We reviewed management's assessment of the historical observed default rate based on the different profile of the customers and there was no significant default on payment obligations by the customers.

We found management's approach to be balanced and the estimates to be reasonable.

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

Other information

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

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and financial reporting standards, 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

TO THE MEMBERS OF TRAVELITE HOLDINGS LTD.

Auditor's responsibilities for the audit of the financial statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRAVELITE HOLDINGS LTD.

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

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

Report on other legal and regulatory requirements

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

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

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

28 June 2019
Engagement partner – effective from year ended 31 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2019

		Group	
	Notes	2019 \$'000	2018 \$'000
Revenue	5	42,781	39,967
Cost of sales		(23,858)	(22,914)
Gross profit		18,923	17,053
Interest income		480	520
Other gains	6	444	752
Marketing and distribution costs		(12,207)	(11,084)
Administrative expenses		(6,281)	(7,651)
Finance costs	7	(690)	(565)
Other losses	6	(280)	(318)
Share of profit from equity-accounted associate		10	–
Share of loss from equity-accounted joint venture		–	(23)
Profit/(loss) before tax from continuing operations		399	(1,316)
Income tax (expense)/income	9	(121)	88
Profit/(loss) from continuing operations, net of tax		278	(1,228)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	23A	19	(442)
Other comprehensive income/(loss) for the year, net of tax		19	(442)
Total comprehensive income/(loss)		297	(1,670)
Profit/(loss) attributable to owners of the parent, net of tax		220	(966)
Profit/(loss) attributable to non-controlling interests, net of tax		58	(262)
Profit/(loss) net of tax		278	(1,228)
Total comprehensive income/(loss) attributable to owners of the parent		239	(1,408)
Total comprehensive income/(loss) attributable to non-controlling interests		58	(262)
Total comprehensive income/(loss)		297	(1,670)
Earnings/(loss) per share			
Earnings/(loss) per share currency unit		Cents	Cents
Basic – continuing operations	10	0.35	(1.53)
Diluted – continuing operations	10	0.35	(1.53)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	31.03.2019 \$'000	Group 31.03.2018 \$'000	01.04.2017 \$'000
ASSETS				
Non-current assets				
Property, plant and equipment	11	21,439	21,999	23,800
Investment property	12	1,903	2,062	–
Intangible assets	13	242	277	312
Investment in associates	15	169	105	–
Investment in joint venture	16	–	–	23
Deferred tax assets	9	24	1	4
Other receivables	19	252	278	335
Total non-current assets		24,029	24,722	24,474
Current assets				
Assets held for sale under SFRS(I) 5	17	–	–	2,146
Inventories	18	12,165	11,726	11,124
Trade and other receivables	19	12,576	13,710	16,452
Other assets	20	597	423	814
Cash and cash equivalents	21	9,924	6,279	6,029
Total current assets		35,262	32,138	36,565
Total assets		59,291	56,860	61,039
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	22	21,831	21,831	21,831
Treasury shares	22	(2)	(2)	(2)
Retained earnings		2,518	2,298	3,264
Other reserves	23	340	321	763
Equity, attributable to owners of the parent, total		24,687	24,448	25,856
Non-controlling interests		3,567	3,509	3,771
Total equity		28,254	27,957	29,627
Non-current liabilities				
Provisions	24	160	180	139
Deferred tax liabilities	9	154	150	123
Finance leases	25	35	58	136
Other financial liabilities	26	10,466	11,170	10,837
Total non-current liabilities		10,815	11,558	11,235
Current liabilities				
Income tax payable		231	114	330
Trade and other payables	27	5,957	4,863	5,593
Finance leases	25	68	90	158
Other financial liabilities	26	13,966	12,278	14,096
Total current liabilities		20,222	17,345	20,177
Total liabilities		31,037	28,903	31,412
Total equity and liabilities		59,291	56,860	61,039

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	31.03.2019 \$'000	Company 31.03.2018 \$'000	01.04.2017 \$'000
ASSETS				
Non-current assets				
Property, plant and equipment	11	19,716	20,393	20,075
Investment in subsidiaries	14	12,734	12,734	12,734
Total non-current assets		32,450	33,127	32,809
Current assets				
Trade and other receivables	19	2,721	2,207	2,583
Other assets	20	21	18	43
Cash and cash equivalents	21	1,597	1,836	1,494
Total current assets		4,339	4,061	4,120
Total assets		36,789	37,188	36,929
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	22	21,831	21,831	21,831
Treasury shares	22	(2)	(2)	(2)
Accumulated losses		(5,191)	(5,016)	(5,335)
Other reserve	23	(82)	(82)	(82)
Total equity		16,556	16,731	16,412
Non-current liabilities				
Deferred tax liabilities	9	50	36	–
Other financial liabilities	26	10,466	11,170	10,837
Total non-current liabilities		10,516	11,206	10,837
Current liabilities				
Income tax payable		62	–	–
Trade and other payables	27	1,447	1,085	987
Finance leases	25	–	–	32
Other financial liabilities	26	8,208	8,166	8,661
Total current liabilities		9,717	9,251	9,680
Total liabilities		20,233	20,457	20,517
Total equity and liabilities		36,789	37,188	36,929

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

	Total equity \$'000	Attributable to parent sub-total \$'000	Share capital \$'000	Retained earnings \$'000	Treasury shares \$'000	Other reserves \$'000	Non- controlling interests \$'000
Group							
Current year:							
Opening balance at 1 April 2018	27,957	24,448	21,831	2,298	(2)	321	3,509
Movement in equity:							
Total comprehensive income for the year	297	239	–	220	–	19	58
Closing balance at 31 March 2019	28,254	24,687	21,831	2,518	(2)	340	3,567
Previous year:							
Opening balance at 1 April 2017	29,627	25,856	21,831	3,264	(2)	763	3,771
Movement in equity:							
Total comprehensive loss for the year	(1,670)	(1,408)	–	(966)	–	(442)	(262)
Closing balance at 31 March 2018	27,957	24,448	21,831	2,298	(2)	321	3,509

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2019

	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Other reserve \$'000	Accumulated losses \$'000
<u>Company</u>					
Current year:					
Opening balance at 1 April 2018	16,731	21,831	(2)	(82)	(5,016)
Movement in equity:					
Total comprehensive loss for the year	(175)	–	–	–	(175)
Closing balance at 31 March 2019	16,556	21,831	(2)	(82)	(5,191)
 Previous year:					
Opening balance at 1 April 2017	16,412	21,831	(2)	(82)	(5,335)
Movement in equity:					
Total comprehensive income for the year	319	–	–	–	319
Closing balance at 31 March 2018	16,731	21,831	(2)	(82)	(5,016)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2019

	Group	
	2019 \$'000	2018 \$'000
Cash flows from operating activities		
Profit/(loss) before tax	399	(1,316)
Adjustments for:		
Interest income	(480)	(520)
Interest expense	690	565
Share of the profit of equity-accounted associate	(10)	–
Share of the loss of equity-accounted joint venture	–	23
Depreciation of property, plant and equipment	1,339	1,326
Depreciation of investment property	159	165
Amortisation of other intangible assets	35	35
Plant and equipment written off	9	22
Impairment of plant and equipment	–	36
Gain on disposal of plant and equipment	(86)	(6)
Gain on disposal of subsidiary	–	(398)
Provisions	17	75
Operating cash flows before changes in working capital	2,072	7
Inventories	(439)	(1,513)
Trade and other receivables	1,166	2,571
Other assets	(174)	377
Trade and other payables	1,064	517
Provisions	(37)	(26)
Net cash flows from operations before tax	3,652	1,933
Income taxes paid	(19)	(105)
Net cash flows from operating activities	3,633	1,828
Cash flows from investing activities		
Disposal of plant and equipment	197	88
Purchase of plant and equipment (Notes 11 and 21B)	(849)	(1,900)
Capital expenditure on investment property (Note 12)	–	(28)
Disposal of subsidiary (net of cash disposed of) (Note 28)	–	(30)
Increase in investment in/Acquisition of an associate	(54)	(105)
Disposal of assets held for sale	–	2,146
Cash restricted in use	(450)	–
Interest received	480	520
Net cash flows (used in)/from investing activities	(676)	691
Cash flows from financing activities		
Finance lease repayment	(95)	(146)
Increase in borrowings/Proceeds from new bank borrowings	1,860	1,000
Decrease in other financial liabilities	(662)	(2,673)
Interest paid	(690)	(565)
Net cash flows from/(used in) financing activities	413	(2,384)
Net increase in cash and cash equivalents	3,370	135
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	6,065	6,003
Net effect of exchange rate changes on cash and cash equivalents	39	(73)
Cash and cash equivalents, consolidated statement of cash flows, ending balance (Note 21A)	9,474	6,065

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

1. GENERAL

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

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

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

The principal activities of the subsidiaries are described in Note 14 to the financial statements.

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

Statement of compliance with financial reporting standards

These financial statements for the year ended 31 March 2019 are the first set of financial statements the group and the company prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and the related Interpretations to SFRS(I) (“SFRS(I) INT”) as issued by the Singapore Accounting Standards Council. Accordingly, the group and the company have prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the year ended 31 March 2018, as described in the Note 36. In preparing the financial statements, the group’s and the company’s opening statements of financial position were prepared as at 1 April 2017, the group’s and the company’s date of transition to SFRS(I).

They are in compliance with the provisions of the Companies Act, Chapter 50.

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

1. GENERAL (CONT'D)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Revenue recognition (cont'd)

The revenue from royalties is recognised at the later of: when the subsequent sales or usage occurs; or the satisfaction or partial satisfaction of the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated. No amount is recognised for any revenue for the variable amounts related to a royalty until the uncertainty is resolved, that is when a customer's subsequent sales or usage occurs.

Revenue from rental is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

Interest income is recognised using the effective interest method.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised. The grant related to assets is deducted in calculating the carrying amount of the asset and therefore the grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Employee benefits

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

Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Foreign currency transactions

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

Translation of financial statements of other entities

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

Income tax

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Property, plant and equipment

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

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

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

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

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

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 24 on non-current provisions.

Investment property

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Leases

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

Intangible assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Subsidiaries

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

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

Associate

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations. However the entire carrying amount of the investment is tested under the financial reporting standard on impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in the financial reporting standard on financial instruments indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with the financial reporting standard on financial instruments from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Joint arrangements – joint venture

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

Inventories

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

Impairment of non-financial assets

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

Business combinations

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Non-controlling interests

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

Goodwill

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
3. Financial asset that is an equity investment classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
4. Financial asset classified as measured at fair value through profit or loss (FVTPL): There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2A. Significant accounting policies (cont'd)

Cash and cash equivalents

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

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2B. Other explanatory information

Segment reporting

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

Assets classified as held for sale

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

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

Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

2B. Other explanatory information (cont'd)

Treasury shares

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

2C. Critical judgments, assumptions and estimation uncertainties

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

Allowance for trade receivables:

These trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. At the end of the reporting year, a loss allowance is recognised at an amount equal to 12-month expected credit losses because there has not been a significant increase in credit risk since initial recognition. At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the note on trade and other receivables.

Net realisable value of inventories:

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

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

Useful lives of plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of the specific asset (or class of assets) at the end of the reporting year affected by the assumption are \$2,676,000 and \$954,000 for the group and company respectively.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

The ultimate controlling party is Thang Teck Jong.

3A. Related party transactions:

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

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

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

Significant related party transactions:

Group	Other related parties	
	2019 \$'000	2018 \$'000
Sale of goods to joint venture	(435)	(196)
Service income from joint venture	(88)	(91)
Administrative income ^(a)	(66)	(66)
Service income ^(a)	–	(8)
Service income ^(b)	(12)	(7)
Service income ^(c)	–	(20)
Administrative income ^(d)	(50)	–
Royalty expense ^(e)	212	158
Rental subsidy received ^(e)	(2)	(15)
Rental income ^(f)	(6)	–

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

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

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

(d) The related party, On The Dot Transport Sdn Bhd, and the company have a common controlling party.

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

(f) The related party, Delsey Luggage Malaysia Sdn Bhd, and the company have a common shareholder who has significant influence.

3B. KEY MANAGEMENT COMPENSATION:

	Group	
	2019 \$'000	2018 \$'000
Salaries and other short-term employee benefits	1,153	1,124

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

	Group	
	2019 \$'000	2018 \$'000
Remuneration of directors of the company	442	455
Fees to directors of the company	65	65

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

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

NOTES TO THE FINANCIAL STATEMENTS

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3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

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

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

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

Group	Related parties		
	31.03.2019 \$'000	31.03.2018 \$'000	01.04.2017 \$'000
<u>Other receivables/(other payables):</u>			
Balance at beginning of the year	298	327	435
Amounts paid out and settlement of liabilities on behalf of related parties	456	271	36
Amounts paid in and settlement of liabilities on behalf of the company	(618)	(243)	(156)
Allowance for impairment	(36)	(37)	–
Foreign exchange adjustments	11	(20)	12
Balance at end of the year	111	298	327
Presented as:			
Other receivables (Note 19)	333	364	371
Other payables (Note 27)	(222)	(66)	(44)
Net total	111	298	327
 Company			
	31.03.2019 \$'000	Subsidiaries 31.03.2018 \$'000	01.04.2017 \$'000
<u>Other receivables/(other payables):</u>			
Balance at beginning of the year	865	(60)	128
Amounts paid out and settlement of liabilities on behalf of subsidiaries	464	2,004	675
Amounts paid in and settlement of liabilities on behalf of the company	(996)	(1,215)	(1,046)
Dividend income	–	1,000	–
Foreign exchange adjustments	(19)	60	(320)
Allowance for impairment	(95)	(685)	503
Written off	–	(239)	–
Balance at end of the year	219	865	(60)
Presented as:			
Other receivables (Note 19)	219	865	–
Other payables (Note 27)	–	–	(60)
Net total	219	865	(60)

NOTES TO THE FINANCIAL STATEMENTS

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4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

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

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

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

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

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

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

The management reporting system evaluates performance based on a number of factors. However the primary profitability measurement is to evaluate segment's operating results before interests and income taxes and other unallocated items.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4B. Profit or loss from continuing operations and reconciliations

Continuing Operations	Departmental	Specialty	Third	Wholesale	Gifts &	Group
2019	stores	stores	party	distribution	corporate	total
	\$'000	\$'000	retailers	\$'000	sales	\$'000
Revenue	<u>25,577</u>	<u>7,818</u>	<u>1,830</u>	<u>6,778</u>	<u>778</u>	<u>42,781</u>
Operating profit/(loss)	<u>3,376</u>	<u>(381)</u>	<u>320</u>	<u>120</u>	<u>171</u>	<u>3,606</u>
Share of profit of associate	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>
	<u>3,386</u>	<u>(381)</u>	<u>320</u>	<u>120</u>	<u>171</u>	<u>3,616</u>
Interest income						57
Other gains						274
Other losses						(41)
Finance costs						(690)
Unallocated operating expenses						(2,817)
Income tax expense						(121)
Profit from continuing operations, net of tax						<u>278</u>

Continuing Operations	Departmental	Specialty	Third	Wholesale	Gifts &	Group
2018	stores	stores	party	distribution	corporate	total
	\$'000	\$'000	retailers	\$'000	sales	\$'000
Revenue	<u>24,157</u>	<u>6,316</u>	<u>2,556</u>	<u>6,298</u>	<u>640</u>	<u>39,967</u>
Operating profit/(loss)	<u>2,107</u>	<u>(881)</u>	<u>260</u>	<u>(27)</u>	<u>88</u>	<u>1,547</u>
Interest income						91
Other gains						702
Other losses						(241)
Finance costs						(565)
Share of loss from equity-accounted joint venture						(23)
Unallocated operating expenses						(2,827)
Income tax income						88
Loss from continuing operations, net of tax						<u>(1,228)</u>

NOTES TO THE FINANCIAL STATEMENTS

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4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4C. Assets and reconciliations

	Departmental stores \$'000	Specialty stores \$'000	Third party retailers \$'000	Wholesale distribution \$'000	Gifts & corporate sales \$'000	Unallocated \$'000	Group total \$'000
31.03.2019							
Total assets for reportable segments	6,625	1,754	456	8,295	42	–	17,172
Unallocated assets:							
Property, plant and equipment	–	–	–	–	–	20,802	20,802
Investment properties	–	–	–	–	–	1,903	1,903
Inventories	–	–	–	–	–	7,465	7,465
Cash and cash equivalents	–	–	–	–	–	9,924	9,924
Other unallocated assets	–	–	–	–	–	2,025	2,025
Total group assets	6,625	1,754	456	8,295	42	42,119	59,291
31.03.2018							
Total assets for reportable segments	6,465	1,590	1,512	8,195	336	–	18,098
Unallocated assets:							
Property, plant and equipment	–	–	–	–	–	19,515	19,515
Investment properties	–	–	–	–	–	2,062	2,062
Inventories	–	–	–	–	–	6,910	6,910
Cash and cash equivalents	–	–	–	–	–	6,279	6,279
Other unallocated assets	–	–	–	–	–	3,996	3,996
Total group assets	6,465	1,590	1,512	8,195	336	38,762	56,860
01.04.2017							
Total assets for reportable segments	6,582	1,433	673	10,227	155	–	19,070
Unallocated assets:							
Property, plant and equipment	–	–	–	–	–	23,070	23,070
Inventories	–	–	–	–	–	6,826	6,826
Cash and cash equivalents	–	–	–	–	–	6,029	6,029
Other unallocated assets	–	–	–	–	–	6,044	6,044
Total group assets	6,582	1,433	673	10,227	155	41,969	61,039

NOTES TO THE FINANCIAL STATEMENTS

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4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4D. Liabilities and reconciliations

	31.03.2019 \$'000	31.03.2018 \$'000	01.04.2017 \$'000
Unallocated liabilities:			
Trade and other payables	5,957	4,863	5,593
Other financial liabilities	24,535	23,596	25,227
Other liabilities	545	444	592
Total group liabilities	31,037	28,903	31,412

4E. Other material items and reconciliations

	Departmental stores \$'000	Specialty stores \$'000	Third party retailers \$'000	Unallocated \$'000	Group total \$'000
2019					
Capital expenditure	212	205	–	482	899
Significant non-cash items:					
Depreciation of property, plant and equipment and investment property	80	221	8	1,189	1,498
Plant and equipment written off	8	–	–	1	9
Amortisation of other intangible assets	–	–	–	35	35
2018					
Capital expenditure	64	341	16	1,507	1,928
Significant non-cash items:					
Depreciation of property, plant and equipment and investment property	92	248	9	1,142	1,491
Impairment of plant and equipment	26	10	–	–	36
Plant and equipment written off	–	3	–	19	22
Amortisation of other intangible assets	–	–	–	35	35

4F. Geographical information

	Revenue		Non-current assets		
	2019 \$'000	2018 \$'000	31.03.2019 \$'000	31.03.2018 \$'000	01.04.2017 \$'000
Singapore	35,344	32,753	23,460	24,334	24,045
Malaysia	2,858	3,303	125	4	67
Indonesia	3,678	3,218	–	–	–
Others	901	693	168	105	23
	42,781	39,967	23,753	24,443	24,135

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

NOTES TO THE FINANCIAL STATEMENTS

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4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4G. Information about major customers

	Group	
	2019	2018
	\$'000	\$'000
Top 1 customer in departmental stores (2018: departmental stores) segment	6,098	6,133

5. REVENUE

	Group	
	2019	2018
	\$'000	\$'000
Sale of goods	40,815	38,633
Royalty income	933	742
Rental income	1,033	592
	42,781	39,967

The revenue from sale of goods is recognised at a point in time and all contracts with customers are less than 12 months. The customers are retailers and wholesalers. Certain portion of the goods is exported. Royalty income is recognised over time.

6. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2019	2018
	\$'000	\$'000
Allowance for impairment on inventories	(131)	(154)
Allowance for impairment on other receivables	(58)	(37)
Amortisation of other intangible assets	(35)	(35)
Bad debts written back	7	–
Foreign exchange adjustment gains/(losses)	30	(34)
Gain on disposal of plant and equipment	86	6
Gain on disposal of subsidiary (Note 28)	–	398
Government grants received	293	300
Impairment loss on plant and equipment	–	(36)
Inventories (written off)/written back	(47)	1
Plant and equipment written off	(9)	(22)
Reversal of allowance for impairment on trade receivables	28	47
Net	164	434
Presented in profit or loss as:		
Other gains	444	752
Other losses	(280)	(318)
Net	164	434

NOTES TO THE FINANCIAL STATEMENTS

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7. FINANCE COSTS

	Group	
	2019 \$'000	2018 \$'000
Interest expense	690	565

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2019 \$'000	2018 \$'000
Employee benefits expense ^(a)	9,889	9,947
Contributions to defined contribution plans	1,555	1,694
Other benefits	362	334
Total employee benefits expense	11,806	11,975

(a) Net of government grants income totalling \$221,000 (2018: \$300,000).

The employee benefits expense is included in:

	Marketing and distribution costs \$'000	Administrative expenses \$'000	Other gains \$'000	Total \$'000
2019	8,561	3,466	(221)	11,806
2018	7,957	4,318	(300)	11,975

9. INCOME TAX

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

	Group	
	2019 \$'000	2018 \$'000
Current tax expense/(income):		
Current tax expense	220	93
Over adjustments to current tax in respect of prior periods	(80)	(211)
Sub-total	140	(118)
Deferred tax (income)/expense:		
Deferred tax (income)/expense	(19)	30
Total income tax expense/(income)	121	(88)

NOTES TO THE FINANCIAL STATEMENTS

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9. INCOME TAX (CONT'D)

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

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2018: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2019 \$'000	2018 \$'000
Profit/(loss) before tax	399	(1,316)
Less: Share of profit from equity-accounted associate	(10)	–
Add: Share of loss from equity-accounted joint venture	–	23
	389	(1,293)
Income tax expense/(income) at the above rate	66	(220)
Expenses not deductible for tax purposes	145	32
Stepped income exemption	(37)	–
Effect of different tax rates in different countries	(8)	(98)
Over adjustments to tax in respect of prior periods	(80)	(211)
Utilisation of deferred tax assets not recognised	(45)	(189)
Unrecognised deferred tax assets	–	524
Withholding tax paid, net of double tax relief	103	92
Other minor items less than 3% each	(23)	(18)
Total income tax expense/(income)	121	(88)

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

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

	Group	
	2019 \$'000	2018 \$'000
Excess of net book value of property, plant and equipment over tax value	26	32
Other intangible assets and fair value adjustment to depreciable properties arising from acquisition of subsidiaries	(9)	(10)
Excess of tax value of property, plant and equipment over net book value	55	(17)
Unabsorbed capital allowances	–	360
Tax loss carryforwards	(2)	(145)
Provisions	(44)	(1)
Deferred tax assets not recognised	(45)	(189)
Total deferred income tax (income)/expense recognised in profit or loss	(19)	30

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

9. INCOME TAX (CONT'D)

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

	31.03.2019 \$'000	Group 31.03.2018 \$'000	01.04.2017 \$'000
Deferred tax (liabilities)/assets recognised in profit or loss:			
Excess of net book value of property, plant and equipment over tax value	(99)	(73)	(41)
Other intangible assets and fair value adjustment to depreciable properties arising from acquisition of subsidiaries	(84)	(93)	(103)
Excess of tax value of property, plant and equipment over net book value	8	63	46
Unabsorbed capital allowances	18	18	378
Tax loss carryforwards	312	310	1,531
Provisions	233	189	188
Deferred tax assets not recognised	(518)	(563)	(2,118)
Total	(130)	(149)	(119)
Presented in the statement of financial position as:			
Deferred tax liabilities	(154)	(150)	(123)
Deferred tax assets	24	1	4
Net position	(130)	(149)	(119)
		Company	
	31.03.2019 \$'000	31.03.2018 \$'000	01.04.2017 \$'000
Deferred tax liabilities recognised in profit or loss:			
Excess of net book value of property, plant and equipment over tax value	(54)	(42)	(21)
Unabsorbed capital allowances	–	–	71
Provisions	4	6	2
Deferred tax assets not recognised	–	–	(52)
Total	(50)	(36)	–
Presented in the statement of financial position as:			
Deferred tax liabilities	(50)	(36)	–

It is impracticable to estimate the amount expected to be settled or used within one year. Temporary differences arising in connection with interests in subsidiaries and joint venture are insignificant. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

NOTES TO THE FINANCIAL STATEMENTS

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10. EARNINGS/(LOSS) PER SHARE

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

	Group	
	2019 \$'000	2018 \$'000
A. Numerators: earnings/(loss) attributable to equity:		
Continuing operations: attributable to equity holders	220	(966)
B. Denominators: weighted average number of equity shares:	'000	'000
Basic and diluted	63,098	63,098

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

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

11. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties \$'000	Plant, equipment and leasehold improvements \$'000	Total \$'000
Cost:			
At 1 April 2017	25,276	5,698	30,974
Additions	—	1,900	1,900
Disposals/write off	—	(800)	(800)
Transfer to investment property (Note 12)	(5,412)	(1,013)	(6,425)
Disposal of a subsidiary	—	(330)	(330)
Foreign exchange adjustments	—	12	12
At 31 March 2018	19,864	5,467	25,331
Additions	—	899	899
Disposals/write off	—	(788)	(788)
At 31 March 2019	19,864	5,578	25,442

NOTES TO THE FINANCIAL STATEMENTS

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11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Leasehold properties \$'000	Plant, equipment and leasehold improvements \$'000	Total \$'000
<u>Accumulated depreciation and impairment:</u>			
At 1 April 2017	3,336	3,838	7,174
Depreciation for the year	503	823	1,326
Impairment for the year	–	36	36
Disposals/write off	–	(696)	(696)
Transfer to investment property (Note 12)	(3,242)	(984)	(4,226)
Disposal of a subsidiary	–	(290)	(290)
Foreign exchange adjustments	–	8	8
At 31 March 2018	597	2,735	3,332
Depreciation for the year	504	835	1,339
Disposals/write off	–	(668)	(668)
At 31 March 2019	1,101	2,902	4,003
<u>Carrying value:</u>			
At 1 April 2017	21,940	1,860	23,800
At 31 March 2018	19,267	2,732	21,999
At 31 March 2019	18,763	2,676	21,439

Allocation of the depreciation expense and impairment loss:

	Group	
	2019 \$'000	2018 \$'000
Marketing and distribution costs	350	283
Administrative expenses	989	1,043
Other losses	–	36
Total	1,339	1,362

During the reporting year, plant and equipment amounting to nil (2018: \$36,000) from loss-making outlets were impaired.

NOTES TO THE FINANCIAL STATEMENTS

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11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold property \$'000	Plant, equipment and leasehold improvements \$'000	Total \$'000
<u>Cost:</u>			
At 1 April 2017	19,863	441	20,304
Additions	–	1,051	1,051
Disposals/write off	–	(11)	(11)
At 31 March 2018	19,863	1,481	21,344
Additions	–	109	109
Disposals/write off	–	(208)	(208)
At 31 March 2019	19,863	1,382	21,245
<u>Accumulated depreciation:</u>			
At 1 April 2017	95	134	229
Depreciation for the year included under administrative expenses in profit or loss	503	225	728
Disposals/write off	–	(6)	(6)
At 31 March 2018	598	353	951
Depreciation for the year included under administrative expenses in profit or loss	503	239	742
Disposals/write off	–	(164)	(164)
At 31 March 2019	1,101	428	1,529
<u>Carrying value:</u>			
At 1 April 2017	19,768	307	20,075
At 31 March 2018	19,265	1,128	20,393
At 31 March 2019	18,762	954	19,716

Certain items are under finance lease agreements (Note 25). The leasehold property is mortgaged or pledged as security for the bank facilities (see Note 26).

12. INVESTMENT PROPERTY

	Group	
	31.03.2019 \$'000	31.03.2018 \$'000
<u>Cost:</u>		
At beginning of the year	6,453	–
Transfer from property, plant and equipment (Note 11)	–	6,425
Additions	–	28
At end of the year	6,453	6,453

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12. INVESTMENT PROPERTY (CONT'D)

	Group	
	31.03.2019	31.03.2018
	\$'000	\$'000
Accumulated depreciation:		
At beginning of the year	4,391	–
Transfer from property, plant and equipment (Note 11)	–	4,226
Depreciation for the year included under administrative expenses in profit or loss	159	165
At end of the year	4,550	4,391
Carrying value:		
At beginning of the year	2,062	–
At end of the year	1,903	2,062
Fair value for disclosure purposes only:		
Fair value at end of the year	5,000	5,700
	2019	2018
	\$'000	\$'000
Rental and service income from investment property	419	99
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period	(7)	–

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

In 2018, the group relocated its office to a new leasehold property located at 53 Ubi Avenue 3, Singapore 408863. The leasehold property at Kallang Bahru is currently held for rental and capital appreciation purposes. Following the change in use, the group has reclassified it to investment property.

The investment property is not leased out under any operating leases except as disclosed in Note 33.

The fair value of the leasehold property was measured in March 2019 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on a valuation made by Edmund Tie & Company, a firm of independent professional valuers on a systematic basis at least once yearly. The firm holds a recognised and relevant professional qualification with sufficient recent experience in the location and category of the investment property being valued. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

The leasehold property is mortgaged or pledged as security for the bank facilities (see Note 26).

NOTES TO THE FINANCIAL STATEMENTS

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12. INVESTMENT PROPERTY (CONT'D)

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

Asset:	Leasehold property at 205A Kallang Bahru, Singapore 339342
Fair value and fair value hierarchy – Level:	\$5,000,000. Level 3 (31.03.2018: \$5,700,000. Level 3)
Valuation technique for recurring fair value measurements:	Direct comparison method.
Date of valuation:	31 March 2019 (31.03.2018: 31 March 2018)
Significant observable inputs and range:	\$173 per square foot (31.03.2018: \$197 per square foot)
Sensitivity on management's estimates – 10% variation from estimate:	Impact – lower by \$500,000 (31.03.2018: \$570,000); higher by \$500,000 (31.03.2018: \$570,000).

13. INTANGIBLE ASSETS

Group	Licensed brands \$'000	Trademarks \$'000	Total \$'000
<u>Cost:</u>			
At 1 April 2017, 31 March 2018 and 31 March 2019	864	652	1,516
<u>Accumulated amortisation:</u>			
At 1 April 2017	552	652	1,204
Amortisation for the year	35	–	35
At 31 March 2018	587	652	1,239
Amortisation for the year	35	–	35
At 31 March 2019	622	652	1,274
<u>Net book value:</u>			
At 1 April 2017	312	–	312
At 31 March 2018	277	–	277
At 31 March 2019	242	–	242

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

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

Licensed brands relate to exclusive licensing rights of Ashworth, Arnold Palmer, Pierre Cardin, Van Hensen, Daniel Hechter and Crocodile brands. These brands have been fully amortised in prior years except for Crocodile brand. At the end of reporting year, the remaining term of license for Crocodile brand is 7 years (2018: 8 years).

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	31.03.2019	31.03.2018
	\$'000	\$'000
Movements during the year:		
Balance at beginning of the year and end of the year	12,734	12,734
Net book value of subsidiaries	22,109	21,666
Carrying value comprising:		
Unquoted equity shares at cost	16,215	16,215
Allowance for impairment	(3,481)	(3,481)
Balance at end of the year	12,734	12,734
Movements in above allowance:		
Balance at beginning of the year	3,481	6,806
Used	–	(3,325)
Balance at end of year	3,481	3,481

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

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

	Cost in books of group			Effective percentage of equity held by group		
	31.03.2019	31.03.2018	01.04.2017	31.03.2019	31.03.2018	01.04.2017
	\$'000	\$'000	\$'000	%	%	%
Demarco Pte Ltd ^(a)						
Singapore						
Importers, exporters, manufacturers and wholesalers of luggage bags and travelling accessories	2,880	2,880	2,880	100	100	100
YG Marketing Pte. Ltd. ^(a)						
Singapore						
Trading in garments and other related products	13,004	13,004	13,004	87.3	87.3	87.3
JIT Distribution Pte. Ltd. ^(a)						
Singapore						
Provision of logistic services	– ^(c)	– ^(c)	– ^(c)	100	100	100
Yangtzekiang Industries Sdn. Bhd.						
Malaysia						
Trading in garments, wholesale and retailing of fashion apparels and related products						
(Disposed of on 31 October 2017)	–	–	3,325	–	–	100
SYI Co (Pte) Ltd ^(a)						
Singapore						
Franchisor and master licensor	331	331	331	100	100	100

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14. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	Cost in books of group			Effective percentage of equity held by group		
	31.03.2019 \$'000	31.03.2018 \$'000	01.04.2017 \$'000	31.03.2019 %	31.03.2018 %	01.04.2017 %
Fashion Way Sdn. Bhd. ^(b) Malaysia Sale and distribution of footwear, knitwear, wallets and all types of leather goods	— ^(c)	— ^(c)	— ^(c)	100	100	100
YGM Marketing Sdn. Bhd. ^(b) Malaysia Dormant	2,087	2,087	2,087	100	100	100
Held by YG Marketing Pte. Ltd. Singapore Crocodile (1968) Pte Ltd ^(a) Singapore Wholesale and retailing of ready-made apparel	2,808	2,808	2,808	52.4	52.4	52.4

(a) Audited by RSM Chio Lim LLP.

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

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

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

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

	Group	
	31.03.2019 \$'000	31.03.2018 \$'000
Name of the subsidiary: YG Marketing Pte. Ltd.		
Total profit/(loss) allocated to non-controlling interests of the subsidiary during the reporting year	21	(103)
Accumulated non-controlling interests of the subsidiary at the end of the reporting year	1,228	1,207

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

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

	31.03.2019	31.03.2018
	\$'000	\$'000
Statement of financial position		
Current assets	5,189	5,389
Non-current assets	525	538
Current liabilities	(967)	(1,183)
Non-current liabilities	(35)	(140)
Statement of profit or loss		
Revenues	7,793	7,837
Profit/(loss) for the reporting year	106	(304)
Total comprehensive income/(loss)	106	(304)
Statement of cash flows		
Operating cash flows, increase/(decrease)	803	(251)
Net cash flows, increase/(decrease)	607	(674)

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15. INVESTMENT IN ASSOCIATES

	Group	
	31.03.2019	31.03.2018
	\$'000	\$'000
Movements in carrying value:		
Balance at beginning of the year	105	–
Additions	54	105
Share of post-acquisition profit	10	–
Balance at end of the year	169	105
Carrying value comprising:		
Unquoted equity shares at cost	218	164
Share of post-acquisition loss	(49)	(59)
	169	105

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

Name of associates, country of incorporation, place of operations, principal activity and independent auditors

	Percentage of equity held by group		
	31.03.2019	31.03.2018	01.04.2017
	%	%	%
Beijing U-Sibei Trading Co., Ltd. ^(a) People's Republic of China Dormant	45	45	45
Delsey Singapore Pte. Ltd. ^{(b)(e)} Singapore Distribution, wholesale and retail of Delsey luggage and travel accessories CA Trust PAC	35	35	–
Delsey Luggage Malaysia Sdn. Bhd. ^{(c)(f)} Malaysia Distribution, wholesale and retail of Delsey luggage and travel accessories	35	35	–
BYN International Co., Ltd. ^(d) Thailand Merchandising development, manufacture and sale of men's apparel	20	20	–

(a) No management accounts were available as an application has been filed with the Chinese authorities to de-register the associate since May 2011. As at 31 March 2019, the management is still working with the joint venture partner to complete the deregistration. Management is of the view that there are no further expenses arising from the deregistration.

(b) On 28 June 2017, the group acquired 35% of the share capital of Delsey Singapore Pte. Ltd. for \$350. Management has determined the fair value of the 35% equity interest as at the date of acquisition to be immaterial and therefore, no purchase price allocation exercise was performed.

(c) The associate was acquired by Delsey Singapore Pte. Ltd. on 28 August 2017 for RM100.

(d) On 4 August 2017, the group together with other companies in apparel industry, incorporated BYN International Co., Ltd. During the reporting year, the group injected a further amount of \$54,000 into the associate.

(e) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

(f) Held by Delsey Singapore Pte. Ltd.

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENT IN ASSOCIATES (CONT'D)

Share of losses of associates exceeding the amount of the investment are not recognised as losses in the consolidated profit or loss. The reporting entity's accumulated share of losses of such associates not recognised was \$171,169 (2018: \$118,305). The reporting entity has not incurred legal or constructive obligations on behalf of these associates.

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

	Group	
	31.03.2019	31.03.2018
	\$'000	\$'000
Aggregate for all non-material associates:		
Loss from continuing operations	(135)	(308)
Other comprehensive (loss)/income	(3)	3
Total comprehensive loss	(138)	(305)
Net assets/(liabilities) of the associates	360	(48)

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

16. INVESTMENT IN JOINT VENTURE

	Group		
	31.03.2019	31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
Carrying value:			
Unquoted equity shares at cost	13	13	13
Share of post-acquisition (loss)/profit	(13)	(13)	10
	-	-	23
Share of net book value of joint venture	-	-	23
Analysis of above amount denominated in non-functional currency:			
United States dollars	-	-	23

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16. INVESTMENT IN JOINT VENTURE (CONT'D)

The information on the joint venture is given below:

Name of joint venture, country of incorporation, place of operations and principal activity	Percentage of equity held by group		
	31.03.2019	31.03.2018	01.04.2017
	%	%	%
Global Brands Studio Co., Ltd. ^(a) Kingdom of Cambodia Trading in luggage, travel bags and accessories, apparels and other related products	50	50	50

(a) Not audited as relieved from the requirement to prepare and lodge an audited financial report with the local authorities. Management accounts were used for the purpose of equity accounting as the joint venture is not considered material.

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

	Group	
	31.03.2019	31.03.2018
	\$'000	\$'000
Loss	(67)	(118)
Other comprehensive loss	–	–
Total comprehensive loss	(67)	(118)
Net liabilities of the joint venture	(138)	(71)

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

NOTES TO THE FINANCIAL STATEMENTS

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17. ASSETS HELD FOR SALE UNDER SFRS(I) 5

The following table summarises the account balances of the discontinued operation as at 1 April 2017. The transaction was completed on 28 June 2017.

	Group 01.04.2017 \$'000
Plant and equipment	43
Deposits	103
Inventories	2,000
	<u>2,146</u>

18. INVENTORIES

	31.03.2019 \$'000	Group 31.03.2018 \$'000	01.04.2017 \$'000
Finished goods and goods for resale	<u>12,165</u>	<u>11,726</u>	<u>11,124</u>
Inventories are stated after allowance. Movements in allowance:			
Balance at beginning of the year	1,045	1,024	
Charged to profit or loss included in other losses	131	154	
Disposal of a subsidiary	–	(144)	
Used/Written off	(84)	–	
Foreign exchange adjustments	(2)	11	
Balance at end of the year	<u>1,090</u>	<u>1,045</u>	
The amount of inventories included in cost of sales	22,032	21,483	
Inventories written off/(written back)	<u>47</u>	<u>(1)</u>	

Certain inventories were purchased under trust receipts (Note 26).

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19. TRADE AND OTHER RECEIVABLES

	31.03.2019 \$'000	Group 31.03.2018 \$'000	01.04.2017 \$'000
Trade receivables:			
Outside parties	11,004	11,526	14,241
Less allowance for impairment – outside parties	(412)	(440)	(491)
Related parties (Note 3)	210	1,159	259
Net trade receivables, sub-total	10,802	12,245	14,009
Other receivables:			
Related parties (Note 3)	406	401	371
Less allowance for impairment – related parties	(73)	(37)	–
Deposits to secure services	1,054	780	1,387
Staff advances	6	4	21
Income tax refundable	3	7	–
Outside parties	662	598	1,009
Less allowance for impairment – outside parties	(32)	(10)	(10)
Net other receivables, sub-total	2,026	1,743	2,778
Total trade and other receivables	12,828	13,988	16,787
Disclosed as:			
Trade and other receivables, current	12,576	13,710	16,452
Other receivables, non-current	252	278	335
	12,828	13,988	16,787
Movements in above allowances:			
Balance at beginning of the year	487	501	
Charge/(Reversal of charge) for trade and other receivables to profit or loss included in other losses/(other gains) – net	30	(10)	
Disposal of a subsidiary	–	(4)	
Balance at end of the year	517	487	

NOTES TO THE FINANCIAL STATEMENTS

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19. TRADE AND OTHER RECEIVABLES (CONT'D)

	31.03.2019	Company 31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
Trade receivables:			
Outside parties	–	16	1,345
Related party (Note 3)	50	–	–
Subsidiaries (Note 3)	2,081	1,009	601
Less allowance for impairment – subsidiaries	(51)	(34)	(191)
Net trade receivables, sub-total	2,080	991	1,755
Other receivables:			
Subsidiaries (Note 3)	1,184	1,735	3,339
Less allowance for impairment – subsidiaries	(965)	(870)	(3,339)
Deposits to secure services	414	337	811
Outside parties	8	14	17
Net other receivables, sub-total	641	1,216	828
Total trade and other receivables	2,721	2,207	2,583
Movements in above allowances:			
Balance at beginning of the year	904	3,530	
Charge for trade and other receivables to profit or loss included in other losses	112	705	
Used	–	(3,331)	
Balance at end of the year	1,016	904	

At the end of the reporting year, the group holds collateral of 3 units of warehouse cum-office properties located in Indonesia with a total fair value of \$1,595,000 (2018: \$1,578,000) against trade receivables arising from export sales amounting to \$6,305,000 (2018: \$6,487,000).

These trade receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The trade receivables are considered to have low credit risk individually. At the end of the reporting year, a loss allowance is recognised at an amount equal to 12-month expected credit losses because there has not been a significant increase in credit risk since initial recognition. A loss allowance balance of the group amounting to \$412,000, (31.03.2018: \$440,000, 01.04.2017: \$491,000) and the company amounting to \$51,000 (31.03.2018: \$34,000, 01.04.2017: \$191,000) were recognised. Except for those in the above paragraph, there is no collateral held as security and other credit enhancements for the trade receivables.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

NOTES TO THE FINANCIAL STATEMENTS

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19. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	31.03.2019	Group 31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
Trade receivables:			
Less than 60 days	1,256	2,216	2,759
61 – 90 days	457	903	1,073
91 – 120 days	785	1,181	688
Over 120 days	5,996	6,251	6,236
Total	8,494	10,551	10,756

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

	31.03.2019	Group 31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
Trade receivables:			
Over 120 days	412	440	491
Total	412	440	491

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 7 to 30 days (31.03.2018 and 01.04.2017: 7 to 30 days) except for an overseas distributor to whom extended credit terms are granted. But some customers take a longer period to settle the amounts. The group does not generally grant credit for retail customers as goods are usually settled in cash, Network For Electronic Transfers (NETS) and credit card payments. NETS and credit card payments take approximately a few days to settle.

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

	31.03.2019	Group 31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
Top 1 customer	6,357	6,487	7,386
Top 2 customers	7,311	7,429	8,747

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

NOTES TO THE FINANCIAL STATEMENTS

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19. TRADE AND OTHER RECEIVABLES (CONT'D)

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk. At the end of the first reporting period a loss allowance is recognised at an amount equal to 12-month expected credit losses because there has not been a significant increase in credit risk since initial recognition. A loss allowance balance of \$105,000, (31.03.2018: \$47,000, 01.04.2017: \$10,000) and \$965,000 (31.03.2018: \$870,000, 01.04.2017: \$3,339,000) of the group and the company were recognised respectively.

20. OTHER ASSETS

	31.03.2019	Group	01.04.2017
	\$'000	31.03.2018	\$'000
		\$'000	\$'000
Prepayments	597	423	814
		Company	
	31.03.2019	31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
Prepayments	21	18	43

21. CASH AND CASH EQUIVALENTS

	31.03.2019	Group	01.04.2017
	\$'000	31.03.2018	\$'000
		\$'000	\$'000
Not restricted in use	9,924	6,279	6,029
Interest earning balances	2,360	1,425	2,448
		Company	
	31.03.2019	31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
Not restricted in use	1,597	1,836	1,494
Interest earning balances	1,182	1,139	1,276

The rate of interest for the cash on interest earning balances ranged from 0.1% – 3.75% (2018: 0.1% – 3.75%) per annum.

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21. CASH AND CASH EQUIVALENTS (CONT'D)

21A. Cash and cash equivalents in the consolidated statement of cash flows:

	Group	
	2019 \$'000	2018 \$'000
As shown above	9,924	6,279
Bank overdrafts (Note 26)	–	(214)
Cash restricted in use over 3 months	(450)	–
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	9,474	6,065

21B. Non-cash transactions:

There were acquisitions of plant and equipment with a total cost of \$50,000 (2018: nil) acquired by means of finance leases.

21C. Reconciliation of liabilities arising from financing activities:

	2018 \$'000	Cash flows \$'000	Non-cash changes \$'000	2019 \$'000
Finance lease liabilities	148	(95)	50 ^(a)	103
Long-term borrowings	11,170	–	(704) ^(b)	10,466
Short-term borrowings	12,064	508	1,394 ^(c)	13,966
Total liabilities from financing activities	23,382	413	740	24,535

	2017 \$'000	Cash flows \$'000	Non-cash changes \$'000	2018 \$'000
Finance lease liabilities	294	(146)	–	148
Long-term borrowings	10,837	810	(477) ^(b)	11,170
Short-term borrowings	14,070	(3,048)	1,042 ^(d)	12,064
Total liabilities from financing activities	25,201	(2,384)	565	23,382

(a) Due to non-cash transactions (see Note 21B).

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

(c) Due to the reason stated in (b) above and interest expenses of bank borrowings amounting to \$690,000.

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

22. SHARE CAPITAL

	Number of shares issued '000	Share capital \$'000
Group and Company		
Balance at 1 April 2017, 31 March 2018 and 31 March 2019	63,106	21,831

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22. SHARE CAPITAL (CONT'D)

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

	Number of treasury shares '000	Cost \$'000
Number at 1 April 2017, 31 March 2018 and 31 March 2019	8	2

The company is not subject to any externally imposed capital requirement.

Capital management:

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

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

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

	31.03.2019 \$'000	31.03.2018 \$'000	01.04.2017 \$'000
Net debt:			
All current and non-current borrowings including finance leases	24,535	23,596	25,227
Less cash and cash equivalents	(9,924)	(6,279)	(6,029)
Net debt	14,611	17,317	19,198
Net capital:			
Equity	28,254	27,957	29,627
	%	%	%
Debt-to-adjusted capital ratio	51.7	61.9	64.8

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23. OTHER RESERVES

	Group		
	31.03.2019	31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
Foreign currency translation reserve (Note 23A)	174	155	597
Gain on acquisition/disposal of non-controlling interests (Note 23B)	248	248	248
Loss on reissuance of treasury shares (Note 23C)	(82)	(82)	(82)
	340	321	763
	Company		
	31.03.2019	31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
Loss on reissuance of treasury shares (Note 23C)	(82)	(82)	(82)
	(82)	(82)	(82)

23A. Foreign currency transaction reserve:

	Group	
	31.03.2019	31.03.2018
	\$'000	\$'000
At beginning of the year	155	597
Exchange difference on translating foreign currencies	19	(266)
Foreign currency translation reserve reclassified to profit or loss included in other gains (Note 28)	–	(176)
At end of the year	174	155

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

23B. Gain on acquisition/disposal of non-controlling interests:

	Group	
	31.03.2019	31.03.2018
	\$'000	\$'000
At beginning of the year and end of the year	248	248

The gain arose in 2017 from: (a) the deemed disposal of a subsidiary, the difference between (i) the adjusted carrying amount of non-controlling interests to reflect the change in their relative interest in the subsidiary; and (ii) the fair value of the consideration received from the disposal, of \$77,000; and (b) the acquisition of additional 10% equity interest in a subsidiary without change in control, the excess of share of net identifiable assets over purchase consideration, of \$171,000.

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23. OTHER RESERVES (CONT'D)

23C. Loss on reissuance of treasury shares:

	Group and Company	
	31.03.2019	31.03.2018
	\$'000	\$'000
At beginning of the year and end of the year	(82)	(82)

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

24. PROVISIONS

	31.03.2019	Group 31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
Provision for dismantling and removing the item and restoring the site relating to plant and equipment	160	180	139
Movements in above provision:			
Balance at beginning of the year	180	139	
Additions	17	75	
Disposal of a subsidiary (Note 28)	–	(8)	
Used	(37)	(26)	
Balance at end of the year	160	180	

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

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25. FINANCE LEASES

Group	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>31.03.2019</u>			
Minimum lease payments payable:			
Due within 1 year	71	(3)	68
Due within 2 to 5 years	38	(3)	35
Total	109	(6)	103
Net book value of plant and equipment under finance leases			193
<u>31.03.2018</u>			
Minimum lease payments payable:			
Due within 1 year	96	(6)	90
Due within 2 to 5 years	60	(2)	58
Total	156	(8)	148
Net book value of plant and equipment under finance leases			261
<u>01.04.2017</u>			
Minimum lease payments payable:			
Due within 1 year	170	(12)	158
Due within 2 to 5 years	144	(8)	136
Total	314	(20)	294
Net book value of plant and equipment under finance leases			476

The company has nil finance lease as of 31 March 2019 and 31 March 2018.

Company	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>01.04.2017</u>			
Minimum lease payments payable:			
Due within 1 year	33	(1)	32
Net book value of plant and equipment under finance leases			120

These are leases for certain of its plant and equipment under finance leases. The average lease terms range is 3 to 5 years (31.03.2018: 3 years and 01.04.2017: 2 to 5 years). The effective borrowing rates range from 3.5% to 6.8% (31.03.2018 and 01.04.2017: 3.4% to 6.8%) per year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

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

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26. OTHER FINANCIAL LIABILITIES

	31.03.2019 \$'000	Group 31.03.2018 \$'000	01.04.2017 \$'000
Non-current:			
Financial instruments with floating interest rate:			
Bank loans (secured) (Note 26A)	10,466	11,170	10,837
Non-current, total	10,466	11,170	10,837
Current:			
Financial instruments with floating interest rate:			
Bank loans (secured) (Note 26A)	8,208	8,166	8,661
Bank overdrafts (Note 26B)	–	214	26
Bills payable to banks (Note 26C)	5,758	3,898	5,409
Current, total	13,966	12,278	14,096
Total	24,432	23,448	24,933
The non-current portion is repayable as follows:			
Due within 2 to 5 years	2,770	2,731	2,395
After 5 years	7,696	8,439	8,442
Total non-current portion	10,466	11,170	10,837
		Company	
	31.03.2019 \$'000	31.03.2018 \$'000	01.04.2017 \$'000
Non-current:			
Financial instruments with floating interest rate:			
Bank loans (secured) (Note 26A)	10,466	11,170	10,837
Non-current, total	10,466	11,170	10,837
Current:			
Financial instruments with floating interest rate:			
Bank loans (secured) (Note 26A)	8,208	8,166	8,661
Current, total	8,208	8,166	8,661
Total	18,674	19,336	19,498
The non-current portion is repayable as follows:			
Due within 2 to 5 years	2,770	2,731	2,395
After 5 years	7,696	8,439	8,442
Total non-current portion	10,466	11,170	10,837

NOTES TO THE FINANCIAL STATEMENTS

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26. OTHER FINANCIAL LIABILITIES (CONT'D)

The range of floating interest rates paid was as follows:

	31.03.2019	Group 31.03.2018	01.04.2017
	%	%	%
Bank loans (secured)	1.98 – 3.29	1.68 – 2.48	1.68 – 3.00
Bank overdrafts	5.00 – 6.25	5.00 – 6.25	6.25
Bills payable to banks	3.11 – 3.72	2.61 – 3.45	2.26 – 3.23

26A. Bank loans

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

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

26B. Bank overdrafts

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

26C. Bills payable to banks

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

27. TRADE AND OTHER PAYABLES

	31.03.2019	Group 31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
Trade payables:			
Outside parties and accrued liabilities	5,735	4,797	5,549
Other payables:			
Related parties (Note 3)	222	66	44
Other payables, sub-total	222	66	44
Total trade and other payables	5,957	4,863	5,593

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27. TRADE AND OTHER PAYABLES (CONT'D)

	31.03.2019 \$'000	Company 31.03.2018 \$'000	01.04.2017 \$'000
Trade payables:			
Outside parties and accrued liabilities	1,447	1,085	927
Other payables:			
Subsidiary (Note 3)	-	-	60
Other payables, sub-total	-	-	60
Total trade and other payables	1,447	1,085	987

28. DISPOSAL OF A SUBSIDIARY

In 2018, the group disposed of its entire shareholding interests in a wholly-owned subsidiary, Yangtzekiang Industries Sdn. Bhd. to an outside party for RM50,000 (approximately \$17,000), with effect from 31 October 2017.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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28. DISPOSAL OF A SUBSIDIARY (CONT'D)

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

	Group	
	At 31.10.2017 \$'000	At 31.3.2017 \$'000
Plant and equipment	40	65
Inventories	911	740
Trade and other receivables	215	162
Other assets	14	25
Cash and cash equivalents	47	108
Trade and other payables	(1,424)	(3,928)
Finance leases	–	(3)
Provisions	(8)	(5)
Net liabilities disposed of	(205)	(2,836)
Foreign exchange translation reserve reclassified to profit or loss (Note 23A)	(176)	
Gain on disposal of subsidiary	398	
Cash consideration	17	
Less: cash and cash equivalents disposed of	(47)	
Net cash outflow on disposal	(30)	

29. BANKING FACILITIES

	Group	
	31.03.2019 \$'000	31.03.2018 \$'000
Undrawn borrowing facilities	7,992	12,137

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

30. CONTINGENT LIABILITIES

The company has issued corporate guarantees to banks in respect of banking facilities extended to certain subsidiaries amounting to \$10,678,000 (2018: \$13,728,000).

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31. CAPITAL COMMITMENTS

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

	Group	
	2019	2018
	\$'000	\$'000
Commitment to purchase plant and equipment	133	135
Commitment to purchase shares in BYN International Co., Ltd	55	131

32. OPERATING LEASE PAYMENT COMMITMENTS – AS LESSEE

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

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	1,484	1,757	390	372
Later than 1 year and not later than 5 years	2,212	2,628	1,501	1,445
Later than 5 years	12,009	11,865	12,009	11,865

	Group	
	2019	2018
	\$'000	\$'000
Rental expense for the year	2,023	1,802

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

33. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

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

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	441	556	441	1,526
Later than 1 year and not later than 5 years	281	474	281	1,443

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33. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR (CONT'D)

	Group	
	2019 \$'000	2018 \$'000
Rental income for the year	<u>1,033</u>	<u>592</u>

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

34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

34A. Categories of financial assets and liabilities

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

	Group		
	31.03.2019 \$'000	31.03.2018 \$'000	01.04.2017 \$'000
<u>Financial assets:</u>			
Financial assets at amortised cost	<u>22,749</u>	<u>20,260</u>	<u>22,816</u>
At end of the year	<u>22,749</u>	<u>20,260</u>	<u>22,816</u>
<u>Financial liabilities:</u>			
Financial liabilities at amortised cost	<u>30,492</u>	<u>28,459</u>	<u>30,820</u>
At end of the year	<u>30,492</u>	<u>28,459</u>	<u>30,820</u>
	Company		
	31.03.2019 \$'000	31.03.2018 \$'000	01.04.2017 \$'000
<u>Financial assets:</u>			
Financial assets at amortised cost	<u>4,318</u>	<u>4,043</u>	<u>4,077</u>
At end of the year	<u>4,318</u>	<u>4,043</u>	<u>4,077</u>
<u>Financial liabilities:</u>			
Financial liabilities at amortised cost	<u>20,121</u>	<u>20,421</u>	<u>20,517</u>
At end of the year	<u>20,121</u>	<u>20,421</u>	<u>20,517</u>

Further quantitative disclosures are included throughout these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

34B. Financial risk management

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

The guidelines include the following:

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

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

34C. Fair values of financial instruments

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

34D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12-month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 21 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standards on financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

34E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. There are no liabilities contracted to fall due after twelve months at the end of the reporting year. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 120 (31.03.2018 and 01.04.2017: 30 to 120 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

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

Group	Less than 1 year \$'000	2 – 5 years \$'000	Total \$'000
<u>31.03.2019</u>			
<u>Non-derivative financial liabilities:</u>			
Gross borrowings commitments	14,394	11,776	26,170
Trade and other payables	5,957	–	5,957
At end of the year	20,351	11,776	32,127
<u>31.03.2018</u>			
<u>Non-derivative financial liabilities:</u>			
Gross borrowings commitments	12,811	13,765	26,576
Trade and other payables	4,863	–	4,863
At end of the year	17,674	13,765	31,439
<u>01.04.2017</u>			
<u>Non-derivative financial liabilities:</u>			
Gross borrowings commitments	14,453	13,693	28,146
Trade and other payables	5,593	–	5,593
At end of the year	20,046	13,693	33,739

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34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

34E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Company	Less than 1 year \$'000	2 – 5 years \$'000	Total \$'000
<u>31.03.2019</u>			
<u>Non-derivative financial liabilities:</u>			
Gross borrowings commitments	8,484	11,737	20,221
Trade and other payables	1,447	–	1,447
Financial guarantee contracts	10,678	–	10,678
At end of the year	<u>20,609</u>	<u>11,737</u>	<u>32,346</u>
<u>31.03.2018</u>			
<u>Non-derivative financial liabilities:</u>			
Gross borrowings commitments	8,607	13,707	22,314
Trade and other payables	1,085	–	1,085
Financial guarantee contracts	13,728	–	13,728
At end of the year	<u>23,420</u>	<u>13,707</u>	<u>37,127</u>
<u>01.04.2017</u>			
<u>Non-derivative financial liabilities:</u>			
Gross borrowings commitments	8,882	13,548	22,430
Trade and other payables	987	–	987
Financial guarantee contracts	14,032	–	14,032
At end of the year	<u>23,901</u>	<u>13,548</u>	<u>37,449</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

34E. Liquidity risk – financial liabilities maturity analysis (cont'd)

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

Company	Less than 1 year \$'000	2 – 5 years \$'000	Total \$'000
<u>31.03.2019</u>			
Financial guarantee contracts – in favour of subsidiaries	10,678	–	10,678
Total	10,678	–	10,678
<u>31.03.2018</u>			
Financial guarantee contracts – in favour of subsidiaries	13,728	–	13,728
Total	13,728	–	13,728
<u>01.04.2017</u>			
Financial guarantee contracts – in favour of subsidiaries	14,032	–	14,032
Total	14,032	–	14,032

34F. Interest rate risk

Interest rate risk arises from interest-bearing financial instruments recognised in the statement of financial position and from some financial instruments not recognised in the statement of financial position. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	31.03.2019 \$'000	Group 31.03.2018 \$'000	01.04.2017 \$'000
<u>Financial assets:</u>			
Floating rate	2,360	1,425	2,448
Total at end of the year	2,360	1,425	2,448
<u>Financial liabilities:</u>			
Fixed rate	103	148	294
Floating rate	24,432	23,448	24,933
Total at end of the year	24,535	23,596	25,227

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34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

34F. Interest rate risk (cont'd)

	31.03.2019	Company 31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
<u>Financial assets:</u>			
Floating rate	1,182	1,139	1,276
Total at end of the year	1,182	1,139	1,276
<u>Financial liabilities:</u>			
Fixed rate	–	–	32
Floating rate	18,674	19,336	19,498
Total at end of the year	18,674	19,336	19,530

The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	31.03.2019	Group 31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
<u>Financial assets:</u>			
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would change pre-tax profit/(loss) for the year by	24	14	24
<u>Financial liabilities:</u>			
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would change pre-tax profit/(loss) for the year by	245	236	252
	31.03.2019	Company 31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
<u>Financial assets:</u>			
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would change pre-tax profit/(loss) for the year by	12	11	13
<u>Financial liabilities:</u>			
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would change pre-tax profit/(loss) for the year by	187	193	195

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

34F. Interest rate risk (cont'd)

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

34G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of amounts denominated in non-functional currencies:

Group	US Dollar \$'000	Ringgit Malaysia \$'000	China Renminbi \$'000	Total \$'000
<u>31.03.2019</u>				
Financial assets:				
Cash and bank balances	1,253	61	–	1,314
Loans and receivables	609	–	–	609
Total financial assets	1,862	61	–	1,923
Financial liabilities:				
Trade and other payables	(423)	(26)	(593)	(1,042)
Total financial liabilities	(423)	(26)	(593)	(1,042)
Net financial assets/(liabilities) at end of the year	1,439	35	(593)	881
<u>31.03.2018</u>				
Financial assets:				
Cash and bank balances	1,179	57	28	1,264
Loans and receivables	1,138	14	1	1,153
Total financial assets	2,317	71	29	2,417
Financial liabilities:				
Trade and other payables	(201)	(61)	(242)	(504)
Total financial liabilities	(201)	(61)	(242)	(504)
Net financial assets/(liabilities) at end of the year	2,116	10	(213)	1,913

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

34G. Foreign currency risk (cont'd)

Group	US Dollar \$'000	Ringgit Malaysia \$'000	China Renminbi \$'000	Total \$'000
01.04.2017				
Financial assets:				
Cash and bank balances	1,246	377	–	1,623
Loans and receivables	1,090	–	–	1,090
Total financial assets	2,336	377	–	2,713
Financial liabilities:				
Trade and other payables	(148)	(8)	(119)	(275)
Total financial liabilities	(148)	(8)	(119)	(275)
Net financial assets/(liabilities) at end of the year	2,188	369	(119)	2,438
Company	US Dollar \$'000	Ringgit Malaysia \$'000	Total \$'000	
31.03.2019				
Financial assets:				
Cash and bank balances	1,058	29	1,087	
Total financial assets	1,058	29	1,087	
31.03.2018				
Financial assets:				
Cash and bank balances	991	53	1,044	
Loans and receivables	–	14	14	
Total financial assets	991	67	1,058	
01.04.2017				
Financial assets:				
Cash and bank balances	1,036	258	1,294	
Loans and receivables	17	17	34	
Total financial assets	1,053	275	1,328	

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

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

34G. Foreign currency risk (cont'd)

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

	Group		
	31.03.2019	31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
United States Dollars	(144)	(212)	(219)
Ringgit Malaysia	(4)	(1)	(37)
China Renminbi	59	21	12
	Company		
	31.03.2019	31.03.2018	01.04.2017
	\$'000	\$'000	\$'000
United States Dollars	(106)	(99)	(105)
Ringgit Malaysia	(3)	(7)	(28)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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35. ITEMS IN PROFIT OR LOSS

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

	Group	
	2019 \$'000	2018 \$'000
Fees on audit services to independent auditors:		
– Company's independent auditor	155	154
– Other independent auditor	4	10
Total	159	164
Other fees to independent auditors:		
– Company's independent auditor	21	41
– Other independent auditor	2	4
Total	23	45

36. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the group and the company have adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 April 2018.

For the current reporting year, new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS (I) No.	Title
SFRS(I) 1-28	Amendments to, Investments in Associates and Joint Venture – Sale or Contribution of Assets
SFRS(I) 1-40	Amendments to, Transfer of Investment Property
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)
SFRS(I) 9	Financial Instruments
SFRS(I) 15	Revenue from Contracts with Customers
	Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration

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37. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards will have on the entity's financial statements in the period of initial application, except for leases as disclosed below.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1-28	Amendments: Long-Term Interests In Associates And Joint Ventures	1 January 2019
SFRS(I) 16	Leases (and Leases – Illustrative Examples & Amendments to Guidance on Other Standards)	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019
SFRS(I) 1-12	Improvements (2017) – Amendments: Income Taxes	1 January 2019
SFRS(I) 1-23	Improvements (2017) – Amendments: Borrowing Costs	1 January 2019
SFRS(I) 3	Improvements (2017) – Amendments: Business Combinations	1 January 2019
SFRS(I) 11	Improvements (2017) – Amendments: Joint Arrangements	1 January 2019
SFRS(I) 10 and SFRS(I) 1-28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	Not fixed yet

Leases:

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessor, the accounting remains largely unchanged. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of the new reporting standard on leases is not expected to have a material impact on the amounts recognised in the financial statements. For the lessee almost all leases will be brought onto the statements of financial position under a single model (except for leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the entity's non-cancellable operating lease commitments as at 31 March 2019 shown in Note 32, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under the new reporting standard on leases. As disclosed in Note 32, the group's and the company's future minimum lease payments under non-cancellable operating leases for its offices, warehouse, stores, retail outlets and office equipment amounted to approximately \$15,705,000 and \$13,900,000 respectively as at 31 March 2019. The leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once SFRS(I) 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition relief available to the group and the company.

38. COMPARATIVE FIGURES

The reporting entity first adopted SFRS(I)s from 1 April 2018, with a date of transition to SFRS(I)s of 1 April 2017. Its last financial statements in accordance with previous GAAP were for the year ended 31 March 2018. The reporting entity's first SFRS(I) financial statements include the reconciliations and related notes shown. The transition to SFRS(I) did not require any significant modification of the measurement methods or the presentation in the financial statements.

STATISTICS OF SHAREHOLDINGS

AS AT 18 JUNE 2019

SHARE CAPITAL

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

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 50.83% of the issued ordinary shares of the Company were held in the hands of the public as at 18 June 2019 and therefore Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	1	0.20	12	0.00
100 – 1,000	343	66.86	203,998	0.32
1,001 – 10,000	99	19.30	329,200	0.52
10,001 – 1,000,000	55	10.72	6,600,392	10.46
1,000,001 and above	15	2.92	55,964,807	88.70
TOTAL	513	100.00	63,098,409	100.00

TWENTY LARGEST SHAREHOLDERS

S/N	Name of Shareholders	Shares Held	%
1	THANG TECK JONG	17,360,385	27.51
2	PHILLIP SECURITIES PTE LTD	12,907,720	20.46
3	CITIBANK NOMINEES SINGAPORE PTE LTD	3,600,600	5.71
4	TAN HIAN TSIN	2,792,800	4.43
5	YANGTZEKIANG GARMENT LIMITED	2,543,982	4.03
6	NEO GIM KIONG	2,431,200	3.85
7	CHAN WING TO	2,149,818	3.41
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,935,000	3.07
9	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,815,000	2.88
10	HO HEE TONG	1,705,800	2.70
11	RONALD MENON A/L R.K.MENON	1,594,600	2.53
12	KONG LING TING @ KANG LING TING	1,485,000	2.35
13	HOE KEE KOK	1,411,902	2.24
14	NG THIAM CHIN (HUANG TIANJIN)	1,161,000	1.84
15	TONGFA INVESTMENT CO PTE. LTD.	1,070,000	1.70
16	TAN AH KOW @ TAN AH LECK	900,600	1.43
17	TAY CHOON LOKE	600,000	0.95
18	LIM ANDY	529,200	0.84
19	DBS NOMINEES PTE LTD	505,200	0.80
20	TAN WEE LEONG	490,000	0.78
TOTAL		58,989,807	93.51

STATISTICS OF SHAREHOLDINGS

AS AT 18 JUNE 2019

SUBSTANTIAL SHAREHOLDERS

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

Notes:

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of TRAVELITE HOLDINGS LTD. (the "**Company**") will be held at 53 Ubi Avenue 3, Travelite Building, Singapore 408863 on Friday, 26 July 2019 at 10.00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Statement by Directors and Audited Financial Statements for the financial year ended 31 March 2019 together with the Independent Auditor's Report thereon. **(Resolution 1)**
2. To approve the payment of Directors' fees of S\$65,000 for the financial year ended 31 March 2019 (2018: S\$65,000). **(Resolution 2)**
3. To re-elect Mr Tan Chun Chieh, a Director retiring pursuant to Regulation 107 of the Company's Constitution. *(see explanatory note 1)* **(Resolution 3)**
4. To re-appoint RSM Chio Lim LLP as auditor of the Company and to authorise the Directors to fix its remuneration. **(Resolution 4)**

AS SPECIAL BUSINESS

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

5. That pursuant to Section 161 of the Companies Act, Chapter 50 ("**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors be authorised and empowered to: **(Resolution 5)**
 - (a) (i) allot and issue shares in the share capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

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

provided that:

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

NOTICE OF ANNUAL GENERAL MEETING

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

- (a) new Shares arising from the conversion or exercise of convertible securities;
- (b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
- (c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Companies Act and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(see explanatory note 2)

6. That:

(Resolution 6)

(a) for the purposes of Sections 76C and 76E of the Companies Act, the Directors be authorised to exercise all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

- (i) market purchases (each a **"Market Purchase"**) on the SGX-ST; and/or
- (ii) off-market purchases (each an **"Off-Market Purchase"**) effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the **"Share Buy Back Mandate"**);

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

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

- (i) the date on which the next AGM of the Company is held or is required by law to be held;
- (ii) the date on which the share buy back is carried out to the full extent mandated; or
- (iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;

NOTICE OF ANNUAL GENERAL MEETING

(d) for purposes of this Resolution:

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

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

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

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

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

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

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

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

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

(see explanatory note 3)

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

BY ORDER OF THE BOARD

Wee Woon Hong
Lee Li Erh
Company Secretaries

11 July 2019
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Mr Tan Chun Chieh will, upon re-election as a Director, remain as the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee of the Company. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
2. Ordinary Resolution 5 proposed in item 5 above, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earliest, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a pro rata basis to existing members of the Company.
3. Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors, from the date of the AGM until the date on which the next AGM is held or is required by law to be held, the date on which the share buy back is carried out to the full extent mandated, or the date on which the authority contained in the Share Buy Back Mandate is varied or revoked, whichever is the earliest, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate are set out in greater detail in the Addendum accompanying this notice.

Notes:

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

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

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

Personal Data Privacy:

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

TRAVELITE HOLDINGS LTD.

(Registration Number 200511089K)

(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

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

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

of _____ (Address)

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

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

and/or (delete as appropriate)

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

or failing him, the Chairman of the Annual General Meeting ("AGM") of the Company as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM of the Company to be held at 53 Ubi Avenue 3, Travelite Building, Singapore 408863 on Friday, 26 July 2019 at 10.00 a.m. and at any adjournment thereof.

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

NO.	RESOLUTIONS	FOR**	AGAINST**
	ORDINARY BUSINESS		
1.	To receive and adopt the Statement by Directors and Audited Financial Statements for the financial year ended 31 March 2019 together with the Independent Auditor's Report thereon		
2.	To approve the payment of Directors' fees of S\$65,000 for the financial year ended 31 March 2019		
3.	To re-elect Mr Tan Chun Chieh as a Director of the Company		
4.	To re-appoint RSM Chio Lim LLP as auditor of the Company and to authorise the Directors to fix its remuneration		
	SPECIAL BUSINESS		
5.	To authorise the Directors to allot and issue new shares and convertible securities		
6.	To approve the renewal of Share Buy Back Mandate		

* Delete accordingly

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

Dated this _____ day of _____ 2019

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

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. If the member has shares entered against his name in the Depository Register, he should insert that number of shares. If the member has shares registered in his name in the Register of Members, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by the member.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend and vote at the AGM. Where such member appoints two proxies, the proportion of his shareholding to be represented by each proxy shall be specified in this instrument of proxy. If the proportion of his shareholding is not specified, the first named proxy shall be deemed to represent 100% of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.
- (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in this instrument of proxy.

"relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy need not be a member of the Company.
4. This instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 53 Ubi Avenue 3, Travelite Building, Singapore 408863 not less than 48 hours before the time appointed for holding the AGM. The appointment of a proxy or proxies shall not preclude a member from attending and voting in person at the AGM. If a member attends the AGM in person, the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the AGM.
5. This instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
6. Where this instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this instrument of proxy, failing which this instrument of proxy may be treated as invalid.
7. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with Section 179 of the Companies Act, Chapter 50.
8. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 11 July 2019.



TRAVELITE HOLDINGS LTD

COMPANY REGISTRATION NO.: 200511089K

53 UBI AVENUE 3 | TRAVELITE BUILDING | SINGAPORE 408863

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